

TOWN OF NORTHBOROUGH MASSACHUSETTS



Annual Budget
For the Fiscal Year
Beginning July 1, 2022 and ending June 30, 2023

Board of Selectmen

Jason Perreault, Chair
Leslie Rutan, Vice Chair
Scott Rogers, Clerk
Julianne Hirsh
Kristen Wixted

A CITIZEN'S GUIDE TO THE BUDGET

Congratulations! If you are reading this it means you are interested in better understanding one of the most important documents produced by your community. The Annual Budget document is much more than just numbers; it is a reflection of our community's values, priorities and goals. The Budget document serves as a policy document, a financial guide and a communications device to its residents. To this end, it is designed to be as user-friendly as possible. This guide was created to help orient interested readers by providing a brief overview of the budget process, as well as an explanation of the organization of the budget document itself. We hope you find this introductory guide a useful tool as you better acquaint yourself with the latest financial and planning information for the Town of Northborough.

THE BUDGET PROCESS

The Town of Northborough operates under State statutes and the Home Rule Charter as amended to establish the Selectmen-Town Administrator form of government. The legislative body of Northborough is an Open Town Meeting comprised of all registered voters. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects except for specific instances where statutes or regulations do not require appropriation. Any amendments to appropriations require Town Meeting vote at either a regular or Special Town Meeting. The procedures for Town Meeting are specified in Chapter 1-80 of the Town of Northborough Code. Annual Town Meeting is always held on the fourth Monday in April.

While this document contains detailed departmental budgets, it should be noted that these details are provided for information purposes only. The final budget vote of Town Meeting constitutes the legal budget authority which ultimately governs the manner and amount of local funding expended during the fiscal year. This budget presents only the General Fund, which is required by state statute to be appropriated by Town Meeting.

Readers should also obtain a copy of the Annual Town Meeting Warrant book which contains the actual budget articles to be voted upon. Town Meeting Warrant Articles contain additional funding sources such as Revolving Funds used to offset specific departmental budgets. A more detailed explanation and overview of the Town's larger fund structure and basis of accounting can be found in Appendix B.

BUDGET CALENDAR

August/September

- Identify Goals & Strategic Needs

October

- Capital Budget Manual sent out to Departments

November

- Capital Requests Submitted & Reviewed by Financial Planning Committee
- Operating Budget Manual sent to Departments

December

- Town Administrator Reviews Requests and Develops Operating Budget
- Town Administrator & Financial Planning Committee Develop Capital Budget
- Financial Trends and Forecast Report Updated

January/February

- Proposed Capital Budget Presented to Appropriations Committee
- Preliminary Operating Budget Presented to Appropriations Committee

February/March

- Appropriations Committee Holds Public Budget Hearings with Departments
- Proposed Budget Presented to Board of Selectmen and Appropriations Committee

April

- Proposed Operating and Capital Budgets Presented to Annual Town Meeting

June/July

- June 30th Current Fiscal Year 2021 Ends
- July 1st Fiscal Year 2022 Begins
- State Budget typically passed with Final State Aid numbers (a/k/a "Cherry Sheets")

November

- Tax Classification Hearing & Final Tax Rate Set

A CITIZEN'S GUIDE TO THE BUDGET

Budget documents are traditionally difficult to read, especially if you are not familiar with the organization. One reason is that most of us do not work with written budgets everyday and thus are uncertain as to where we should focus our attention. For this reason the Town's budget has been consciously organized to provide a "big-picture" overview first, followed by progressively more detailed information. This document respects both your time and your need to understand complex financial issues at a level that allows you to actively participate in the discussion in a meaningful way. In order to address these issues, and to assist interested readers in making the budget understandable, we would like to suggest that it be read in the following order:

HOW TO READ THE BUDGET

First, Appendix D at the back of this document contains a **Glossary of Terms** that the reader may want to refer to when using this document.

Second, the **Town Administrator's Budget Message** contains the overall philosophy upon which the budget was developed as well as an explanation of any significant increases or decreases in the level of services being provided in the current fiscal year as well as what will be provided during the upcoming fiscal year. Immediately following the Budget Message is the Town's **Vision Statement** and a general **Community Profile**.

Third, the budget itself is contained in **Budget Highlights & Summaries Section 1**. This segment provides budget summaries which display revenue and expenditure histories as well as proposed appropriations for the coming fiscal year. This section identifies significant budget issues, and explains the Town Administrator's rationale for budget recommendations.

Fourth, since the budget document is designed to present summary information first, and progressively become more in-depth, Sections 2 through 5 are designed to provide **Departmental Detail** according to functional budget categories such as Public Safety, Community Services, etc.

Included in this detail are departmental mission statements, organizational charts, staffing histories, and goals for the upcoming fiscal year. These sections, explain in detail how the expenditures contained in the Budget Highlights section were arrived at and what services will be provided to Town residents.

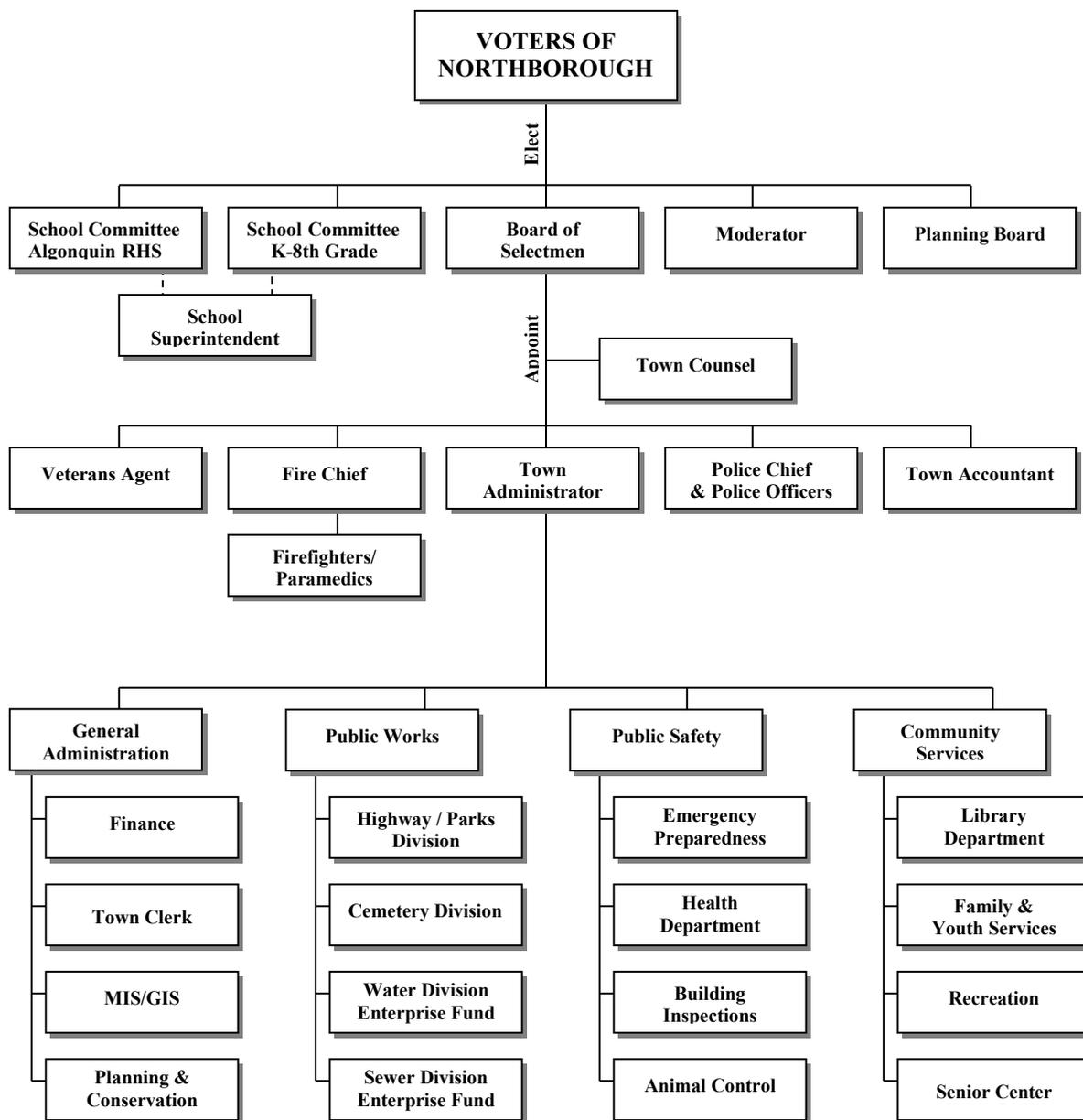
Fifth, Section 6 contains information on **Undistributed Expense Categories** such as Employee Benefits, Long-term Debt, Non-Appropriated Expenses and the FY2023 Warrant Articles.

Sixth, Section 7 contains the basic budgets for Schools. Please refer to the separately published **School Department** budget documents for more detail.

Seventh, Section 8 contains **Water, Sewer and Solid Waste Enterprise Fund budgets**.

Lastly, Section 9 details the FY2023 **Capital Projects Budget** and contains detailed information on the Town's Six-Year **Capital Improvement Program**. This is where the Town comprehensively plans for major projects that typically require funding with debt, such as new or renovated buildings and large equipment acquisitions. Contained within Section 9 is an additional reader's "introduction" guide that explains Northborough's Capital Planning process in a straight-forward manner.

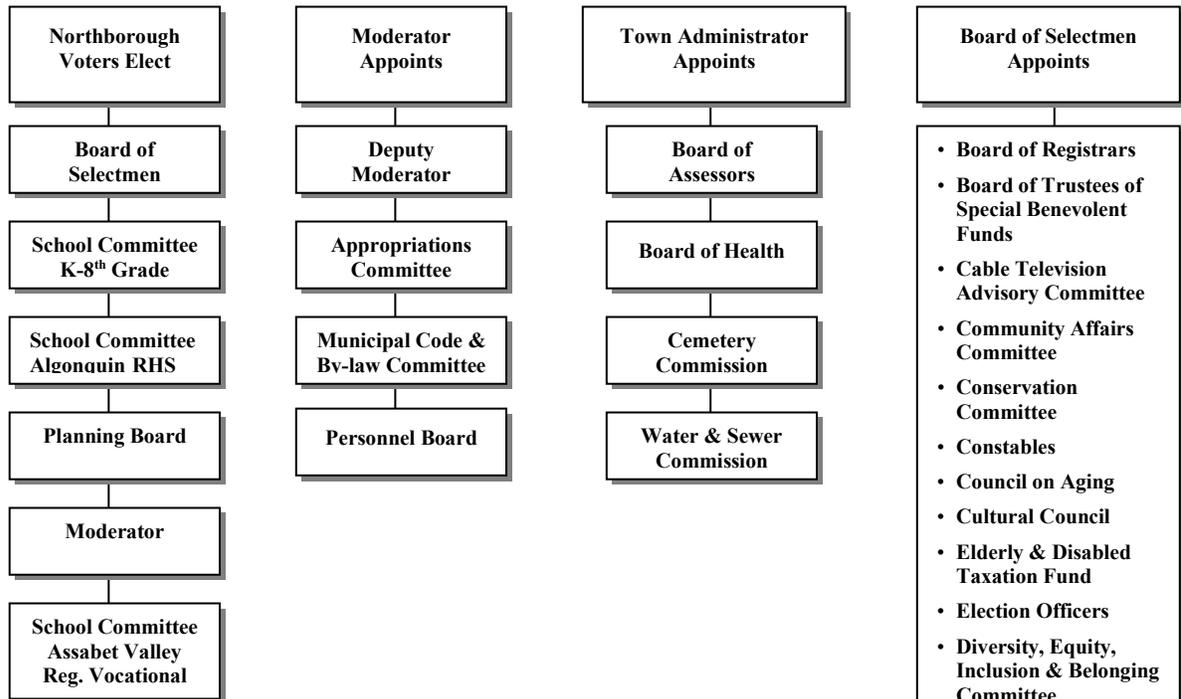
Town Organizational Chart



Personnel Appointing Authority

- Voters elect the Board of Selectmen, School Committees, Planning Board and Town Moderator.
- The Northborough K-8 School Committee and the Algonquin Regional High School Committee appoint the Superintendent.
- The Board of Selectmen appoint the Town Administrator, Fire Chief (Chief appoints firefighters/paramedics), Police Chief, Police Officers, Town Counsel, Town Accountant and Veterans Agent. The Selectmen also appoint the Library Board of Trustees, which operates under their general administrative direction to appoint the Library Director and staff.
- The Town Administrator appoints all other Town Personnel and is responsible for overall budgeting and financial coordination between departments. In accordance with the Board of Selectmen's Department Reporting Policy 9-128-010, the day-to-day activities of the Police Chief, Fire Chief, Town Counsel, Town Accountant the Veterans Agent coordinate through the Town Administrator's Office.

Boards and Committees



Boards & Committees with Multiple Appointing Authorities

- **Financial Planning Committee:** The Financial Planning Committee consists of six members, three appointed by the Moderator, one by the Planning Board, one by the School Committee, and one by the Appropriations Committee for three-year terms.
- **Earthwork Board:** The Earthwork Board consists of five members, one each appointed by the Moderator, the Board of Selectmen, the Conservation Commission, the Zoning Board of Appeals and the Planning Board for three-year terms.
- **Groundwater Advisory:** The Groundwater Advisory Committee consists of five members, one each appointed by the Planning Board, the Conservation Commission, the Board of Health, the Board of Selectmen and the Water & Sewer Commission for indefinite terms.
- **Community Preservation Committee (CPC):** The CPC consists of nine members, one each from the Open Space Committee, the Conservation Committee, the Planning Board, the Parks & Recreation Commission, the Historical Commission, the Housing Authority, and three members appointed by the Board of Selectmen for three-year terms.
- **Open Space Committee:** The Open Space Committee consists of seven members, one each from the Planning Board, Conservation Commission, Parks & Recreation Commission, Board of Selectmen, and three members and two alternates appointed by the Board of Selectmen for three-year terms. The Trails Committee is a subcommittee of the Open Space Committee.
- **Housing Partnership:** The Housing Partnership Committee consists of nine members, one each from the Board of Selectmen, Planning Board, Housing Authority, Council on Aging and five members appointed by the Board of Selectmen, one of which must be a realtor, for three-year terms.
- **LEPC:** The Northborough Local Emergency Planning Committee is a committee established through the Federal Emergency Planning and Right-To-Know Act (EPCRA) of 1986. Local, State, and Federal members work together to formulate emergency planning for hazardous materials within Northborough, exercise the plan annually, maintain training for hazardous materials emergencies, and provide information on hazardous materials to the public. Membership includes: State and Local Elected Officials, Hospitals, Firefighters, Environmental Groups, Law Enforcement Personnel, News Media, Civil Defense Officials, Community Groups, Public Health Officials, Transportation Resources, and Hazardous Materials Facilities.
- **Various Ad Hoc Committees:** In addition to the Boards and Committees listed here, at any time there may also exist several ad hoc committees formed by various bodies to study specific issues such as Building Committees, Staffing Committee, Solid Waste Advisory Committee, etc.

IN THE CENTER OF IT ALL

NORTHBOROUGH, MASSACHUSETTS

COMMUNITY PROFILE

Incorporated: 1766

Land Area: 18.72 Sq. Miles

Public Roads: 92.7 Miles

County: Worcester

2020 Population: 15,741

2021 Labor Force: 8,029

Form of Government:
Town Administrator
Five-member Board of Selectmen
Open Town Meeting

FY2022 Tax Rate per Thousand:
\$16.49

**2022 Average Single Family
Home Value:** \$496,961

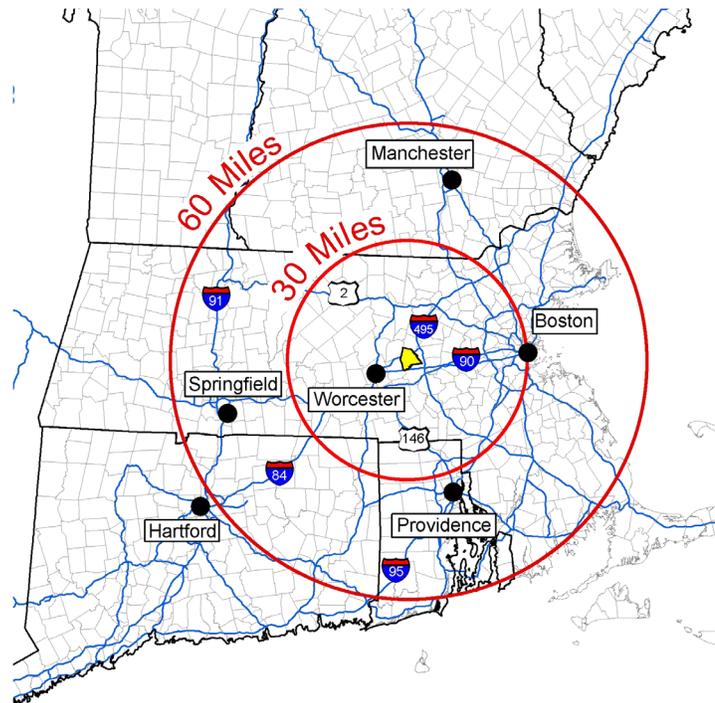
**2022 Average Single Family Tax
Bill:** \$8,195

**FY2022 Municipal Operating
Budget:** \$73,925,936

**To find out more about
Northborough's municipal
services, please visit:**

www.town.northborough.ma.us

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63 Main Street
Northborough, MA 01532
Phone: (508) 393 – 5040
Fax: (508) 393 - 6996
townadmin@town.northborough.ma.us**



The Town of Northborough is a suburban community which offers classic New England charm while providing access to educational opportunities, a mix of retail establishments and restaurants, a variety of housing options, and a stable and prospering business environment. These attributes make Northborough an attractive community in which to live, shop and work. Because Northborough is centrally located and in close proximity to I-495, I-290 and the Mass Pike I-90, it is a desirable area for travelers heading to Boston, New Hampshire, Rhode Island and Connecticut.

Northborough provides a broad range of general government services including police and fire protection; water and sewer; public works; parks and recreation; a senior center; and a library.

Northborough's school system consists of the Northborough Public Schools, grades kindergarten through 8, and the Algonquin Regional High School, grades 9 – 12. Technical education at the high school level is provided through the Assabet Valley Regional Technical High School.

TABLE OF CONTENTS

Title page listing Board of Selectmen	<i>i</i>
Citizen’s Guide to the Budget	<i>ii</i>
Town Organizational Chart	<i>iv</i>
Community Profile	<i>vi</i>
Table of Contents.	<i>vii</i>
Town Administrator’s Budget Message	1-20
SECTION 1—BUDGET SUMMARIES	
Balanced Budget Summary	1-2
Revenue Budget Summaries	1-5
Expenditure Budget Summaries.	1-12
SECTION 2—GENERAL ADMINISTRATION	
Executive Office	2-1
Board of Selectmen	2-9
Town Administrator’s Office	2-10
Economic Development (Community Development)	2-11
Town Reports	2-11
Public Buildings	2-12
Finance Department	2-14
Treasurer/Tax Collector	2-20
Assessing.	2-21
Accounting	2-22
Management Information Systems /Geographic Information System (MIS/GIS)	2-23
Town Clerk’s Office.	2-28
Registrars & Elections	2-33
Advisory Boards & Services	
Moderator.	2-34
Appropriations Committee	2-35
Financial Planning Committee	2-36
Personnel Board	2-37
Town Counsel/Legal Services	2-38
Planning and Conservation.	2-39
Town Planner/Planning Board	2-43
Central MA Regional Planning Commission.	2-44
Zoning Board of Appeals (ZBA)	2-45
Conservation Commission.	2-46
Earthwork Board	2-47
Community Preservation, and Open Space	2-48
Design Review Committee, Affordable Housing & Housing Partnership	2-49
Northborough Housing Authority & Northborough Affordable Housing Corp	2-50

TABLE OF CONTENTS

SECTION 3—PUBLIC SAFETY

Police Department	3-1
Fire Department / Emergency Medical Services (EMS)	3-8
Emergency Preparedness	3-16
Building Inspections Department	3-17
Gas Inspector	3-22
Plumbing Inspector (included in Health Department)	
Wiring Inspector	3-23
Sealer of Weights & Measures Inspector	3-24
Health Agent / Board of Health	3-25
Animal Control	3-32

SECTION 4—PUBLIC WORKS

Public Works Department	4-1
Highway Administration	4-10
Highway Division Construction & Maintenance	4-11
Parks Division	4-12
Cemetery Division	4-13
Water Division Enterprise Fund (see Section 8 for budget detail)	
Sewer Division Enterprise Fund (see Section 8 for budget detail)	
Engineering	4-14
Snow & Ice Removal	4-15
Public Trees	4-16
Street Lighting	4-16

SECTION 5—COMMUNITY SERVICES

Senior Center/ Council on Aging	5-1
Library Department	5-7
Recreation Department	5-13
Family & Youth Services Department	5-18
Public Access Cable Television	5-24
Veteran Services	5-29
Cultural Council	5-33
Community Affairs Committee	5-34
Historic District Commission	5-35

TABLE OF CONTENTS

SECTION 6—UNDISTRIBUTED EXPENSES

Employee Benefits & Insurance (includes Northborough K-8 School employees)	6-1
Health Insurance	6-2
OPEB Trust	6-5
Life Insurance	6-6
Other Benefits/FICA	6-7
Worcester Regional Retirement Assessment	6-8
Worker’s Compensation	6-10
Building & Liability Insurance (includes Northborough K-8 Schools)	6-11
Debt Service.	6-12
Non-Appropriated Expenses.	6-17
State Assessments	6-17
Reserve for Abatements/Off-sets	6-18
Stabilization Fund Contribution	6-19
Reserve Fund (see also under Warrant Articles)	6-20
Warrant Articles.	6-21

SECTION 7—PUBLIC EDUCATION

Northborough K-8 Public Schools.	7-1
Algonquin Regional High School (ARHS)	7-2
Assabet Valley Regional Technical High School.	7-3
Agricultural High School Assessment	7-4
Charter Schools (Please see Non-Appropriated Expenses)	

SECTION 8—ENTERPRISE FUNDS

Solid Waste Enterprise Fund	8-1
Water Division and Sewer Division Enterprise Funds	8-6

SECTION 9—CAPITAL IMPROVEMENT PROGRAM

Transmittal.	9-1
Introduction.	9-8
Capital Projects Flow Chart.	9-13
Capital Improvement Program (summary of projects requested)	9-14
Project Detail by Functional Areas.	9-20
Financial Planning Committee Report.	9-66

APPENDICES

- A. Financial Management Policies & Objectives
- B. Fund Descriptions and Balances
- C. Financial Trend Monitoring Report
- D. Glossary of Terms



TOWN OF NORTHBOROUGH

Town Offices
 63 Main Street
 Northborough, MA 01532-1994
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MEMORANDUM

TO: Honorable Chairman and Members of the Board of Selectmen
 and the Appropriations Committee

FROM: Town Administrator

SUBJECT: FY2023 Proposed Budget

DATE: March 28, 2022

I hereby transmit this proposed annual budget for FY2023. The recommended FY2023 General Fund operating budget totals \$71,242,642 or 5.28% as compared to FY2022.

FY2023 Proposed Budget

EXPENDITURES	FY2022 Budget	FY2023 Proposed	Variance	% Change
General Government (Town)	\$23,639,610	\$24,501,963	\$862,353	3.65%
Schools				
Northborough K-8	\$25,799,678	\$26,692,953	\$893,275	3.46%
Algonquin Reg. HS 9-12	\$12,893,497	\$12,914,966	\$21,469	0.17%
Algonquin Debt Exclusion	\$636,265	\$653,069	\$16,804	2.64%
Assabet Valley	\$934,658	\$1,123,936	\$189,278	20.25%
Assabet Valley Debt	\$133,832	\$130,004	-\$3,828	-2.86%
Warrant Articles				
Reserve Fund	\$175,000	\$175,000	\$0	0.00%
Transfer to Stabilization	\$0	\$200,000	\$200,000	
Free Cash Capital Projects	\$805,000	\$2,024,000	\$1,219,000	151.43%
Transfer to OPEB Trust	\$0	\$300,000	\$300,000	
Colburn St. Debt Service	\$57,475	\$0	-\$57,475	-100.00%
Library Debt Service	\$343,567	\$299,530	-\$44,037	-12.82%
Senior Center Debt Service	\$371,445	\$321,175	-\$50,270	-13.53%
Lincoln Street Debt Service	\$1,026,775	\$998,675	-\$28,100	-2.74%
Fire Station Debt Service	\$52,750	\$52,750	\$0	100.00%
Other Funds	\$733,933	\$854,621	\$120,688	16.44%
Adjustments	\$68,172		-\$68,172	-100.00%
Subtotal General Fund	\$67,671,657	\$71,242,642	\$3,570,985	5.28%



While at first blush it appears the overall general fund budget is increasing 5.28%, it is important to note that the increase is inflated by the inclusion of several one-time expenditures. Specifically, the budget includes \$200,000 in Free Cash (FY2022 budget surplus) being appropriated into the Town’s Stabilization (rainy day) Fund. The second factor is the investment of approximately \$2 million in Free Cash to help fund the backlog of capital projects that were postponed during the pandemic. Neither the appropriation into the Stabilization Fund nor the increase in pay-as-you-go capital expenditures will result in additional tax impact to the residents, because both are being funded out of the prior year’s budget surplus. Net of these one-time expenditures, the recurring General Fund operating budget is only increasing 3.22%.

General Fund Operating	
• Fiscal Year 2022	\$67,671,657
• Included:	
➢ One-time Capital	\$805,000
➢ Stabilization Fund	\$0
• Fiscal Year 2023	\$71,242,642
• Includes:	
➢ One-time Capital	\$2,024,000
➢ Stabilization Fund	\$200,000
• % Increase	5.28%
• % Increase w/o CIP & Stabilization	3.22%

If there is an overarching theme to the FY2023 Budget it is that Northborough is in a rebuilding phase and getting back on track with regard to our long-range financial plans following the disruption caused by the COVID-19 pandemic. In that context it is important to note how Northborough successfully managed through the pandemic, including the temporary actions that enabled us to maintain services and meet the increased demands of the pandemic.

Prior Fiscal Years Pandemic Budget Reductions

- Cut Operating Budgets to 1% in FY2021 and constrained increases in FY2022
- Used \$378,000 in one-time Free Cash in the FY2021 Budget due to revenue shortfalls
- Cut \$200,000 in Stabilization Fund Contributions in both FY2021 & FY2022
- Postponed Capital Investments in FY2021 and had limited Free Cash to fund pay-as-you-go projects in FY2022, creating a backlog
- Cut over \$1 million in contributions to Other Post-Employment Benefits (OPEB) Trust Fund (\$550,000 in both FY2021 & FY2022)

Northborough’s fiscal policies and conservative planning enabled us to successfully navigate the pandemic response while maintaining core service levels. In order to get back on solid financial footing, priority should be restoration of the temporary cuts, postponed capital projects, and investment in long-term liabilities such as OPEB. While the FY2023 Budget includes several positive restorations, including capital investments and reserve contributions, the FY2023 Budget only includes \$300,000 in OPEB trust fund appropriations, which falls short of our minimum annual goal of \$550,000 and makes no movement toward restoring the missed contributions in FY2020 and FY2021.

American Rescue Plan Act (ARPA)

The main reason Northborough, like most municipalities, was spared significant reductions in services was the timing and level of Federal Assistance. First in the form of the FEMA reimbursements and then through the CARES Act, which together provided immediate resources for continuity of operations and public health responses. In terms of



long-term recovery support, on March 11, 2021, President Joe Biden signed into law the American Rescue Plan Act (ARPA). ARPA provides local governments with resources through the Coronavirus Local Fiscal Recovery Fund (CLFRF), to respond to the public health emergency caused by the COVID-19 pandemic. The funds are administered by the U.S. Treasury Department, which announced that the Town of Northborough will receive \$4,516,183 in grant funding.

ARPA Funding Categories

	Support Public Health Response Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff		Address Negative Economic Impacts Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector
	Replace Public Sector Revenue Loss Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic		Premium Pay for Essential Workers Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors
	Water and Sewer Infrastructure Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure		Broadband Infrastructure Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

On January 6, 2022, the U.S. Treasury issued its Final Rule, which details how and for what purposes ARPA funding may be used. Since Northborough is receiving less than \$10 million in ARPA funds, its \$4.5 million grant may be used for any “general government services.” The new rule greatly simplifies the compliance reporting process and allows the Town to essentially claim the entirety of its grant award under the revenue loss category, which provides substantial flexibility. In terms of timing, funding must be obligated by December 31, 2024 and be spent by December 31, 2026, which means expenditures will likely span FY2023 and FY2024.

Since ARPA funds are non-recurring, their use should be applied primarily to non-recurring expenditures and care should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment. Investment in critical infrastructure is a particularly well-suited use of ARPA funds because it is a non-recurring expenditure that can be targeted to strategically important long-term assets that provide benefits over many years. As part of the initial review of community needs it was proposed that some portion of ARPA funding be used to support the Six-Year Capital Improvement Program, implementation of the Master Plan, and assist with getting the OPEB Trust Fund back on track. At the time of this writing, the Board of Selectmen is still reviewing how best to use the ARPA funds, and a community input session is planned for June of 2022.

Looking ahead to FY2023, the Town still faces many unknowns, and the proposed budget assumes vaccination efforts will continue to lead to an overall improving economic picture. As presented, the FY2023 Proposed Budget does not draw from the Town’s financial reserves and provides sufficient resources to maintain the current level of services.

In preparation for FY2023 the Financial Team updated the Town’s Financial Trend Monitoring System (FTMS) Report and presented the results along with revised five-year



financial forecasts at a joint meeting of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee on December 20, 2022. The updated FTMS Report provided critical information about FY2023 budget assumptions, which allowed the policy-making Boards and Committees to make informed decisions. The updated analysis included a close look at Local Receipts and State Aid projections, which were used to build consensus regarding sustainable FY2023 budget increases. These discussions took place in the context of the following standing goals for the annual budget development process.

Standing Budget Development Goals:

1. To protect and improve the Town’s overall Financial Condition, which is broadly defined as our ability to maintain existing service levels; withstand local and regional economic disruptions; and meet the demands of natural growth, decline, and change.
2. To develop a budget that is in conformance with the Town’s comprehensive financial policies and does not rely on one-time gimmicks or unsustainable practices.
3. To maintain Northborough as an affordable place to live and operate a business
4. To protect the Town’s long-run solvency beyond the immediate budget cycle by developing clear policies regarding issues such as debt, pension obligations, OPEB liabilities and capital investment.

As the FY2023 budget process unfolded, individual departmental goals and objectives were developed within these Town-wide umbrella goals to ensure that long-term perspectives that span beyond just the upcoming fiscal year are taken into consideration. In addition to these overriding goals and initiatives, each departmental budget contains more detailed goals and objectives for the FY2023 budget.

Recent Developments

During the preceding months, several significant budgetary items were finalized, including Health Insurance, Debt Service, State Aid estimates, revised Local Receipt projections, and final guidance with regard to recent Federal Aid. Collectively, these items represent the final pieces of the FY2023 budget.

- Health Insurance—The FY2023 health insurance budget request of \$6.18 million represents a modest increase of \$61,228, or 1% from the amount budgeted last year. Unexpectedly, the Town’s health insurance carrier, Fallon, made the decision to exit the public market, effective June 30, 2022. As a result, the Town conducted a formal bid process to find a new provider. As part of the bid process, a Joint Procurement Arrangement (JPA) was created with ARHS and the Town of Southborough to enhance our market leverage. Following review of the bid results, the Town met with the Insurance Advisory Committee, which consists of members from all the bargaining units, including the K-8 School

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%
Average	2.88%



department. On January 15, 2022, the IAC voted unanimously to recommend the administration’s proposal to select Harvard Pilgrim as the Town’s new carrier. Through collaborative negotiations with all its employee groups, the Town has successfully mitigated health insurance budget increases to sustainable levels for the past decade with increases averaging just 2.88%.

- Debt Service—The proposed FY2023 debt service budget provides for the payment of principal and interest costs for long and short-term bonds issued by the Town for General Fund purposes. For FY2023, the total Debt Service budget for the General Fund is \$1.93 million, a decrease of \$204,621.

One key factor in limiting new debt service is the Town’s Free Cash policy whereby smaller capital items are purchased using available funds, such as Free Cash, instead of financing with debt. For a detailed explanation of the Town’s Free Cash Policy and the ongoing practice of funding more pay-as-you-go capital projects, interested readers should refer to Section 9 of this budget document.

Of significant note is that in conjunction with the bond issuances for the Lincoln Street School project in 2015, 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.

During FY2022 the Town underwent another bond rating review as part of its decision to refinance outstanding debt associated with the Senior Center and Library building projects, as well as various water and sewer projects. The Town’s favorable Aa1 rating was affirmed and resulted in an estimated savings of \$824,167 over the remaining 8 years on the General Fund and Enterprise Fund bonds. The Town not only took advantage of low market interest rates, but was able to leverage its higher credit rating for additional savings.

- State Aid— The current budget model assumes State Aid will increase by 1% to \$5.61 million in accordance with the Governor’s FY2023 Budget, which was released on January 26th. Despite State revenue projections expected to grow by 2.7% next fiscal year, the Town does not anticipate receiving much of an increase given past experience and the State’s ongoing commitment to funding the Student Opportunities Act, which is designed to direct increased funding to disadvantaged school districts. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. The Town generally

BOND RATING SYMBOLS

<u>Moody’s</u> <u>Investor Service</u>	
	Aaa
➔	Aa1
	Aa2
	Aa3
<hr/>	
	A1
	A2
	A3
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	Baa1
	Baa2
	Baa3
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	Ba1
	Ba2
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	B1
	B2
	B3



does a little better in terms of aid from the Legislature, in part, because they will have more up-to-date revenue information. However, we are unlikely to see any meaningful increase in FY2023. As discussed at the December 20th Financial Trend Monitoring Presentation, because State Aid continues to lag our general budget increases, it has become an ever-smaller percentage of our overall budget. State Aid declined from a high of 13.1% of revenues in FY2003 to just 8% in FY2023. Historically, the Town does not receive its final State Aid figures until well after Town Meeting. Based upon the information coming out of the Legislature, the Governor's 1% estimate appears to be a reasonable assumption.

- Local Receipts—The third largest source of revenue for the General Fund budget is Local Receipts, which include a variety of economically driven fees, permits, fines and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. Local Receipt estimates are level funded at \$4.17 million in FY2023, as motor vehicle excise, hotel and meal taxes slowly recover from the impacts of the pandemic. The Local Receipts total also includes \$232,000 resulting from the Regional High School settlement. Most Local Receipts such as building permits and motor vehicle excise taxes tend to trend along general economic cycles and are often the first revenues impacted by negative economic news, so it is important to be conservative when forecasting. As reported at the State's Revenue Consensus Hearing back in December, most economists were quick to qualify their forecasts in terms of the ongoing recovery, so it will be important to continue carefully tracking these elastic revenue sources moving forward.
- State & Federal Relief Funds—The last major outstanding budget factor is the Town's share of potential State and Federal grant programs. As previously discussed, ARPA funds will be an important part of the Town's financial plans moving forward, as will the extension of FEMA assistance for vaccination clinics which was extended to July 1, 2022. However, it will be important to pay close attention to Federal and State spending decisions, so we don't inadvertently use Northborough's ARPA monies when other funding streams are available. Numerous grants and funding initiatives are currently under development and the Town will need to stay flexible to take advantage of potential opportunities, especially involving infrastructure investments.

Assuming the ongoing vaccination efforts and resulting economic recovery continues, we do not anticipate any other significant financial information coming forward prior to Town Meeting.

Budget in Brief

Similar to prior budgets, the FY2023 Proposed Budget relies on projections regarding available revenue, thereby accepting the limits of the Town's financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes in accordance with Proposition 2½. Added to these revenues are State Aid, Local Receipts such as fees, permits, interest earned and Available Funds such as Free Cash and Special Revenues.



At this point in time, based upon our latest projections, the overall General Fund budget increase is 5.28% with the proposed budgets for the key departments estimated to increase as follows:

- General Government (Town) increases \$862,353, or 3.65% to \$24,501,963
- Northborough K-8 Schools increase \$893,275 or 3.46% to \$26,692,953
- Algonquin Regional High School (ARHS) combined operating and debt assessments increase by \$38,273 or 0.28% to \$13,568,035
- Assabet Valley Vocational High School combined operating and debt assessments increase by \$185,450 or 17.36% to \$1,253,940

• **General Government Budget**

The total FY2023 General Government Budget (non-school) is \$24,501,963, which is an increase of \$862,353 or 3.65%. The balance of the document that follows this Budget Message provides detail regarding each departmental budget. All five collective bargaining contracts expire June 30, 2022 and are currently under negotiation for FY2023. In addition, the Town is in the process of completing a comprehensive Classification/Compensation Study designed to update all position job descriptions and conduct a market survey to ensure the Town's compensation and benefits remain competitive. The results of the Study will be brought forward to Town Meeting for approval. Estimated budget impacts for both contract settlements and the Classification /Compensation Study are budgeted centrally pending completion. Other significant budget changes include the restoration of a full-time Light Equipment Operator position in DPW and tuition and transportation for another student attending Norfolk Agricultural High School. More details on these expenses can be found on the respective departmental budget pages that follow.

• **Northborough K-8 Schools**

The Northborough K-8 Public School System serves children in grades Kindergarten through 8. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade 5. There is also one middle school, the Robert E. Melican Middle School, which serves grades 6, 7 and 8. As of October 1, 2021, a total of 1,553 students attend the Northborough schools, with 1,024 students in grades K-5 at the four elementary schools and 529 students in grades 6-8 at the Middle School.

The FY2023 Budget for Northborough K-8 Schools is proposed at \$26,692,953, which is an increase of \$893,275, or 3.46%.

• **Algonquin Regional High School (ARHS)**

The Northborough-Southborough Regional High School budget is composed of an operating assessment and an assessment for the debt related to the completed renovation/addition project. The FY2023 operating assessment is \$12,914,966 which is a \$21,469 increase, or 0.17%. This relatively low increase is primarily due to shifting enrollment from Northborough to Southborough and is further offset by the



school administration's use of \$600,000 in Excess & Deficiency funds (free cash) to limit assessment increases. The debt for ARHS increases by \$16,804, or 2.64%, to \$653,069. Additionally, the debt exclusion will be reduced by \$232,000 which is the amount of the estimated FY2023 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project. The net effect of the combined operating assessment and new debt service is an overall budget increase of \$38,273 or 0.28% to \$13,568,035.

- **Assabet Valley Regional Technical High School**

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. The total FY2023 budget is \$24,108,684 which is an increase of \$1,004,684, or 4.3%.

As of October 1, 2022, 68 Northborough students attend Assabet Valley, resulting in an operating assessment of \$1,123,936. This is an enrollment increase of 9 students from the 59 Northborough students that attended Assabet Valley last year. Northborough's FY2023 share of the debt assessment from the completed building renovation project is \$130,004, which will continue to decline in subsequent years. The net effect of the combined operating assessment and debt assessment is \$1,253,940 which is an increase of \$185,450 or 17.36%.

- **Special Warrant Articles**

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. A detailed description of the proposed warrant articles, including their funding sources, is provided in Section 6-21 through 6-24 of this budget document. Further detail regarding the capital project warrant articles is contained in Section 9, the Town's Annual Capital Budget and FY2023-2028 Capital Improvement Program.

Overall, the Fiscal Year 2023 total operating budget for all funds, including enterprise funds, is \$77,204,346 or a 4.43% increase over FY2022. An in-depth review of revenues and expenditures is provided in the Budget Summaries Section 1 that follows this Budget Message.

Financial Condition and Outlook

During FY2023 the Town updated its Financial Trend Monitoring System (FTMS) analysis designed to assess the Town's Financial Condition. The FTMS, as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town's budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over a period of time, can be used to monitor changes in the Town's financial condition. The financial indicators include such areas as revenue and expenditure trends, financial reserves,



unfunded liabilities, changes in the tax base, one-time revenue dependencies, debt, capital investments, and external revenue dependencies. The updated FTMS Report is included in its entirety as Appendix C of this budget document.

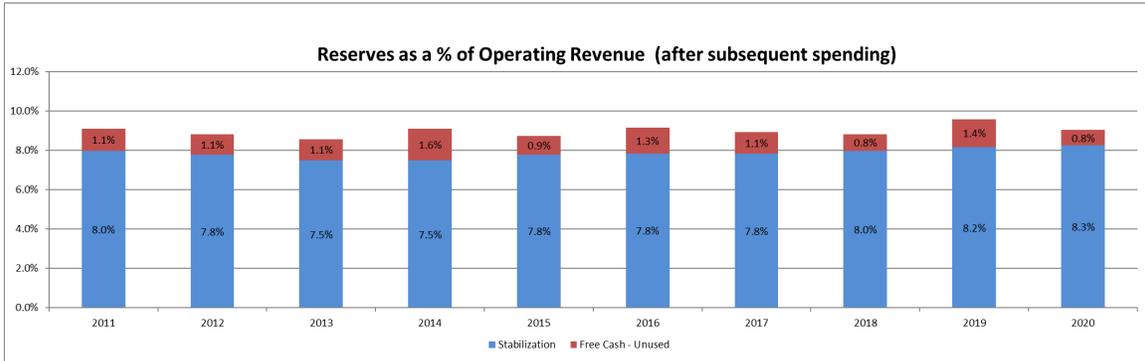
Financial Trend Monitoring System Indicator Summary

Financial Indicator	FY2022
1 Property Tax Revenues	Favorable
2 Uncollected Property Taxes	Favorable
3 Revenues & Expenditures per Capita	Favorable
4 State Aid (Intergovernmental Revenues)	Unfavorable
5 Economic Growth Revenues	Unfavorable / Uncertain
6 Use of One-Time Revenues	Favorable
7 Personnel Costs	Stable
8 Employee Benefits	Stable / Uncertain
9 Pension Liability	Unfavorable
10 Other Post Employment (OPEB) Liability	Unfavorable / Improving
11 Debt Service Expenditures	Favorable
12 Financial Reserves/Fund Balance	Favorable
13 Capital Investment—Overall fixed asset values	Favorable
14 Capital Investment—Pavement Management	Stable

The conclusion of the FTMS analysis is that Northborough is in relatively good financial condition. The growth in revenue from property taxes, which has kept pace with inflation, as well as excellent tax collections are financial strengths for the Town. While expenditures per capita have risen indicating an increase in service needs, the Town’s revenues per capita have increased proportionally as well. The Town’s financial reserves are strong at 8% and use of the \$5.13 million Stabilization (rainy day) Fund was not necessary during the pandemic. The Town’s debt level is manageable at 2.7% of the operating budget (3.8% including overlapping debt for ARHS and Assabet) and its upgraded Aa1 bond rating was reaffirmed in FY2022.

Reliance on one-time revenues in the operating budget is at the policy target of \$500,000, or approximately 1%. Following two years of reduced pay-as-you-go capital investments due to the pandemic, significant progress is being made in FY2023 to get the Capital Improvement Program (CIP) back on track.

Based on the FTMS analysis, it is apparent that long-run solvency surrounding unfunded pension liability and Other Post-Employment Benefits (OPEB) obligations are potential concerns for the Town. Due to the economic impacts of the COVID-19 pandemic, the Town postponed contributions to the OPEB Trust Fund in FY2021 and FY2022. The FY2023 Budget only includes \$300,000 in OPEB trust fund appropriations, which falls short of our minimum annual goal of \$550,000 and makes no movement toward restoring the missed contributions. Future OPEB funding plans will need to be revised based upon the delayed contributions. It is assumed subsequent budgets will return to including at least \$500,000 in OPEB Trust Fund contributions annually.



Uncertainties surrounding the economic recovery, level of State Aid, Local Receipts and future increases in health insurance premiums remain significant areas of potential exposure to be watched during future budget cycles.

For a more detailed explanation regarding the individual fiscal indicators and FTMS, interested readers are encouraged to review the introductory section to Appendix C of this budget document.

Personnel Summary

Overall, personnel wages and benefits represent approximately 75% of the Town’s operating budget and remain relatively stable. As vacancies occur, every effort is made to re-examine positions with a view toward restructuring, reducing or eliminating the position, where possible. The table below provides a five-year history of Full-time Equivalent (FTE)¹ positions by department, including any proposed changes for FY2023.

In total, Town Government staffing is up 1.46 FTEs from FY2022. The change includes the addition of a Part-time 19/hr Cable Access position to cover remote meetings, and restoration of a full-time Light Equipment Operator in DPW, which was cut during the pandemic. The Part-time Local Building Inspector position is also being increased from 15 to 19/hrs per week to better meet the demands of the department.

It is important to note that with regard to Personnel expenses, FY2022 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. All five collective bargaining contracts expire June 30, 2022 and are currently under negotiation for FY2023.

For a detailed breakdown of departmental staffing over the last five years, please see the personnel tables contained in Budget Sections 2 through 5 of this document. With regard to the Northborough K-8 Schools there are 2.75 more FTEs in the FY2023 budget².

¹ Full Time Equivalents are based upon 40 hours per week (i.e., 30hrs/40hrs = .75 FTE).

² K-8 staffing does not include Central Administration staff which is shared on a budgetary basis between Northborough K-8 Schools (40%), Southborough K-8 Schools (30%) and Algonquin Regional HS (30%).



Please refer to the Superintendent’s budget presentation for more detail regarding those changes.

TOWN OF NORTHBOROUGH PERSONNEL SUMMARY FY2019–FY2023

Town Government	FY 2019 FTE	FY2020 FTE	FY2021 FTE	FY2022 FTE	FY2023 FTE	FY2022-23 Change
Executive Office	4.00	4.00	4.00	4.00	4.00	0.00
Public Buildings	0.50	0.50	0.50	1.50	1.50	0.00
Financial Offices	9.50	9.50	9.10	9.10	9.10	0.00
MIS/GIS	2.00	2.00	2.00	2.00	2.00	0.00
Town Clerk's Office	2.00	2.00	2.00	2.00	2.00	0.00
Planning & Conservation	3.45	3.45	3.45	3.48	3.48	0.00
Police Department	30.50	30.50	30.50	30.50	30.50	0.00
Fire Department	23.35	23.18	23.18	22.85	22.85	0.00
Building Department	2.80	2.80	2.80	2.80	2.88	0.08
Health Department	2.20	2.20	2.20	2.20	2.20	0.00
Dog Officer	contract	contract	contract	contract	contract	0.00
Dept. of Public Works	20.48	20.48	19.00	19.00	20.00	1.00
Senior Center/COA	3.00	3.00	3.00	3.00	3.00	0.00
Library	10.48	10.48	10.48	10.48	10.48	0.00
Recreation	2.00	2.00	2.00	2.00	2.00	0.00
Family & Youth Services	1.96	1.96	1.96	1.96	1.96	0.00
Cable Access TV	2.38	2.38	2.38	2.53	2.91	0.38
Veterans' Services	district	district	district	district	district	district
Town Subtotal	120.60	120.43	118.55	119.40	120.86	1.46
School Department (K-8)						
K-5 Teachers	52.00	52.00	59.00	53.00	52.00	-1.00
Grade 6-8 Teachers	31.00	29.00	28.00	28.00	27.00	-1.00
Specialists	42.90	41.90	41.52	41.90	42.10	0.20
Special Education Staff	46.10	46.30	50.95	49.30	55.35	6.05
Administration	6.00	6.00	6.00	6.00	6.00	0.00
Support Staff	93.30	94.30	89.90	96.70	95.20	-1.50
K-8 Schools Subtotal	271.30	269.50	275.37	274.90	277.65	2.75
Total Town & K-8 FTEs	391.90	389.93	393.92	394.30	398.51	4.21



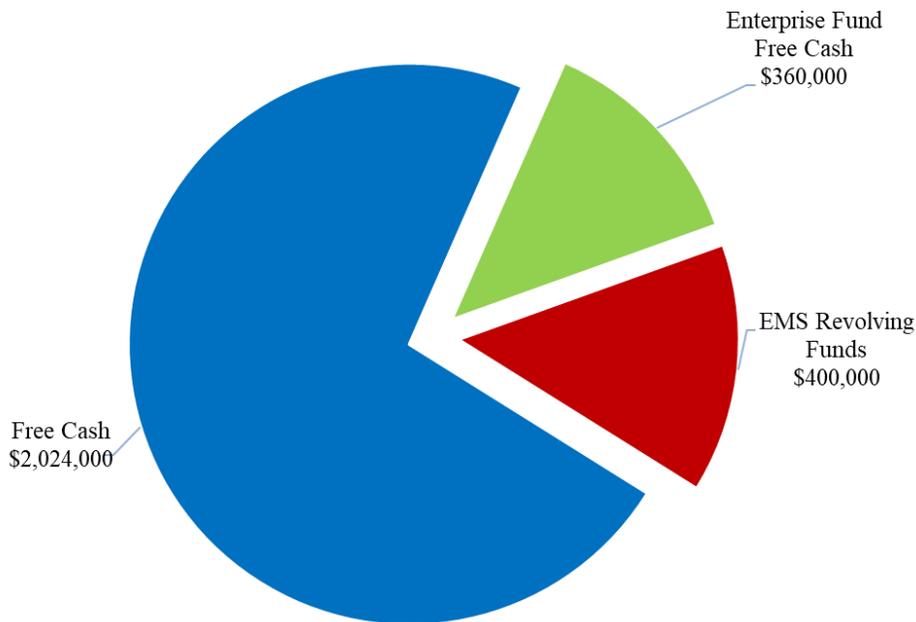
Capital Budget

Enclosed in Section 9 of this document are the Town’s Annual Capital Budget and FY2023-2028 Capital Improvement Program (CIP). The table on the following page represents the Proposed Capital Requests being made by the General Government Departments and the Northborough K-8 School Department for FY2023.

Although the detail for proposed projects has been incorporated as Section 9 of the Annual Operating Budget document, funding for all recommended FY2023 projects requires Town Meeting approval of specific Articles contained in the 2022 Annual Town Meeting Warrant.

The proposed FY2023 Capital Budget totals \$2,784,000 with \$2,024,000 coming from Free Cash, \$400,000 from the EMS Revolving Fund, and \$360,000 from the Sewer Enterprise Fund. The pie chart below shows the breakdown of funding sources by category for the proposed Capital Budget. With the exception of \$400,000 in new EMS Revolving Fund debt for an ambulance replacement (paid for by ambulance fees), the balance of the proposed expenditures will come from available funds. If approved, none of the proposed \$2,784,00 in capital project expenses will result in additional tax impact.

FY2023 CAPITAL FUNDING SOURCES





FY2023 CAPITAL BUDGET

PROJECTS BY DEPARTMENT		EXPENDITURE
Police		
Police Cruiser Replacements (3)		165,000
Police Subtotal		\$165,000
Fire		
Ambulance Replacement		400,000
Fire Subtotal		\$400,000
Town Administration		
Downtown Master Plan		150,000
Town Administration Subtotal		\$150,000
DPW: Highway Division		
Roadway Improvements/Maintenance		454,000
One-Ton Dump Truck w/Plow Replacement		130,000
Culvert & Drainage Replacement Program		300,000
Loader Replacement		290,000
20-Ton Dump Truck w/Spreader & Plow		340,000
Backhoe Replacement		195,000
Highway Subtotal		\$1,709,000
DPW: Sewer Enterprise Funds		
Inflow & Outflow (I&I) Mitigation Repairs		360,000
Sewer Enterprise Fund Subtotal		\$360,000
TOTAL FY2023 CAPITAL BUDGET		\$2,784,000

Section 9 of this budget document contains Project Detail Sheets for every capital project included in the Town’s Six-year CIP. Part III of the CIP contains the Financial Planning Committee’s review and recommendations on the FY2023 Capital Projects and the CIP as a whole. As the Financial Planning Committee’s role is to act in an advisory capacity to Town Officials and the citizens at Town Meeting, the Committee’s input and comments are an important part of the Town’s capital planning process.

The full CIP included in Section 9 of this budget document also contains a question and answer introduction that provides a user-friendly overview of Capital Planning in Northborough.



FY2021 Goals & Accomplishments

The most important aspect of the budget process is the generation of operational and financial plans, program review and the establishment of goals and objectives that will serve the citizens of the community both now and in future years. The financial data that is generated is intended to support the Town's policies, programs and objectives that are identified and articulated during the budget process. The budget serves not only as a financial plan, but also as a short-term strategic plan linked to longer-term objectives and vision for our community.

During FY2022 several key goals and initiatives were achieved. These include:

1. COVID-19 Pandemic Response: The Town continued to respond to the COVID-19 pandemic and perform community outreach, disease investigation and surveillance. During FY2022, the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services, formally referred to as the Greater Boroughs Partnership for Health (GBPH). The new regional partnership is supported by a Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY22-FY24) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY22 and FY23) from the Massachusetts Department of Public Health. The Health Department offered both local and regional vaccination clinics providing 21,553 doses of COVID-19 vaccine in 2021.
2. FY2022 GFOA Distinguished Budget Award and Outdoor Town Meeting: FY2022 was another unprecedented year in terms of budget and Town Meeting preparations. Under special State legislation, the 2021 Annual Town Meeting was delayed to May 1st and held outdoors due to COVID-19 safety concerns. Although overshadowed by general economic uncertainty and revenue constraints, the FY2022 budget enjoyed the unanimous support of all boards and committees and was overwhelmingly approved at Town Meeting. The Town submitted its FY2022 budget to the Government Finance Officers Association's Distinguished Budget Award program and received its 11th national budget award. The award represents a significant achievement by the Town. It reflects the commitment of the Board of Selectmen and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the Town must satisfy nationally recognized guidelines for effective budget presentation.
3. Financial Trend Monitoring Report Updated: The Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and presented the results at a joint meeting of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and the K-8 School Committee on December 20, 2021. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report brings issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. The updated FTMS Report provided critical information about the FY2023 budget assumptions during the ongoing pandemic, which allowed policy-making Boards and Committees to make informed decisions. The updated analysis included a close look



at Local Receipts and State Aid projections which were used to build consensus regarding sustainable budget increases.

4. Clean Annual Audit and Positive Free Cash: Following the unexpected retirement of the Town's Auditor, a competitive request for proposal process was used to select a new firm. Although the yearend close was delayed due to the auditor selection process, the Town ultimately closed out FY2021 with approximately \$3.4 million in Free Cash on June 30, 2021, and no material issues or deficiencies were noted in the annual audit.
5. FY2022 Capital Budget: Annual Town Meeting approved \$1,875,250 in capital projects with \$805,000 coming from Free Cash, and a combination of other sources including Community Preservation Funds, Grants, and Enterprise Funds with no additional tax impact. Since FY2012, the Town has invested \$18.6 million in pay-as-you-go capital investments with no additional tax impact, including \$12.9 million in Free Cash and approximately \$5.8 million in other funding sources. Several significant capital projects were undertaken during FY2022, including construction of a new ADA compliant Assabet Park, Construction of new Pickleball Courts at Ellsworth/McAfee Park, installation of flashing crosswalks at key pedestrian locations, construction of the new Water/Sewer Garage on Summer St., refurbishing of the Assabet Hill Water Tank, and over \$1.1 million in roadway and culvert improvements were made in accordance with the Pavement Management Plan.
6. Fire Station Project Site Remediation Completed: The Fire Station Feasibility Study Committee determined that the existing station is inadequate to meet the programmatic needs of the department and that the current site is also too small to accommodate a renovation/addition. As a result, the Committee issued a Request for Proposals to find land in the downtown area appropriate for a potential station site. Following an exhaustive process, the Committee recommended acquisition of 61&65 West Main Street, along with 10 Monroe, as the preferred site and the Town entered into a Purchase & Sale Agreement. However, during the Town's due diligence it was discovered that the site still requires significant remediation due to contamination from its prior use as a gas station. The language of the executed Purchase and Sale Agreement requires the seller to remove all structures and provide a clean site. Following months of negotiations and oversight of the clean-up, final ground water testing is scheduled for July of 2022, at which time the Town will close on the property.
7. Litigated the Inter-municipal Agreement (IMA) with the City of Marlborough: Following a multiyear negotiation and discovery process, the disagreement between the Town and the City of Marlborough regarding the IMA for sewer treatment services went to trial in 2021. At the time of this writing, the court has yet to render a decision, the outcome of which will establish Northborough's contribution to the operational expenses of the Marlborough Westerly Wastewater Treatment Plant, as well as its share of the \$30 million plant improvement project. For more information regarding the Town's sewer history and the IMA dispute, please see Section 8-5 of this budget document.



8. Traffic Safety Initiatives: The Town engaged the Central Massachusetts Regional Planning Commission (CMRPC) to conduct a Roadway Safety Audit (RSA) of Bartlett Street in response to citizen concerns regarding recent development along this corridor. The resulting RSA report was issued by CMRPC in December of 2021 and can be viewed on the DPW Traffic Safety webpage. DPW continues to review and take appropriate action relative to the recommendations contained in the report. A MassDOT competitive grant application was recently submitted to fund installation of dedicated bicycle lanes along the portion of Bartlett Street between the High School and the City of Marlborough, where bicycle lanes already exist of Forest Street.

In addition, the Town engaged the CMRPC to prepare a Post Occupancy Study for the Amazon warehouses located at 330/350 Bartlett Street. According to the report's conclusion, "Based on the data collected for the post occupancy study, it seems that the current conditions at the Facility at 330/350 Bartlett Street are in line or better than the projections made in the VHB Traffic Impact Study used during the land permit application process." The full report is also available on the DPW Traffic Safety webpage.

9. Diversity & Inclusion Committee: In August of 2020, the Board of Selectmen established the Diversity & Inclusion Committee to address equity concerns following the death of George Floyd in Minneapolis, Minnesota. The 9-member Committee was charged with reviewing existing policies and procedures related to diversity, equity and inclusion, and identifying any potential areas for improvement based on relevant local, state and national research on best practices. The Committee engaged community stakeholders, leaders, and residents to collect qualitative and quantitative data culminating in a final report with recommendations to the Board of Selectmen in December of 2021. One of the main recommendations was the creation of a permanent committee, to which the Board agreed, to continue studying equity and inclusion issues in our community.
10. Classification & Compensation Study: The Town engaged the Collins Center for Public Management out of the University of Massachusetts to conduct a comprehensive review of the current Classification & Compensation Plan for all positions included in Schedule A of the Personnel Bylaw. The Classification & Compensation study reviewed and updated all job descriptions to ensure they accurately reflect current job duties and comply with all legal requirements. A market survey of comparable towns was also conducted to inform the recommendations for an updated pay structure that will enable Northborough to recruit and retain excellent employees. The final study and updated Classification/Compensation Plan is being recommend by the Personnel Board for approval at the 2022 Annual Town Meeting. However, the results will be subject to negotiation for union positions. Potential FY2023 financial impacts have been budgeted centrally pending the outcome of contract settlements.
11. Master Plan Implementation Committee Created: During 2020 the Town completed a comprehensive update to its Master Plan, which is a comprehensive long-range plan intended to guide growth and development of the Town. It includes analysis, recommendations, and proposals for the community's population, economy, housing, transportation, preservation, energy, community facilities, and land use. It is based



on public input, surveys, planning initiatives, existing development, physical characteristics, and social and economic conditions. Following completion of the plan, the Board of Selectmen approved the creation of a Master Plan Implementation Committee (MPIC), charged with prioritization of the various goals and objectives. The MPIC identified downtown revitalization and enhancing general walkability as their top two priorities.

12. Green Communities Competitive Round of Grant Awards: At the end of FY2019, Northborough was officially awarded “Green Community” status by the Department of Energy Resources. This designation allows the Town access to grant funding to reduce municipal energy use and encourage the adoption of and adherence to environmentally sustainable policies. The Town completed the initial round of projects funded through the Green Communities grant in the Fall of 2020 and in the Spring of 2021, was awarded another competitive grant in the amount of \$161,930 for energy efficiency projects at both Town and School locations, including funding to assist with the purchase of a hybrid police cruiser. Although the Green Communities grant program will no longer fully fund LED streetlight conversions, the Town is working with National Grid to investigate another energy efficiency program to accomplish this goal without cost to the Town.
13. Development of Information Technology/GIS Strategic Plan: Using \$40,000 in funding received under the State Community Compact Grant program, the Town engaged an independent third-party consultant to assist in the development of a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities. As part of the planning process the Town is also participating in a regional grant with the Town of Westborough to assess and better protect our technology against cyber security threats. The Strategic Plan is scheduled to be completed in June of 2022.
14. Health Insurance Bid with Joint Procurement Association (JPA): As discussed previously in this Budget Message, the Town’s health insurance carrier unexpectedly made the decision to exit the public market, effective June 30, 2022. A successful joint bid process with the Regional High School and Town of Southborough resulted in a favorable budget increase of just 1% and unanimous support from the employee bargaining units.



Major Upcoming Issues or Projects

Looking forward to FY2023, the primary issues likely to continue dominating much of our focus over the next year involve the ongoing operational and financial impacts of the COVID-19 pandemic, as well as various capital improvement projects. The primary projects in FY2023 include:

1. GFOA Distinguished Budget Award Program: The Government Finance Officers Association (GFOA) Distinguished Budget Award Program underwent major revisions, adding several new criteria requirements. The Town will review the new requirements and continue to refine its award-winning budget for submission. FY2023 enhancements will focus on long-range planning and the introduction of meaningful performance measures into operating budgets.
2. Fire Station Project Design: Although funding for the land acquisition and design for the new fire station were approved at the April 2019 Town Meeting, required site remediation work performed by the seller delayed closing on the property, which is a former gas station. Final ground water testing is scheduled for July of 2022, at which time the Town will close on the property. In the interim, the Town has begun the selection process for an owner's project manager and architect. The goal is to complete the design development phase in time to seek approval of construction funding at the 2023 Annual Town Meeting in conjunction with a debt exclusion vote on the 2023 Election Ballot.
3. Historic White Cliffs Facility Reuse: Progress on the reuse of the historic White Cliffs Facility was delayed by the pandemic, both in terms of the internal process as well as the general economic shutdown. The White Cliffs Committee intends to seek consulting assistance to develop a scope of services for a Request for Proposals (RFP) solicitation. The goal of the RFP process is to identify potential private sector partners willing to perform the restoration work needed to bring the facility back into code compliant use. It remains to be seen if additional subsidy will be needed from the Town to make a project economically viable; however, the Feasibility Study results clearly indicate that full restoration of White Cliffs to its former historic glory is unlikely. Moving forward, the Town needs to identify a financially viable use that preserves as many of the historically significant features of the structure as possible.
4. Town Offices Feasibility Study: A feasibility study will be conducted to determine the future location of the Town Administrative Offices. The feasibility study process is set to begin in the spring of 2022 and last through the summer and early fall. Once a determination is made on a path forward for the future of the Administrative Offices, the Town will put forth a request for design funding in the Spring of 2023. The feasibility study will coincide with the Town's reacquisition of the old Town Offices building located at 4 West Main Street. In 1983 the Town sold the former Town Hall property, subject to the right to re-purchase it in the 40th year after the sale for the sum of Ten Thousand Dollars (\$10,000). Article 21 on the 2022 Annual Town Meeting Warrant proposes the exercise of the re-purchase option and the appropriation of funds for that purpose. The intent is for the Town to undertake this feasibility study prior to completing the re-purchase.



5. All Collective Bargaining Agreements in Negotiations: All five of the Town's collective bargaining agreements expire at the end of FY2022 on June 30, 2022. The Town will be negotiating fair and sustainable future increases for all union personnel covering FY2023 through FY2025.
6. Downtown Master Plan: The Town finalized its Master Plan Update in 2020 after nearly a year long process which included extensive public participation and review. The Master Plan includes a comprehensive baseline assessment describing the Town's existing resources and conditions, and projects future needs and goals of the community. In the Fall of 2020, the Board of Selectmen established a Master Plan Implementation Committee that is charged with the evaluation and prioritization of the various goals and tasks set forth in the Master Plan document. The Master Plan Implementation Committee formally voted to make downtown revitalization its top priority and developed a scope of work for a Downtown Master Plan Study to be funded in FY2023 using Free Cash. Additional projects will likely be added to the capital plan once the study is completed.
7. Sidewalk Master Plan and Complete Streets: The recently completed Master Plan identifies sidewalk and crosswalk improvements as well as sidewalk expansion as primary goals of the community. The Town has begun working on these goals in several ways. First, DPW completed a town-wide sidewalk assessment that culminated with the development of a Sidewalk Management Plan which presents a capital approach to improving the existing network of sidewalks. However, funding for sustained implementation of the plan still needs to be identified. Secondly, the Town was accepted into the Massachusetts Department of Transportation (MassDOT) "Complete Streets Funding Program." The goal of the program is to support safe and accessible options for all modes of travel – walking, biking, and vehicular. The next program step is for the Town, with its consultant, to prepare through a public input process a Complete Streets Prioritization Plan for MassDOT acceptance. This plan will identify needs, gaps, possible funding sources, and implementation schedules for sidewalk, bicycle, and accessible transportation connectivity improvements. The Town was awarded a \$35,200 grant from MassDOT to develop its Complete Streets Prioritization Plan in the Fall of 2022.
8. American Rescue Plan Act: The last major initiative for FY2023 will be the ongoing process of developing the priority funding goals for the \$4.5 million in ARPA funding. The Board of Selectmen is planning a public input session in June of 2022 to determine how best to proceed. Compliance reporting for the previously received CARES Funding and FEMA emergency reimbursements for COVID responses will also take up significant resources of the Finance Department throughout FY2023.



Conclusion

The FY2023 Proposed Budget that follows is balanced pending passage of the final State Budget and meets the previously determined budget goals. The FY2023 Proposed Budget is at the limit of Proposition 2½ and does not make use of any excess levy capacity in order to maintain current service levels.

Following this Budget Message is Section 1—Budget Summaries, which contains both the revenue and expenditure highlights of the FY2023 Proposed Budget and further details the challenges and opportunities facing the Town of Northborough.

I would like to take this opportunity to thank the members of the Financial Team—Assistant Town Administrator Becca Meekins, Finance Director Jason Little and Treasurer/Collector Lisa Troast for their tireless contributions. I would also like to thank Superintendent of Schools Greg Martineau for his excellent communication and cooperation during this past year. The level of professionalism and sense of teamwork exhibited by all the financial Boards and Committees in Northborough is something I am proud to be a part of.

Respectfully submitted,

John W. Coderre
Town Administrator

Budget Summaries

Section 1

Section 1-2

Balanced Budget

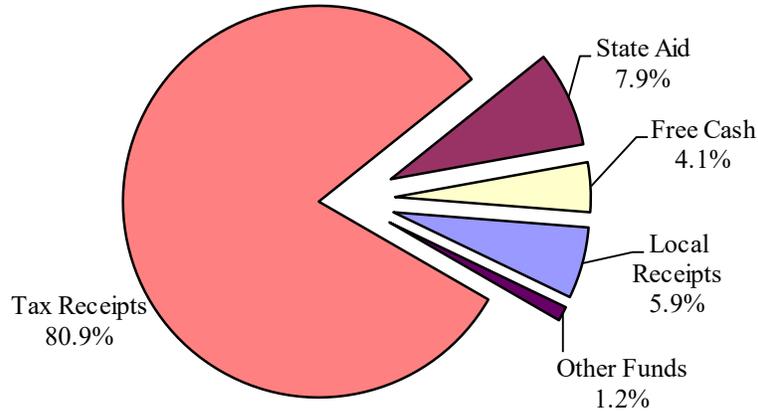


Table 1

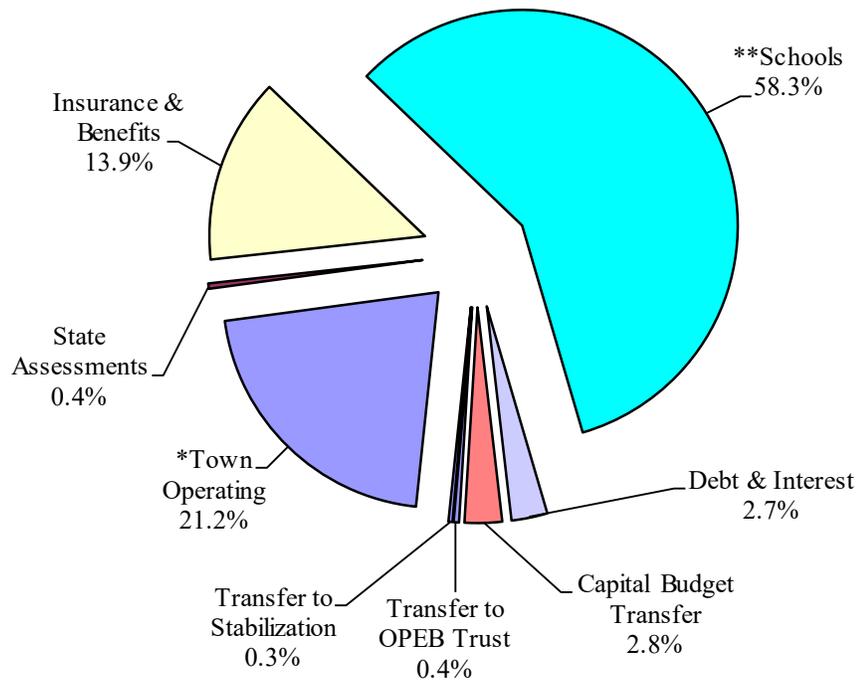
TOWN OF NORTHBOROUGH					
REVENUE & EXPENDITURE SUMMARY FISCAL YEARS 2021--2023					
LEVY LIMIT CALCULATION	FY2021	PROPOSED FY2022	REVISED FY2022	PROPOSED FY2023	% CHANGE
Prior Year Levy Limit	\$52,997,340	\$55,450,240	\$55,450,240	\$57,890,129	
Add 2.5%	\$1,324,934	\$1,386,256	\$1,386,256	\$1,447,253	
Add New Growth	\$1,127,966	\$684,800	\$1,053,633	\$659,600	
Add Overrides	\$0	\$0	\$0	\$0	
True Levy Limit	\$55,450,240	\$57,521,296	\$57,890,129	\$59,996,982	
Add Debt Excl - Colburn St.	\$0	\$0	\$0	\$0	
Add Debt Excl - Library	\$353,803	\$343,177	\$343,177	\$299,530	
Add Debt Excl - Senior Center	\$370,348	\$362,594	\$362,594	\$321,175	
Add Debt Excl - Algonquin	\$632,229	\$647,846	\$647,846	\$653,069	
Less Debt Excl -Settlement	(\$227,586)	(\$220,000)	(\$230,681)	(\$232,988)	
Add Debt Excl - Lincoln Street	\$1,050,837	\$1,026,182	\$1,026,182	\$998,130	
Add Debt Excl - Fire Station	\$17,098	\$52,750	\$52,750	\$42,200	
Adjusted Levy Limit	\$57,646,969	\$59,733,845	\$60,091,997	\$62,078,098	
REVENUES					
Adjusted Levy Limit	\$57,646,969	\$59,733,845	\$60,091,997	\$62,078,098	
Less Unused Levy Capacity	(\$3,399,223)	(\$3,913,557)	(\$4,362,781)	(\$4,374,770)	
Total Tax Receipts	\$54,247,746	\$55,820,288	\$55,729,216	\$57,703,328	3.54%
State Aid	\$5,434,115	\$5,521,216	\$5,557,508	\$5,614,693	1.03%
Free Cash (Operating)	\$500,000	\$500,000	\$500,000	\$500,000	0.00%
Free Cash (Rtmt/Health Ins)	\$378,000	\$0	\$0	\$0	
Free Cash (Reserve)	\$375,000	\$175,000	\$175,000	\$175,000	0.00%
Free Cash (Stabilization)	\$0	\$0	\$0	\$200,000	
Free Cash (Capital)	\$712,775	\$805,000	\$805,000	\$2,024,000	151.43%
Local Receipts	\$3,837,000	\$4,171,000	\$4,171,000	\$4,171,000	0.00%
Other Funds	\$755,886	\$733,933	\$733,933	\$854,621	16.44%
TOTAL GENERAL FUND REVENUES	\$66,240,522	\$67,726,437	\$67,671,657	\$71,242,642	5.28%
Enterprise Funds	\$5,770,815	\$6,254,279	\$6,254,279	\$5,961,704	-4.68%
TOTAL REVENUES	\$72,011,337	\$73,980,716	\$73,925,936	\$77,204,346	4.43%
EXPENDITURES					
Town Budget	\$22,913,699	\$23,639,610	\$23,639,610	\$24,501,963	3.65%
Schools					
Northborough K-8	\$25,177,844	\$25,799,678	\$25,799,678	\$26,692,953	3.46%
Algonquin 9-12	\$12,587,175	\$13,004,868	\$12,893,497	\$12,914,966	0.17%
HS Debt Exclusion	\$632,229	\$647,846	\$636,265	\$653,069	2.64%
Assabet	\$865,186	\$934,658	\$934,658	\$1,123,936	20.25%
Assabet Renovation Project	\$137,660	\$133,832	\$133,832	\$130,004	-2.86%
Warrant Articles					
Reserve Fund	\$375,000	\$175,000	\$175,000	\$175,000	0.00%
Transfer to Stabilization	\$0	\$0	\$0	\$200,000	
Free Cash Capital	\$712,775	\$805,000	\$805,000	\$2,024,000	151.43%
Transfer to OPEB Trust	\$0	\$0	\$0	\$300,000	
Zeh School Debt Service	\$0	\$0	\$0	\$0	
Colburn Street Debt Service	\$59,923	\$57,475	\$57,475	\$0	-100.00%
Library Debt Service	\$354,248	\$343,567	\$343,567	\$299,530	-12.82%
Senior Center Debt Service	\$380,145	\$371,445	\$371,445	\$321,175	-13.53%
Lincoln Street Debt Service	\$1,051,475	\$1,026,775	\$1,026,775	\$998,675	-2.74%
Fire Station Debt Service	\$17,098	\$52,750	\$52,750	\$52,750	0.00%
Other Funds	\$755,886	\$733,933	\$733,933	\$854,621	16.44%
Adjustments	\$220,180		\$68,172		
EXPENDITURES	\$66,240,522	\$67,726,437	\$67,671,657	\$71,242,642	5.28%
Water Enterprise Fund	\$2,600,970	\$2,961,675	\$2,961,675	\$2,636,103	-10.99%
Sewer Enterprise Fund	\$2,296,295	\$2,373,460	\$2,373,460	\$2,397,488	1.01%
Solid Waste Enterprise Fund	\$873,550	\$919,144	\$919,144	\$928,113	0.98%
TOTAL ALL FUNDS	\$72,011,337	\$73,980,716	\$73,925,936	\$77,204,346	4.43%



Fiscal Year 2023 Revenue Sources



Fiscal Year 2023 Expenditures



*Town Expenditures include Reserves for Abatements, Appropriation Reserve Fund, and Offsets
**School Expenditures include Northborough K-8 School operations, Algonquin Regional High School operations, Algonquin Regional High School Debt Service & Assabet Valley Assessment



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FY2023 REVENUE SUMMARY

The Town’s General Fund revenue (excluding the Water & Sewer Enterprise and Solid Waste Enterprise Funds) is divided into four main categories: Property Taxes, State Aid, Local Receipts and Available Funds.

Property Taxes

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

Property taxes are levied on real property (land & buildings) and personal property used by Northborough’s non-manufacturing business firms. In accordance with State law, the Town’s Board of Assessors determines the fair market value of all property every five years. Northborough conducted a full revaluation during FY2021 with the next scheduled for FY2026; however, interim adjustments are performed each year that full revaluation is not required.

Under the provisions of Proposition 2½, property taxes may not exceed 2½ percent of the “full and fair cash value” of all property in Town. This limit is known as the “levy ceiling.” Additionally, annual levy increases may not exceed 2½ percent more than the previous year’s levy plus the taxes from any new growth value. Any Proposition 2½ override or debt exclusion amounts approved by ballot election are also added to the levy limit.

As the Town’s primary revenue source, property taxes are expected to increase in FY2023 by 3.54% or approximately \$1.97 million, to \$57.7 million. The increase includes the 2½ percent increase of \$1,447,253, plus an increase of \$659,600 in estimated taxes from projected new growth which is conservatively estimated at \$40 million in value. It also includes the value of any previously approved debt exclusions. It is important to note that because Northborough has limited taxes increases over the years to below the limit of Proposition 2½, there is approximately \$4.37 million in excess levy capacity as shown in the table below. In Massachusetts, municipal budgets in excess of a community’s levy limit require a voter-approved Proposition 2 ½ Override at the ballot.

Table 2

LEVY LIMIT			%
CALCULATION	FY2022	FY2023	CHANGE
Prior Year Levy Limit	\$55,450,240	\$57,890,129	
Add 2.5%	\$1,386,256	\$1,447,253	
Add New Growth	\$1,053,633	\$659,600	
Add Overrides	\$0	\$0	
True Levy Limit	\$57,890,129	\$59,996,982	
Add Net Debt Exclusions	\$2,201,868	\$2,081,116	
Adjusted Levy Limit	\$60,091,997	\$62,078,098	
Less Unused Levy Capacity	(\$4,362,781)	(\$4,374,770)	
Total Tax Receipts	\$55,729,216	\$57,703,328	3.54%



State Aid

State Aid is Northborough’s second largest revenue source and usually represents 8-10% of the General Fund budget. Together, State Aid and local property taxes account for approximately 90% of the General Fund budget. The proposed FY2023 budget assumes State Aid will increase by 1% to \$5.61 million. This estimate is based upon the Governor’s Budget which was released on January 26, 2022.

Despite State revenue projections expected to grow by 2.7% next fiscal year, the Town does not anticipate receiving much of an increase given past experience and the State’s ongoing commitment to funding the Student Opportunities Act, an initiative designed to direct new State funding to disadvantaged school districts. Over the coming months the House and Senate will release their respective budget proposals and work out the differences through a joint committee. Historically, the Town does not receive its final State Aid figures until well after Town Meeting.

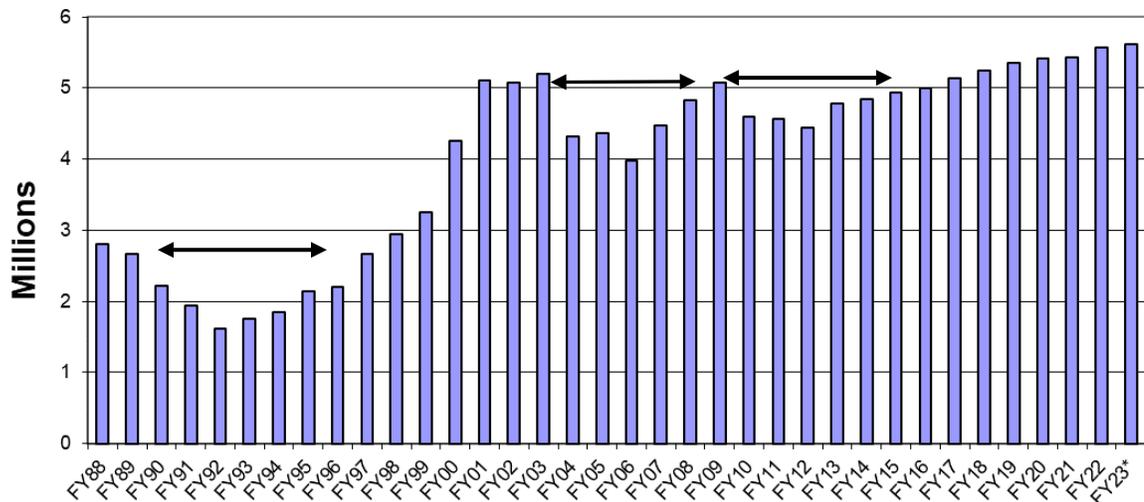
It is important to note that State Aid continues to lag behind our general budget increases and has become an ever-smaller percentage of Northborough’s overall budget. State Aid declined from a high of 13.1% of revenues in FY2003 to approximately 8% in FY2023, and that is not accounting for inflation. The chart below shows the fluctuations in State Aid over the years, including previous recessionary periods highlighted by the arrows. Economists presenting at the State’s revenue consensus hearing back in December cautioned about potential recessionary headwinds following the initial pandemic recovery.

Table 3: State Aid in Millions

FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23*
5.00	5.14	5.25	5.35	5.41	5.43	5.56	5.61

*Estimated

Northborough State Aid FY1988-2023



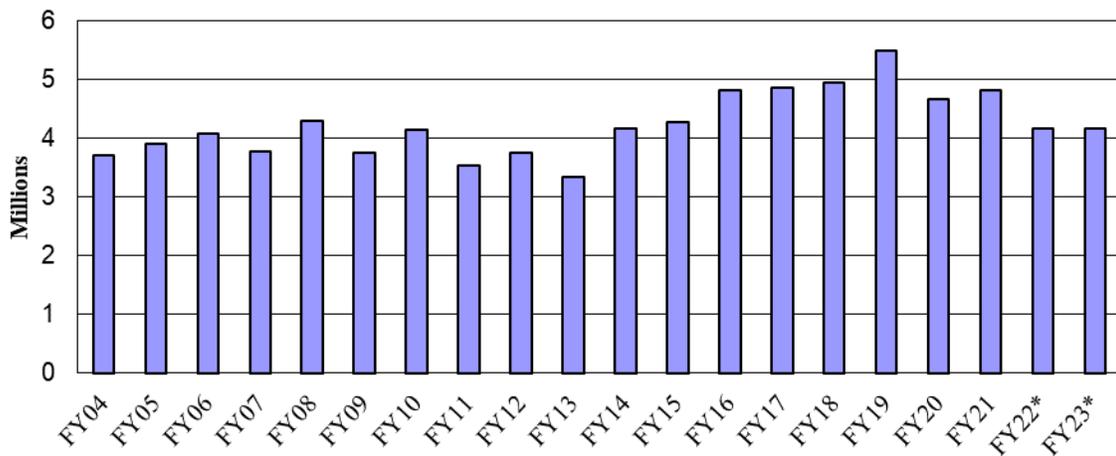


At the time of this writing the Town has limited information regarding State Assessments, and it is the net effect of the new aid and any increase in charges that really determines if Northborough is better off compared to the previous year. Given that unknown, the Town has chosen to proceed with the Governor’s Budget figures for the FY2023 assessment expense budget and continue with the estimated 1% revenue increase. Any State Aid actually received above current estimates can only be used to reduce the local tax impact in FY2023.

Local Receipts

The third largest source of revenue for the General Fund budget is Local Receipts, which include a variety of fees, permits, fines and license-related monies that the Town receives, as well as interest that is earned on investments or overdue tax bills. This category also includes excise taxes, which include Motor Vehicle Excise (MVE) and Hotel Rooms and Meals taxes. The total budgeted Local Receipts for FY2023 is \$4.17 million which represents level funding versus FY2022. The single largest source of revenue within the Local Receipts category is the \$2.42 million budgeted for MVE taxes, which is a State tax collected by the municipality for its own use. The FY2021 Local Receipts estimate was lowered dramatically from FY2020 due to the pandemic shut down; however, as the reopening of the economy progresses, actual revenue collections continue to improve while supply chain issues may affect excise taxes, and other global issues may mitigate the economic recovery. Similar to the State’s revenue assumptions, the FY2023 forecast for Local Receipts is predicated on the continued success of vaccination efforts and a sustained economic recovery.

Local Receipts



*FY22 & 23 Budgeted

The Local Receipts shown in the above graph are the actual receipts from FY2004 through FY2021 and contain many one-time sources of funds, while the budgeted amounts are shown for both FY2022 and FY2023.

Until FY2010 Local Receipts included revenues from the Town’s pay-as-you-throw (PAYT) trash program, which generated approximately \$500,000 annually in bag sales. Beginning in FY2011, the PAYT revenues were moved into the Solid Waste Enterprise Fund budget. That change in accounting represents a significant part of the reduction shown in the graph above going from FY2010 to FY2011.



Section 1-8

Revenue Summary

More recently, the Meals Tax Surcharge of .75% and the increase in the local Room Occupancy Excise were adopted at the 2013 Town Meeting and the first funds were received in FY2014. In FY2016 the Town also began receiving settlement payments from the Town of Southborough related to successful litigation over the ARHS building project.

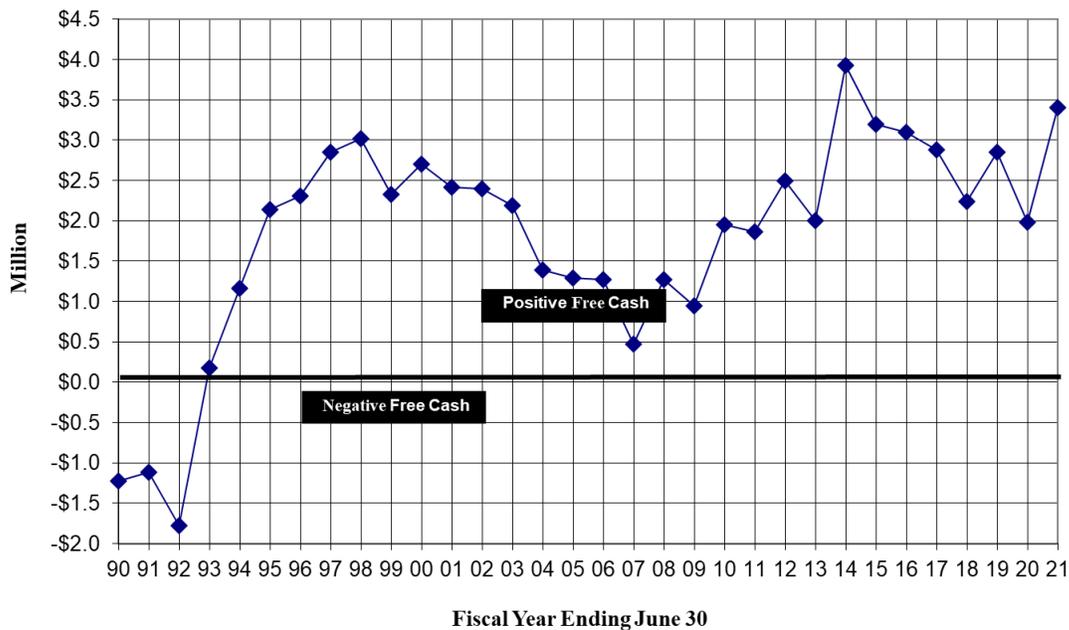
In general, the level of Local Receipts is greatly affected by outside economic conditions beyond the Town’s control; especially as it relates to motor vehicle sales, building activity and permits fees. The actual revenue trend in the preceding graph tends to mirror the general economic conditions at the time.

Available Funds (including Free Cash)

The last category of revenue for the Town is monies in various Special Revenue funds and certified Free Cash available for appropriation from prior years. General Fund Free Cash as of July 1, 2021 was certified at \$3,399,259.

By far the single largest source of Available Funds is Free Cash. Free Cash is an available fund that is composed of the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in appropriated budget line-items. After the June 30th close of the fiscal year, the Town’s Free Cash is certified by the State Department of Revenue and only then is it available for appropriation.

Certified Free Cash FY1990-2021



*Source: Massachusetts Department of Revenue

Historically, the Town of Northborough had relied on over \$1 million of Free Cash to balance the operating budget and continued this practice for many years. However, the dependency upon one-time available funds to supply a portion of the foundation for the operating budget essentially created a rolling “structural deficit” which became an



additional financial burden during the recessionary period following the close of FY2007. Use of Free Cash in the operating budget was systematically phased down over several years from \$700,000 in FY2010, down to \$600,000 in FY2011, and ultimately, reaching the Free Cash policy target amount of \$500,000 in FY2012, which is approximately 1% of the budget. The FY2023 Budget includes \$500,000 in Free Cash in accordance with the policy.

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

For these reasons, the Board of Selectmen adopted a Free Cash Policy in November 2010 with the unanimous support of both the Appropriations Committee and the Financial Planning Committee. The policy identifies the acceptable uses of Free Cash for mainly one-time expenses and provides for a maximum level of \$500,000 for use in the operating budget (approximately 1%). However, the policy allows for additional funds to be used in an emergency, and the estimated loss of revenue due to the COVID-19 pandemic led to the FY2021 General Government Budget using \$378,000 in additional Free Cash from postponed capital projects. However, the FY2022 and FY2023 budgets returned to the policy goal of \$500,000, which is just 0.7% of the operating budget revenues. Free Cash devoted to other one-time expenses include \$2,024,000 in capital articles, a \$200,000 transfer to the Stabilization Fund, and \$175,000 for the Appropriation Committee's Reserve Fund.

Other sources of Available Funds to be used in FY2023 are projected to include transfers from special revenue funds to offset departmental budgets such as \$18,500 in Cemetery Sale of Lots income, \$9,006 in Cemetery Trust Fund income, \$11,309 in Conservation Commission fees, \$354,487 from the Fire/EMS Revolving Account, \$50,732 from the Medicare Part D Subsidy, \$28,000 from the Animal Control Revolving Account, \$294,728 from the PEG Access and Cable Related Fund to cover the Cable Access Departmental costs, a transfer of \$1,764 from the Department of Public Utilities Transportation Fund, and a transfer from the Recreation Revolving Fund of \$75,000 toward that department's budget. In addition, there will be a transfer of \$545 from premium reserves, and \$10,550 from a debt exclusion reserve. These two amounts are related to debt excluded debt service and must offset the amount of the debt exclusion added to the tax rate. In addition to Free Cash, these "Other" revenue sources total \$854,621 and will be used to off-set the municipal budgets as shown in Article 4 of the 2022 Annual Town Meeting Warrant.

American Rescue Plan Act (ARPA)

As discussed in the Town Administrator's Budget Message, one unique revenue source that became available beginning in FY2022 is the Town's share of federal relief arising from the American Rescue Plan Act. On March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 (ARPA), which contains \$1.9 trillion in overall national spending to support relief and economic recovery efforts ARPA provides local governments with resources through the Coronavirus Local Fiscal Recovery Fund



Section 1-10

Revenue Summary

(CLFRF), to respond to the public health emergency caused by the COVID-19 pandemic. The funds are administered by the U.S. Treasury Department, which announced that the Town of Northborough will receive \$4,516,183 in grant funding.

On January 6, 2022, the U.S. Treasury issued its Final Rule, which details how and for what purposes ARPA funding may be used. Since Northborough is receiving less than \$10 million in ARPA funds, its \$4.5 million grant may be used for any “general government services.” The new rule greatly simplifies the compliance reporting process and allows the Town to essentially claim the entirety of its grant award under the revenue loss category, which provides substantial flexibility. In terms of timing, funding must be obligated by December 31, 2024 and be spent by December 31, 2026, which means expenditures will likely span FY2023 and FY2024.

Since ARPA funds are non-recurring, their use should be applied primarily to non-recurring expenditures and care should be taken to avoid creating new programs or additions to existing programs that require an ongoing financial commitment. Investment in critical infrastructure is a particularly well-suited use of ARPA funds because it is a non-recurring expenditure that can be targeted at strategically important long-term assets that provide benefits over many years. As part of the initial review of community needs it was proposed that some portion of ARPA funding be used to support the Six-Year Capital Improvement Program, implementation of the Master Plan, and assist with getting the Other Post-Employment Benefits (OPEB) Trust Fund back on track. At the time of this writing, the Board of Selectmen is still reviewing how best to use the ARPA funds, and a community input session is planned for June of 2022.



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Section 1-12

Expenditure Summary



FY2023 EXPENDITURE SUMMARY

Following is a summary of the Town's General Government Budget (non-school), which details the 3.65% increase allowable under current revenue projections.

Department	FY2022 Budget	FY2023 Proposed Budget	\$ Change	% Change
GENERAL ADMINISTRATION				
<u>EXECUTIVE OFFICE</u>				
Selectmen	181,004	184,601	3,597	1.99%
Administrator	298,231	302,145	3,914	1.31%
Economic Development	1,325	1,342	17	1.28%
Town Reports	5,150	5,150	-	0.00%
<u>PUBLIC BUILDINGS</u>				
Town Hall/Public Bldgs.	598,961	623,971	25,010	4.18%
<u>FINANCE</u>				
Treasurer	317,419	325,797	8,378	2.64%
Board of Assessors	266,010	267,058	1,048	0.39%
Town Accountant	191,719	192,298	579	0.30%
<u>MIS/GIS</u>				
MIS/GIS	543,666	628,334	84,668	15.57%
<u>TOWN/CLERKS OFFICE</u>				
Town Clerk	146,633	155,391	8,758	5.97%
Election/Registration	26,145	43,791	17,646	67.49%
<u>ADVISORY BOARDS/SERVICES</u>				
Moderator	500	500	-	0.00%
Appropriations Committee	1,695	1,695	-	0.00%
Town Counsel	90,000	90,000	-	0.00%
Personnel Board	58,062	352,784	294,722	507.60%
<u>PLANNING & CONSERVATION</u>				
Conservation Commission	94,148	86,381	(7,767)	-8.25%
Planning Board	211,557	200,945	(10,612)	-5.02%
Zoning Board	5,306	5,318	12	0.23%
Earthwork Board	1,944	2,180	236	12.14%
PUBLIC SAFETY				
Police	3,032,302	3,023,809	(8,493)	-0.28%
Fire	2,194,077	2,216,978	22,901	1.04%
Emergency Preparedness	7,000	7,000	-	0.00%
Building	189,734	200,694	10,960	5.78%
Gas Inspector	12,897	12,897	-	0.00%
Wire Inspector	23,052	23,024	(28)	-0.12%
Sealer of Weights	8,000	8,000	-	0.00%
Board of Health	221,835	223,460	1,625	0.73%
Animal Control	42,729	42,729	-	0.00%
PUBLIC WORKS				
Highway Admin.	129,879	142,771	12,892	9.93%
Hwy. Const. & Maint.	1,612,846	1,690,937	78,091	4.84%
Parks	150,950	155,700	4,750	3.15%
Cemetery	166,255	169,975	3,720	2.24%
Engineering	196,605	186,605	(10,000)	-5.09%
Snow & Ice	437,000	437,000	-	0.00%
Street Lighting	135,000	147,000	12,000	8.89%
Trees	51,000	56,000	5,000	9.80%
COMMUNITY SERVICES				
Council on Aging	312,262	314,162	1,900	0.61%
Library	886,565	902,344	15,779	1.78%
Recreation	145,591	145,281	(310)	-0.21%
Youth Services	172,083	172,478	395	0.23%
Veterans Services	88,039	91,225	3,186	3.62%
Cable TV	262,753	294,728	31,975	12.17%
Cultural Council	500	500	-	0.00%
Community Affairs Committee	500	500	-	0.00%
Historical Commission	500	500	-	0.00%



Expenditure Summary

Section 1-13

Department	FY2022 Budget	FY2023 Proposed Budget	\$ Change	% Change
UNDISTRIBUTED EXPENSES				
<u>EMPLOYEE BENEFITS & INSURANCE</u>				
Health Insurance	6,122,824	6,184,052	61,228	1.00%
Transfer to OPEB Trust	-	300,000	300,000	
Life Insurance	8,930	8,930	-	0.00%
Other Benefits/FICA	489,904	516,097	26,193	5.35%
Workers Comp	134,702	134,702	-	0.00%
Retirement Assessments	2,470,601	2,725,650	255,049	10.32%
<u>BUILDING & LIABILITY INSURANCE</u>				
Bldg. & Liability Insur.	283,557	288,163	4,606	1.62%
<u>DEBT SERVICE</u>				
Debt Service	2,130,726	1,926,105	(204,621)	-9.60%
<u>STATE ASSESSMENTS</u>				
State Assessments	277,698	270,260	(7,438)	-2.68%
<u>NORFOLK AGRICULTURAL HIGH SCHOOL</u>				
Tuition/Transportation	38,500	69,934	31,434	81.65%
<u>STABILIZATION FUND CONTRIBUTION</u>				
Stabilization Fund	-	200,000	200,000	
<u>RESERVE FUND</u>				
Reserve Fund	175,000	175,000	-	0.00%
<u>SPECIAL WARRANT ARTICLES</u>				
Special Articles	805,000	2,024,000	1,219,000	151.43%
Solid Waste Subsidy	337,160	337,160	-	0.00%
OTHER NON-APPROPRIATED AMOUNTS				
Reserve for Abatements	326,767	404,661	77,894	23.84%
Offsets	29,977	27,022	(2,955)	-9.86%
ENTERPRISE FUNDS				
Water	2,961,675	2,636,103	(325,572)	-10.99%
Sewer	2,373,460	2,397,488	24,028	1.01%
Solid Waste	919,144	928,113	8,969	0.98%
GROSS TOTAL TOWN	33,405,054	35,689,418	2,284,364	6.84%
CALCULATION OF NET TOTAL TOWN				
Less Water Fund	(2,961,675)	(2,636,103)		
Less Sewer Fund	(2,373,460)	(2,397,488)		
Less Solid Waste	(919,144)	(928,113)		
Less Other Funds	(733,933)	(854,621)		
Less Recap Adjustments	54,780			
Less Debt Exclusion	(1,852,012)	(1,672,130)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Transfer to OPEB Trust	-	(300,000)		
Less Transfer to Stabilization	-	(200,000)		
Less Special Articles	(805,000)	(2,024,000)		
NET TOTAL TOWN	23,639,610	24,501,963		3.65%
CALCULATION OF TOWN APPROPRIATION				
GROSS TOTAL TOWN	33,405,054	35,689,418		
Less County Assessments	(2,470,601)	(2,725,650)		
Less State Assessments	(277,698)	(270,260)		
Less Reserve for Abatements	(326,767)	(404,661)		
Less Offsets	(29,977)	(27,022)		
Less Reserve Fund Article	(175,000)	(175,000)		
Less Stabilization Transfer Article	-	(200,000)		
Less Special Articles	(805,000)	(2,024,000)		
Less Solid Waste Subsidy	(337,160)	(337,160)		
Less Enterprise Funds	(6,254,279)	(5,961,704)		
Net Town Warrant Article 4	22,728,572	23,563,961		

Section 1-14

Expenditure Summary



General Administration

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

General Administration Summary

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED	% CHANGE
EXECUTIVE OFFICE						
Selectmen	\$171,012	\$174,103	\$181,004	\$86,137	\$184,601	1.99%
Administrator	\$213,817	\$256,523	\$298,231	\$139,908	\$302,145	1.31%
Economic Development	\$855	\$855	\$1,325	\$500	\$1,342	1.28%
Town Reports	\$1,435	\$3,680	\$5,150	\$0	\$5,150	0.00%
Subtotal	\$387,119	\$435,161	\$485,710	\$226,545	\$493,238	1.55%
PUBLIC BUILDINGS						
Subtotal	\$388,304	\$379,631	\$598,961	\$212,427	\$623,971	4.18%
FINANCE						
Treasurer	\$283,613	\$295,728	\$317,419	\$136,902	\$325,797	2.64%
Board of Assessors	\$261,485	\$176,231	\$266,010	\$110,771	\$267,058	0.39%
Town Accountant	\$182,149	\$186,640	\$191,719	\$88,637	\$192,298	0.30%
Subtotal	\$727,247	\$658,599	\$775,148	\$336,310	\$785,153	1.29%
MIS/GIS						
Subtotal	\$396,108	\$431,366	\$543,666	\$262,136	\$628,334	15.57%
TOWN CLERKS OFFICE						
Town Clerk	\$140,772	\$141,367	\$146,633	\$68,678	\$148,521	1.29%
Elections/Registration	\$31,675	\$47,715	\$26,145	\$12,210	\$50,661	93.77%
Subtotal	\$172,447	\$189,082	\$172,778	\$80,888	\$199,182	15.28%
ADVISORY BOARDS/SERVICES						
Moderator	\$0	\$200	\$500	\$0	\$500	0.00%
Appropriations Committee	\$422	\$210	\$1,695	\$210	\$1,695	0.00%
Personnel Board	\$9,914	\$19,046	\$58,062	\$9,926	\$352,784	507.60%
Town Counsel	\$63,787	\$77,652	\$90,000	\$24,787	\$90,000	0.00%
Subtotal	\$74,123	\$97,108	\$150,257	\$34,923	\$444,979	196.15%
PLANNING AND CONSERVATION						
Town Planner/Planning Bd	\$180,420	\$188,108	\$211,557	\$87,761	\$200,945	-5.02%
Zoning Board of Appeals	\$1,038	\$2,526	\$5,306	\$959	\$5,318	0.23%
Earthworks	\$0	\$628	\$1,944	\$218	\$2,180	12.14%
Conservation Commission	\$79,301	\$81,389	\$94,148	\$39,752	\$86,381	-8.25%
Subtotal	\$260,759	\$272,652	\$312,955	\$128,690	\$294,824	-5.79%



Expenditure Summary Section 1-15

FY2022 was the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. All FY2023 departmental budgets as presented do not include cost-of-living increases for both Union and Non-union personnel pending union negotiations. The Town also recently completed a Classification/Compensation study for which the results will be presented to 2022 Annual Town Meeting to adopt. Therefore, annual merit increases and adjustments due to contracts being settled are provided for centrally within the Personnel Board budget for all Town departments. Following are the key changes of significance for the General Government Departments:

- **Executive Office**

Overall, the Executive Office budget is increasing \$7,528 or 1.55% in FY2023. The increase primarily reflects an annual increase in salaries for a full year following merit increases given for six months of FY2022. As with all Town departments, the budget as presented does not include further contractual wage increases, as those expenses have been budgeted centrally in the Personnel Board account pending completion of union negotiations and are not reflected in this budget.

- **Public Buildings**

The Public Buildings Budget will increase \$25,010 or 6.59% in FY2023. The Facilities Manager position was filled in FY2022 and as part of his assessment, has identified repairs that are needed to address aging infrastructure in our municipal buildings, contributing to the increase in the Repairs and Maintenance line.

- **Finance Department**

Overall, the Finance Department's FY2023 budget is up \$10,005, or 1.29%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. Most of the increase (\$6,910) is due to the hiring of a new Treasurer/Collector at a higher salary.

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

The MIS/GIS Department's budget is increasing by \$84,668 or 19.63%. The most significant factors contributing to the increase are the migration to a cloud-based MUNIS solution and OS upgrades to servers throughout the Town. The Town contracted with a consultant to complete the comprehensive IT/GIS Strategic Plan focused on aligning technology investment with overall organizational priorities. That project will close out prior to the start of FY2023, however, any recommended changes in staffing or expenses will be reflected in FY2024 and beyond. In FY2022, the Town filled the Assistant MIS/GIS Director position at a lower rate than the prior Assistant, resulting in a reduction in personnel costs in FY2023.

- **Town Clerk/Elections**

The combined FY2023 Town Clerk/Elections budget represents an overall increase of \$26,404 or 13.26%. This increase is due to the election cycle, resulting in three elections scheduled for FY2023: the State Primary Election, September 6, 2022, the State General Election, November 8, 2022, and the Town Election on May 11, 2023. In FY2022, there was only the one local election held on May 10, 2022.



- **Advisory Boards/Services**

- **Personnel Board**

This budget account reflects costs associated with merit pay, limited town-wide training, DOT required drug testing and legal expenses associated with collective bargaining. The account is also used for consultant or temporary labor services associated with personnel transitions. During the course of the fiscal year, funds are transferred out as appropriate and reflected in the departmental budgets, such as following a settled labor contract.

FY2022 was the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Public Safety Dispatchers, Firefighters and the Northborough Municipal Employees Association. All FY2023 departmental budgets as presented do not include cost-of-living increases for both Union and Non-union personnel pending union negotiations. The Town also recently completed a Classification/Compensation study for which the results will be presented to 2022 Annual Town Meeting to adopt. Annual merit pay increases for eligible employees not at the max of their pay grade are held in this Personnel Board Budget until approved based upon satisfactory performance evaluations in addition to the adjustments due to the contracts being settled. Once merit is approved and contracts are settled, the funds are transferred from the Personnel Board budget and reflected in the appropriate departmental budgets.

- **Town Counsel**

The budget for Town Counsel is level funded at \$90,000. Town Counsel is appointed by the Board of Selectmen for an indefinite term and serves as counsel to Town Officers and Committees and attends to the Town's legal affairs at the request of the Town Administrator. Under the Town bylaws, Town Counsel reviews all Warrant Articles prior to Town Meeting and serves as a resource during all Town Meeting proceedings. The budget represents general legal services. Legal expenses associated with specific capital projects or Water & Sewer Enterprise Funds are reflected in those budgets.

- **Planning and Conservation**

Overall, the FY2023 Planning and Conservation budget is down \$18,131, or -6.15%. In FY2022, the Town transferred funds to the Town Planner salary line to accommodate the retirement and vacation payout of a longstanding employee. The FY2023 wages reflect the salary of the newly appointed Town Planner who began in March of 2022. The Conservation Agent position is currently vacant and will likely be filled at the start of FY2023. That salary line is budgeted at the midpoint of the range, rather than the maximum, which the prior employee was earning.



Expenditure Summary

Section 1-17

Public Safety

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

Public Safety Summary

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED	% CHANGE
<u>PUBLIC SAFETY</u>						
Police	\$2,762,388	\$2,842,656	\$3,032,302	\$1,363,646	\$3,023,809	-0.28%
Fire						
Emergency Preparedness	\$2,079,042	\$2,061,526	\$2,194,077	\$1,034,695	\$2,216,978	1.04%
	\$110	\$408	\$7,000	\$2,337	\$7,000	0.00%
Building Inspection						
Gas Inspector	\$173,576	\$179,821	\$189,734	\$87,024	\$200,694	5.78%
Wiring Inspector	\$10,173	\$12,255	\$12,897	\$6,008	\$12,897	0.00%
Sealer Weights/Measures	\$19,204	\$17,453	\$23,052	\$10,439	\$23,024	-0.12%
	\$5,000	\$5,000	\$8,000	\$0	\$8,000	0.00%
Health/Plumbing Inspector						
Animal Control	\$168,052	\$178,508	\$221,835	\$86,569	\$223,460	0.73%
Subtotal	\$5,257,026	\$5,337,097	\$5,731,626	\$2,610,455	\$5,758,591	.47%

• Police Department

Overall, the FY2023 Police Department Budget reflects a decrease of \$8,493 or 0.28%. Due to staffing turnover, several officers have been hired at lower starting wages, resulting in a temporary reduction in personnel expenses, pending contract settlements. Expenses increase by \$34,495 due to building cleaning costs and training expenses associated with the new Peace Officers Standards & Training (POST) Commission reform mandates.

• Fire Department

As presented, the FY2023 Fire Department Budget reflects an increase of \$22,901 or 1% in the General Fund appropriation. In addition to the General Fund appropriation of \$2,216,978 (which includes a transfer in of \$354,487 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$580,743 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The direct Revolving Fund charges include ambulance billing services, overtime wages, licensing fees, related maintenance and operational expenses of the ambulances and related equipment. The account also pays for the debt service associated with the purchase of ambulances. The total FY2023 budget that supports the Fire/EMS services is \$2,797,721 (\$2,216,978 plus the Fire Department Revolving Fund direct charges of \$580,743).



- **Building Department**

In FY2023, the Part-time Local Inspector's hours will increase from 15 per week to 19 per week to help address the significant increase in permits over the last year. Overall, the departmental budgets for Building, Gas, Wiring and Sealer are up \$11,158 or 4.8%.

- **Health Department**

Overall, the department's FY2023 budget is increasing \$1,625, or 0.73%. During FY2022 the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services formally referred to as the Greater Boroughs Partnership for Health (GBPH). This new collaborative provides shared nursing services and inspectional software to all four towns and includes a new full-time Health Inspector position to provide routine food and housing inspections to the towns of Boylston, Northborough, and Southborough. The new Greater Boroughs Partnership for Health is supported by a Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY22-FY24) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY22 and FY23) from the Massachusetts Department of Public Health.

- **Animal Control**

Beginning in FY2013 Animal Control services were outsourced through a contractual arrangement and the fees from dog licenses and fines brought into the General Fund as a transfer from the revolving fund to off-set the cost of the contract. The base contract is \$39,304, plus a small allowance for animal testing, if needed. In FY2023 the revolving fund revenues proposed to be transferred in are \$28,000 and the total Animal Control budget is \$42,729, resulting in a net tax-supported service expense of \$14,729.



Expenditure Summary

Section 1-19

Public Works

The Department of Public Works (DPW) consists of multiple Divisions collectively responsible for maintaining and improving the Town’s public spaces and infrastructure. This includes the maintenance and development of Town roads, sidewalks, public trees, cemeteries, parks, public grounds and buildings, as well as the Town water supply system and wastewater/sewerage system. In addition to general Administration and Engineering, the Divisions within the Department include: Highway, Parks, Cemetery, Water and Sewer¹.

Public Works Summary

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED	% CHANGE
PUBLIC WORKS						
Highway Admin.	\$125,009	\$112,251	\$129,879	\$61,373	\$142,771	9.93%
Hwy. Const. & Maint.	\$1,140,713	\$1,189,119	\$1,612,846	\$610,073	\$1,690,937	4.84%
Parks	\$121,572	\$91,106	\$150,950	\$32,577	\$155,700	3.15%
Cemetery	\$143,676	\$140,149	\$166,255	\$66,232	\$169,975	2.24%
Engineering	\$152,151	\$188,624	\$196,605	\$60,297	\$186,605	-5.09%
Snow & Ice	\$330,412	\$482,022	\$437,000	\$59,924	\$437,000	0.00%
Street Lighting	\$120,000	\$125,000	\$135,000	\$61,041	\$147,000	8.89%
Trees	\$43,658	\$41,793	\$51,000	\$53,233	\$56,000	9.80%
Subtotal	\$2,117,192	\$2,370,065	\$2,879,535	\$1,004,750	\$2,985,988	3.70%

Overall, the Department of Public Works General Fund budget is increasing \$106,453 or 3.7%. Of this increase, \$54,810 is to fund the reinstatement of a light equipment operator that was eliminated in 2021 due to pandemic related budget concerns. The position will provide building maintenance support for the Town’s newly appointed Facility Manager and serve as supplemental assistance to overall Department needs. There is an increase to funding for tree maintenance due to significant oak mortality, and to all divisions for increases to the costs for all general goods and utilities. The major department initiatives supported by the General Fund address safety and environmental compliance. These include mandated safety compliance with the Division of Labor Standards which has adopted the requirements of the Occupational Safety and Health Administration. The Town continues to implement new components of the required Stormwater Pollution Prevention Plan, improvements to roadway and roadside safety, compliant removal and disposal of street sweeping and catch basin debris, proper disposal of resident generated yard waste, maintenance and repairs to our parks and monuments, and biannual street sweeping.

¹ Please see the end of this Expenditure Summary for information regarding the Water, Sewer and Solid Waste Enterprise Funds. Section 8-5 of this budget document contains the detailed budget information regarding Enterprise Fund budgets.



Section 1-20

Expenditure Summary

Community Services

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

Community Services Summary

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED	% CHANGE
<u>COMMUNITY SERVICES</u>						
Senior Center/COA	\$300,559	\$298,225	\$312,262	\$156,191	\$314,162	0.61%
Library	\$808,484	\$801,068	\$886,565	\$409,037	\$902,344	1.78%
Recreation	\$153,054	\$108,012	\$145,591	\$60,754	\$145,281	-0.21%
Family & Youth Services	\$137,010	\$142,483	\$172,083	\$78,586	\$172,478	0.23%
Veterans' Services	\$64,671	\$66,943	\$88,039	\$19,531	\$91,225	3.62%
Cable TV	\$233,429	\$222,584	\$262,753	\$133,300	\$294,728	12.17%
Cultural Council	\$500	\$500	\$500	\$0	\$500	0.00%
Community Affairs Comm.	\$500	\$500	\$500	\$500	\$500	0.00%
Historic Dist. Commission	\$290	\$344	\$500	\$0	\$500	0.00%
Subtotal	\$1,698,497	\$1,640,659	\$1,868,793	\$857,898	\$1,9214,718	2.83%

• **Senior Center/Council on Aging**

Overall, the departmental budget is up just 0.61%, or \$1,900. Although expenses for building maintenance and repairs increases \$16,500 to better reflect actuals, that increase is largely offset by a reduction in personnel costs due to staffing changes. During FY2021 the Senior Center was required to close due to the COVID-19 pandemic, resulting in the temporary separation of two part-time employees associated with the Bistro Meal Program and one part-time Program Coordinator position, all three of which were funded through the Senior Center Revolving Fund (program fees). In FY2022 the Senior Center reopened, and the part-time positions were restored in conjunction with in-person programming and congregate meals.

In addition to the appropriated budget supported by tax revenues, the Senior Center receives approximately \$32,000 in additional funds directly from the State Formula Grant which is used primarily to provide exercise programs to seniors. The formula grant (based on the number of seniors in Town) is not subject to Town Meeting appropriation.

• **Family and Youth Services Department**

The FY2023 Family and Youth Services Department budget is up \$395, or 0.23%, due to merit wage adjustments implemented in FY2022. The FYS Department will continue to manage the contract with William James College, a confidential referral service that connects Northborough residents and public school students to outpatient



Expenditure Summary Section 1-21

mental health providers. The service was paid for in FY2021 through trust funds on a trial basis and was added to the budget in FY2022 due to the positive feedback received. This resource continues to be a valuable tool in combating the effects that the Coronavirus has had on mental health.

- **Veterans' Services**

Since the formation of the Central Massachusetts Veterans' District in FY2014 with the Towns of Grafton, Shrewsbury and Westborough, Northborough's share of the District budget has remained stable at 17% (\$23,445) of the overall administrative expenses in FY2023.² FY2023 is the first year reflecting the revised District allocation due to updated census numbers from 2020. Northborough's share of the District increased from 16% to 17% as a result of the updated census figures. Ordinary benefits for qualifying veterans and their families remain level funded at \$58,580 based upon historic needs. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services as part of the Town's state aid revenue, the Town is required to budget for the benefit payments in full in advance of the reimbursement. Overall, the FY2023 Veterans' Services budget is increasing by \$3,186, or 3.62%, primarily due to the shifting District allocation as a result of the census, as well as cost of living increases associated with staffing for the District.

- **Library**

Overall, the FY2023 Library Budget is up 1.78%, or \$15,779. The increase includes \$10,799 in personnel expenses due to merit increases previously approved on January 1, 2022, as well as increases in the minimum wage rate for library pages. Expenses are also up slightly by \$4,980 to better reflect historic building maintenance and repair costs. In FY2023 the Library will also receive an estimated \$27,022 in State Aid under the Governor's proposed budget that goes directly to the Library and does not require Town Meeting appropriation.

- **Recreation Department**

The FY2023 Recreation budget is reducing 0.21% or -\$310 in FY2023. This is a result of staff turnover in the Administrative Assistant position, resulting in a slight cost savings due to the new staff being hired at a lower rate than the prior staff. Prior to the pandemic, the Recreation Department was 100% financially self-sufficient through program fees. However, the elimination of Recreation programs in FY2021, and the significant reduction in camp attendance thresholds for safety reasons in FY2022, resulted in lower than usual revenues for the revolving account. However, given the response to the vaccine, we fully anticipate phasing all Recreation Department expenses back into the revolving account by FY2024.

- **Cable Access TV**

Overall, the FY2023 Cable Access Budget is increasing \$31,975 or 12.17%. This is largely attributable to the additional staffing needs associated with maintaining remote access to various town and school events, including the remote hosting of various

² Under the District Agreement, Northborough is responsible for 17% of the administrative expenses of the District. This is proportionally equivalent to Northborough's population relative to the total District population.



Section 1-22

Expenditure Summary

board and committee meetings, as well as equipment upgrades to support hybrid and remote meeting environments. The Town is currently in negotiations with Verizon and Charter for cable contract renewals and as part of the negotiations the Town must balance the fees added to the cable bills with the desired level of services. One significant concern is that the cable industry continues to evolve, and an increasing number of people are cutting the cable cord, resulting in declining cable revenues. The Town is legally prohibited from adding fees to phone or internet services, so declining cable fees will continue to put pressure on PEG Access funding for the coming years.

Undistributed Expenses

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

• Employee Benefits & Insurance

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

The FY2023 Health Insurance budget request of \$6.18 million represents a modest increase of \$61,228, or 1% from the amount budgeted last year. Through collaborative negotiations with all its employee groups, the Town has successfully mitigated health insurance budget increases to sustainable 2.88% average increase over the past decade.

During FY2019 the Town was facing a 15.6% health insurance budget increase that would have necessitated significant service level reductions across all departments. To address the increase, the Town, working with the employee Insurance Advisory Committee (IAC), chose to bid out its health insurance seeking consolidation under a single carrier. Based upon the bid results and the recommendation of the IAC, Fallon Community Health Plan (Fallon) was awarded the contract. Unfortunately, after several years of favorable renewals the Town was informed that Fallon will be exiting the commercial market after FY2022, resulting in the need to go out to bid. The Town underwent another bid 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 the next plan year. Due to favorable claims data along with the larger group afforded by the JPA, the new contract with HPHC results in a modest premium increase for FY2023.

The second largest category of employee benefit costs after Health Insurance is the Worcester Regional Retirement System (WRRS). The total FY2023 Worcester Regional Retirement Assessment is \$2,812,709. The \$2,725,650 portion included in



Expenditure Summary Section 1-23

the General Fund budget does not include the retirement costs contained in the Water Enterprise Fund (\$39,515), the Sewer Enterprise Fund (\$26,343) or the Cable Access TV budget (\$21,201)³. The FY2023 General Fund increase of \$255,049 represents a significant 10.32% rise in costs, primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2036.

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. Such an employee, if retired with 25 years of creditable service and the investment return assumption is met, will effectively pay for their entire pension.⁴

- **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. OPEB liability is the present value of benefits for retired and vested employees. An unfunded liability reflects an incurred obligation, payable in the future, for which no reserves have been set aside.

Following the acknowledgment of OPEB in FY2009 as required by the Government Accounting Standards Board (GASB), the Town has continued to contract with an actuary to update the liability, but also to develop a funding plan to address the liability. The Town's latest liability was calculated to be \$41.11 million (Net OPEB Liability) under GASB standards at the end of FY2021.

In FY2015 the Town adopted the optional Meals Tax Surcharge and increased the Room Occupancy Tax in order to provide capacity within the budget to begin funding the OPEB Trust Fund. Since FY2015 the General Fund budget has appropriated \$500,000 annually into the OPEB Trust Fund, and in FY2020 that amount was increased to \$550,000. 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. The Town has brought a contribution back at \$300,000 for FY2023 with the intent to increase the amount in future years as the post-pandemic economy improves.

- **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

³ 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).

⁴ Information from actuary, James R. Lamenzo of the Public Employee Retirement Administration (PERAC).



Section 1-24

Expenditure Summary

111F Injured on Duty (IOD) premium is also included here. The Town's Building and Liability insurance premiums reflect a 1.62% budgetary increase for FY2023.

- **Debt Service**

For FY2023, the total Debt Service budget for the General Fund is \$1.93 million, a decrease of \$204,621 or 9.6%. The largest component of the debt service budget in FY2023 is for the Lincoln Street School, which is \$998,675.

One key factor in limiting the increase in new FY2023 debt service is the Town's Free Cash policy whereby smaller capital items are purchased using available funds, such as Free Cash, instead of financing with debt. For a detailed explanation of the Town's Free Cash Policy and the recent efforts to fund more pay-as-you-go capital projects, interested readers should refer to Section 9 of this budget document.

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

- **State Assessments**

The FY2023 State Assessments are projected to decrease \$7,438, or 2.68%, based on the Governor's initial budget assessment to Northborough of \$270,260. However, the Town will not know its final assessments until after the State Legislature completes its budget process, which typically wraps up well after Town Meeting. Three categories of State Assessments account for approximately 78% of the expenses—Mosquito Control (\$67,643), Massachusetts Bay Transportation Authority (\$82,418) and Charter School sending tuition (\$59,589).

- **Stabilization Fund Contribution**

As of June 30, 2021, the balance in the Stabilization Fund is \$5.13 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 FY2022 budget 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 has been restored for FY2023 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. More information regarding the Town's Free Cash Policy can be found in Appendix A, and information regarding the Town's level of reserves can be found in Appendix B, pages 9 and 10.

- **Reserve Fund**

Authorized by state statute, the Appropriations Committee's Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. The FY2023 Reserve Fund is budgeted at the pre-pandemic level of \$175,000. Most commonly, the Reserve Fund account has been used to make up for storm related snow and ice budget overdrafts.



• **Special Warrant Articles**

In addition to the individual departmental appropriations, the Town's overall annual financial plan includes warrant articles which draw upon the funds available to the Town. The warrant articles contain proposed funding using a combination of Free Cash, bond proceeds, and/or other available funds. In FY2023, these warrant articles include \$175,000 for the Reserve Fund and \$200,000 transfer to the Stabilization Fund from Free Cash, and the FY2023 Capital Improvement Plan (CIP) which in total amounts to \$2,784,000. The funding sources for the CIP are \$2,024,000 from Free Cash, \$360,000 in Sewer Enterprise Fund Free Cash, and \$400,000 in borrowing with the debt service to be paid by the Fire Department's Revolving EMS Fund. Together with the other warrant articles the total comes to \$3,159,000.

The 2022 Annual Town Meeting Warrant Articles include the following:

- \$175,000 for the Appropriation Committee's Reserve Fund (Article 10)
- \$165,000 for Police Cruiser Replacements (Article 11)
- \$400,000 for Fire Department Ambulance (Article 12)
- \$454,000 for Roadway Maintenance and Improvements (Article 13)
- \$300,000 for Culvert and Drainage Replacement (Article 14)
- \$130,000 for One-Ton Pickup Truck for DPW (Article 15)
- \$340,000 for 20-Ton Dump Truck for DPW (Article 16)
- \$290,000 for Loader Replacement for DPW (Article 17)
- \$195,000 for Backhoe Replacement for DPW (Article 18)
- \$150,000 for Master Plan Downtown Study (Article 19)
- \$360,000 for DPW/Sewer Inflow & Infiltration Mitigation (Article 20)

The Board of Selectmen adopted a Free Cash Policy in November 2010, which provides a funding source for projects, other than municipal bonds. The Free Cash Policy can be found on page 2 of Appendix A of this budget document and is further discussed in the transmittal letter of the Capital Improvement Plan contained in Section 9-1 through 9-6 of this document.

Public Education

• **Northborough K-8**

The Northborough K-8 Public School System serves children in grades Kindergarten through 8. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade 5. There is also one middle school, the Robert E. Melican Middle School, which serves grades 6, 7 and 8. As of October 1, 2021, a total of 1,553 students attend the Northborough schools, with 1,024 students in grades K-5 at the four elementary schools and 529 students in grades 6-8 at the Middle School. The Northborough K-8 School Budget will increase by \$893,275 or 3.46% to \$26,692,953 in FY2023.



- **Algonquin Regional High School (ARHS)**

The Northborough-Southborough Regional High School budget is composed of an operating assessment and a debt assessment related to the completed renovation/addition project. The FY2023 operating assessment is \$12,893,497 which is a \$21,469 increase, or 0.17%. The debt for ARHS increases by \$16,804, or 2.64%, to \$653,069. Additionally, the debt exclusion will be reduced by approximately \$232,000 which is the amount of the estimated FY2023 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project. The net effect of the combined operating and debt assessment is an overall budget increase of \$38,273, or 0.28%, to \$13,568,035.

- **Assabet Valley Regional Technical High School**

Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough's assessment is based upon the number of students from Town attending the school. The total FY2023 budget is \$25,976,559 which is an increase of \$667,000, or 12.43%.

As of October 1, 2021, 68 Northborough students attend Assabet Valley, which results in an operating assessment of \$1,123,936. This is an enrollment increase of 9 students from the 59 Northborough students that attended Assabet Valley in the prior year. Northborough's FY2023 share of the debt assessment from the completed building renovation project is \$130,004, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$1,253,940 which is an increase of \$185,450, or 17.36%.

- **Norfolk County Agricultural High School (NCAHS)**

In prior years Northborough has borne the expense of tuition and transportation to the NCAHS in the Town's portion of the budget. This expense is borne by the Town because students have the freedom to seek admission to schools with state-approved vocational technical education programs pursuant to M.G.L. c. 74 603 CMR 4.00 and are known as Chapter 74 approved programs. Once accepted the Town is required to bear the full cost of both tuition and transportation. Following several years of no NCAHS expenses, the Town was notified prior to FY2022 that a student applied for admission and was accepted, under the Chapter 74 non-resident option, to the NCAHS program. Once accepted the Town is required to bear the full cost of both tuition and transportation. The Town was notified that a second student was accepted for FY2023, so while the FY2022 cost for one student's tuition and transportation was \$38,500, the cost for two students is budgeted to be \$69,934 for FY2023.



Enterprise Funds

Water, Sewer and Solid Waste services are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees, if it chooses.

Enterprise Funds Summary

	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED	% CHANGE
ENTERPRISE FUNDS						
Water Enterprise Fund	\$2,371,565	\$2,394,848	\$2,961,675	\$1,250,715	\$2,636,103	-10.99%
Sewer Enterprise Fund	\$1,704,353	\$1,673,903	\$2,419,330	\$857,497	\$2,397,488	-0.90%
Solid Waste Enterprise	\$824,976	\$870,365	\$919,144	\$407,628	\$928,113	0.98%
Subtotal	\$4,900,893	\$4,939,116	\$6,300,149	\$2,515,840	\$5,961,704	-5.37%

• Water Enterprise Fund

The FY2023 Water Enterprise Fund is budgeted at \$2,636,103 which is a decrease of \$317,871 or 10.8%. The decrease is attributable to two primary factors. The first is that the MWRA preliminary assessment was reduced by \$251,513 due to a shift in the share of the overall use from “bedroom communities” such as Northborough to Metro Boston as a result of businesses reopening after the initial effects of the pandemic. The opposite effect was experienced in FY2022 when Northborough’s share of the total MWRA budget was disproportionately driven up by 24.3%. The second factor is that while the reduced MWRA assessment has a positive budgetary impact, the resulting loss in revenues due to reduced consumption resulted in a 10% reduction in revenue projections for FY2023. In addition, FY2022 was a wet year with a lot of precipitation, which drove consumption down even further. Since the FY2023 revenue projections must be based upon the prior year’s actual, the FY2023 operating budget is further constrained. One way the revenue shortfall is being managed is through a one-year pause to the hydrant replacement program for a budget reduction of \$65,000.

In the second quarter of FY2014, a base charge was added to each water account to recover a portion of fixed costs paid from the enterprise fund such as debt, meter reading, billing, and collection, regardless of the amount of water usage. Based upon formal rate studies, the water utility user rates are expected to increase approximately 4%-5% per year due to a combination of inflationary pressures (2-3% annually), annual water use fluctuations which trend downward between 0.5% and 1.0% due to mandated conservation measures, and the need to make regular infrastructure investments. The FY2023 user rates will be adjusted based upon a detailed rate study but are currently projected to increase between 3% and 4%. The base charge will also be evaluated as part of the rate study in an effort to maintain the appropriate ratio of fixed verse volumetric revenues.



- **Sewer Enterprise Fund**

The FY2023 Sewer Enterprise Fund is budgeted at \$2,397,488, which is an overall increase of \$24,028 or 1.0%. The budget reflects an estimated 10% or \$81,323 increase in the Marlborough use charge. This value, along with several other smaller increases, is substantially offset by a \$109,715 reduction in debt payments which are spread across several past debt issuances.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of the Westerly Wastewater Treatment Plan as well as Northborough's share of the \$30 million plant improvement project. Sewer rates were increased significantly in the second quarters of FY2014, FY2016, FY2017, and FY2018 in anticipation of a large plant improvement payment to Marlborough. The sewer use charges will be evaluated as part of a comprehensive rate study. While final rate adjustments will be based upon the updated rate study, a modest increase is anticipated in FY2023.

- **Solid Waste Enterprise Fund**

Recycling markets throughout the United States continue to experience a difficult and complicated transition. For many years China had been the primary market for our country's recyclable materials. However, in early 2018 China revised their specifications for acceptance of recyclable materials to an unachievably low contamination standard, which eliminated the option of exporting these commodities to China. That action resulted in the need for fast and drastic changes to the market for recyclable materials in the United States.

In 2019 the Town issued an Invitation for Bids (IFB) for a new solid waste collection and recyclable materials collection and disposal contract. The contract now includes an annual Recycling Net Processing Cost Adjustment, which allows the Town to better manage costs associated with the changing recycling market trends.

Overall, the Solid Waste and Recycling budget is increasing \$8,969, or 0.98%. The FY2023 fee revenues are projected to be \$470,000 and the FY2023 expenses are estimated at \$928,113 leaving a projected general fund subsidy of \$337,160 in addition to a transfer from the Solid Waste Fund Free Cash of \$120,953. In FY2023, the appropriation will again contain a \$10,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for the potential of an unforeseen event in the coming year.

For a full review of the PAYT trash program, as well as a more detailed discussion regarding recent market issues, interested readers are referred to the Solid Waste Enterprise Fund budget contained in Section 8 of this budget document.

General Administration

Section 2



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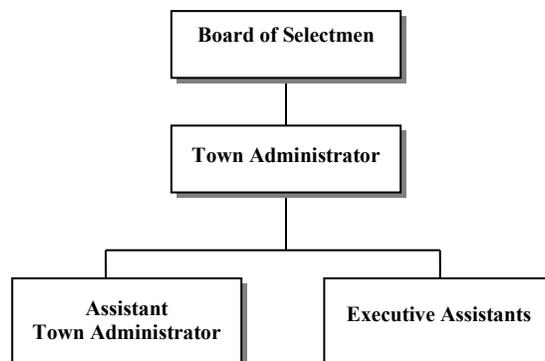


Executive Office Departmental Statement

The Executive Office of the Town of Northborough is made up of the Board of Selectmen and the Town Administrator. The Board of Selectmen is recognized by the General Laws of the Commonwealth of Massachusetts as the Town's body of chief elected officials with the authority to enact rules and regulations establishing Town policies not otherwise governed by bylaw, the Town Charter, or by statute. The Board is composed of five members who are elected to staggered three-year terms. The powers and duties of the Board of Selectmen include appointing the Town Administrator, Police Chief, Fire Chief and Town Accountant, as well as various boards, committees and commissions. The Board of Selectmen also issues certain licenses and permits such as alcohol, car dealerships, common victualler, and entertainment; enforce special sections of the Town Code; and regulate the public ways.

The Town Administrator is appointed by the Board of Selectmen and is the senior appointed officer of the Town. The Town Administrator is responsible for managing the day-to-day operations of municipal government as outlined in Article IV of the Town Charter. The Town Administrator appoints and removes department heads, subordinates and employees, and members of certain boards and commissions for which no other method is provided in the Town Charter or in the general laws. The Town Administrator works closely with the Board of Selectmen to develop and implement policies and goals for the efficient and effective administration of Town government.

Executive Office Organizational Chart





Executive Office FY2022 Initiatives and Accomplishments

1. COVID-19 Pandemic Response: The Town continued to respond to the COVID-19 pandemic and perform community outreach, disease investigation and surveillance. During FY2022, the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services, formally referred to as the Greater Boroughs Partnership for Health (GBPH).
2. FY2022 GFOA Distinguished Budget Award and Outdoor Town Meeting: Under special State legislation, the 2021 Annual Town Meeting was delayed to May 1st and held outdoors due to COVID-19 safety concerns. The Town submitted its FY2022 budget to the Government Finance Officers Association's Distinguished Budget Award program and received its 11th national budget award.
3. Financial Trend Monitoring Report Updated: The Financial Team updated the Town's Financial Trend Monitoring System (FTMS) Report and presented the results at a joint meeting of the Board of Selectmen, Financial Planning Committee, Appropriations Committee and the K-8 School Committee on December 20, 2021. The updated FTMS Report provided critical information about the FY2023 budget assumptions during the ongoing pandemic, which allowed policy-making Boards and Committees to make informed decisions.
4. Clean Annual Audit and Positive Free Cash: Following the unexpected retirement of the Town's Auditor, a competitive request for proposal process was used to select a new firm. Although the yearend close was delayed due to the auditor selection process, the Town ultimately closed out FY2021 with approximately \$3.4 million in Free Cash on June 30, 2021, and no material issues or deficiencies were noted in the annual audit.
5. FY2022 Capital Budget: Annual Town Meeting approved \$1,875,250 in capital projects with \$805,000 coming from Free Cash, and a combination of other sources including Community Preservation Funds, Grants, and Enterprise Funds with no additional tax impact. Several significant capital projects were undertaken during FY2022, including construction of a new ADA compliant Assabet Park, Construction of new Pickleball Courts at Ellsworth/McAfee Park, installation of flashing crosswalks at key pedestrian locations, construction of the new Water/Sewer Garage on Summer St., refurbishing of the Assabet Hill Water Tank, and over \$1.1 million in roadway and culvert improvements were made in accordance with the Pavement Management Plan.
6. Fire Station Project Site Remediation Completed: Oversaw the remediation of the Fire Station building site located at 61-65 West Main Street. Following months of negotiations with the seller and oversight of the clean-up, final ground water testing is scheduled for July of 2022, at which time the Town will close on the property.
7. Litigated the Inter-municipal Agreement (IMA) with the City of Marlborough: Following a multiyear negotiation and discovery process, the disagreement between the Town and the City of Marlborough regarding the IMA for sewer treatment services went to trial in 2021. At the time of this writing, the court has yet to render a decision, the outcome of which will



establish Northborough's contribution to the operational expenses of the Marlborough Westerly Wastewater Treatment Plant, as well as its share of the \$30 million plant improvement project.

8. Traffic Safety Initiatives: The Town engaged the Central Massachusetts Regional Planning Commission (CMRPC) to conduct a Roadway Safety Audit (RSA) of Bartlett Street in response to citizen concerns regarding recent development along this corridor. In addition, the Town engaged the CMRPC to prepare a Post Occupancy Study for the Amazon warehouses located at 330/350 Bartlett Street.
9. Diversity & Inclusion Committee: In August of 2020, the Board of Selectmen established the Diversity & Inclusion Committee. The Committee engaged community stakeholders, leaders, and residents to collect qualitative and quantitative data culminating in a final report with recommendations to the Board of Selectmen in December of 2021.
10. Classification & Compensation Study: The Town engaged the Collins Center for Public Management out of the University of Massachusetts to conduct a comprehensive review of the current Classification & Compensation Plan for all positions included in Schedule A of the Personnel Bylaw. The final study and updated Classification/Compensation Plan is being recommend by the Personnel Board for approval at the 2022 Annual Town Meeting.
11. Master Plan Implementation Committee Created: During 2020 the Town completed a comprehensive update to its Master Plan, which is a comprehensive long-range plan intended to guide growth and development of the Town. Following completion of the plan, the Board of Selectmen approved the creation of a Master Plan Implementation Committee (MPIC), charged with prioritization of the various goals and objectives. The MPIC identified downtown revitalization and enhancing general walkability as their top two priorities.
12. Green Communities Competitive Round of Grant Awards: At the end of FY2019, Northborough was officially awarded "Green Community" status by the Department of Energy Resources. This designation allows the Town access to grant funding to reduce municipal energy use and encourage the adoption of and adherence to environmentally sustainable policies. In the Spring of 2021, the Town was awarded another competitive grant in the amount of \$161,930 for energy efficiency projects at both Town and School locations, including funding to assist with the purchase of a hybrid police cruiser.
13. Development of Information Technology/GIS Strategic Plan: Using \$40,000 in funding received under the State Community Compact Grant program, the Town engaged an independent third-party consultant to assist in the development of a comprehensive IT/GIS Strategic Plan that focuses on aligning technology investment with overall organizational priorities. As part of the planning process the Town is also participating in a regional grant with the Town of Westborough to assess and better protect our technology against cyber security threats. The Strategic Plan is scheduled to be completed in June of 2022.
14. Health Insurance Bid with Joint Procurement Association (JPA): During FY2022, the Town's health insurance carrier unexpectedly made the decision to exit the public market, effective June 30, 2022. A successful joint bid process with the Regional High School and



Town of Southborough resulted in a favorable budget increase of just 1% and unanimous support from the employee bargaining units.

15. Implementation of a Unified Communications as a Service (UCaaS) Solution for all Town Buildings: The Town used funds provided by the CARES Act to replace the existing Centrex phone system used by all Town buildings. The transition to a UCaaS solution modernized the technology available to Town staff and improved communications. The Town's entire communications system was moved to the cloud and is now accessible from any place where there is internet access. The new system allowed staff to effectively work remotely from any location.
16. Cell Tower Lease: In 2002, the Town acquired the site now known as 119 Bearfoot Road. When the Town purchased the property, there was an existing telecommunications tower onsite, which has since become the Senior Center. Following a Request for Proposals process a new long-term lease was awarded with an anticipated value of \$4.61 million over the 20 year lease.
17. Legislative Priorities Updated: The Town updated its legislative priorities letter and held a successful meeting with its Legislative Delegation on March 28th to discuss key issues and initiatives. A supplemental set of potential earmarks were also communicated to the Delegation for potential funding.
18. Regional Dispatch Assessment: As part of its inter-governmental services agreement to provide assistance to the State 911 Department, the UMass Collins Center is providing planning services to assist the Towns of Grafton, Hopkinton, Hudson, Marlborough, Northborough, Southborough and Westborough to study the feasibility of establishing a Regional Emergency Communication Center (RECC) or to join an existing RECC and to provide recommendations for the best option for the seven communities. The ongoing assessment process is expected to carry over into FY2023.

Executive Office FY2023 Goals and Initiatives

1. GFOA Distinguished Budget Award Program: The Government Finance Officers Association (GFOA) Distinguished Budget Award Program underwent major revisions, adding several new criteria requirements. The Town will review the new requirements and continue to refine its award-winning budget for submission. FY2023 enhancements will focus on long-range planning and the introduction of meaningful performance measures into operating budgets.
2. Fire Station Project Design: Although funding for the land acquisition and design for the new fire station were approved at the April 2019 Town Meeting, required site remediation work performed by the seller delayed closing on the property, which is a former gas station. Final ground water testing is scheduled for July of 2022, at which time the Town will close on the property. In the interim, the Town has begun the selection process for an owner's project manager and architect. The goal is to complete the design development phase in time to seek approval of construction funding at the 2023 Annual Town Meeting in conjunction with a debt exclusion vote on the 2023 Election Ballot.



3. Historic White Cliffs Facility Reuse: Progress on the reuse of the historic White Cliffs Facility was delayed by the pandemic, both in terms of the internal process as well as the general economic shutdown. The White Cliffs Committee intends to seek consulting assistance to develop a scope of services for a Request for Proposals (RFP) solicitation. The goal of the RFP process is to identify potential private sector partners willing to perform the restoration work needed to bring the facility back into code compliant use. It remains to be seen if additional subsidy will be needed from the Town to make a project economically viable; however, the Feasibility Study results clearly indicate that full restoration of White Cliffs to its former historic glory is unlikely. Moving forward, the Town needs to identify a financially viable use that preserves as many of the historically significant features of the structure as possible.
4. Town Offices Feasibility Study: A feasibility study will be conducted to determine the future location of the Town Administrative Offices. The feasibility study process is set to begin in the spring of 2022 and last through the summer and early fall. Once a determination is made on a path forward for the future of the Administrative Offices, the Town will put forth a request for design funding in the Spring of 2023. The feasibility study will coincide with the Town's reacquisition of the old Town Offices building located at 4 West Main Street. In 1983 the Town sold the former Town Hall property, subject to the right to re-purchase it in the 40th year after the sale for the sum of Ten Thousand Dollars (\$10,000). Article 21 on the 2022 Annual Town Meeting Warrant proposes the exercise of the re-purchase option and the appropriation of funds for that purpose. The intent is for the Town to undertake this feasibility study prior to completing the re-purchase.
5. All Collective Bargaining Agreements in Negotiations: All five of the Town's collective bargaining agreements expire at the end of FY2022 on June 30, 2022. The Town will be negotiating fair and sustainable future increases for all union personnel covering FY2023 through FY2025.
6. Downtown Master Plan: The Town finalized its Master Plan Update in 2020 after nearly a year long process which included extensive public participation and review. The Master Plan includes a comprehensive baseline assessment describing the Town's existing resources and conditions, and projects future needs and goals of the community. In the Fall of 2020, the Board of Selectmen established a Master Plan Implementation Committee that is charged with the evaluation and prioritization of the various goals and tasks set forth in the Master Plan document. The Master Plan Implementation Committee formally voted to make downtown revitalization its top priority and developed a scope of work for a Downtown Master Plan Study to be funded in FY2023 using Free Cash. Additional projects will likely be added to the capital plan once the study is completed.
7. Sidewalk Master Plan and Complete Streets: The recently completed Master Plan identifies sidewalk and crosswalk improvements as well as sidewalk expansion as primary goals of the community. The Town has begun working on these goals in several ways. First, DPW completed a town-wide sidewalk assessment that culminated with the development of a Sidewalk Management Plan which presents a capital approach to improving the existing network of sidewalks. However, funding for sustained implementation of the plan still needs to be identified. Secondly, the Town was accepted into the Massachusetts Department of Transportation (MassDOT) "Complete Streets Funding Program." The goal of the program is



to support safe and accessible options for all modes of travel – walking, biking, and vehicular. The next program step is for the Town, with its consultant, to prepare through a public input process a Complete Streets Prioritization Plan for MassDOT acceptance. This plan will identify needs, gaps, possible funding sources, and implementation schedules for sidewalk, bicycle, and accessible transportation connectivity improvements. The Town was awarded a \$35,200 grant from MassDOT to develop its Complete Streets Prioritization Plan in the Fall of 2022.

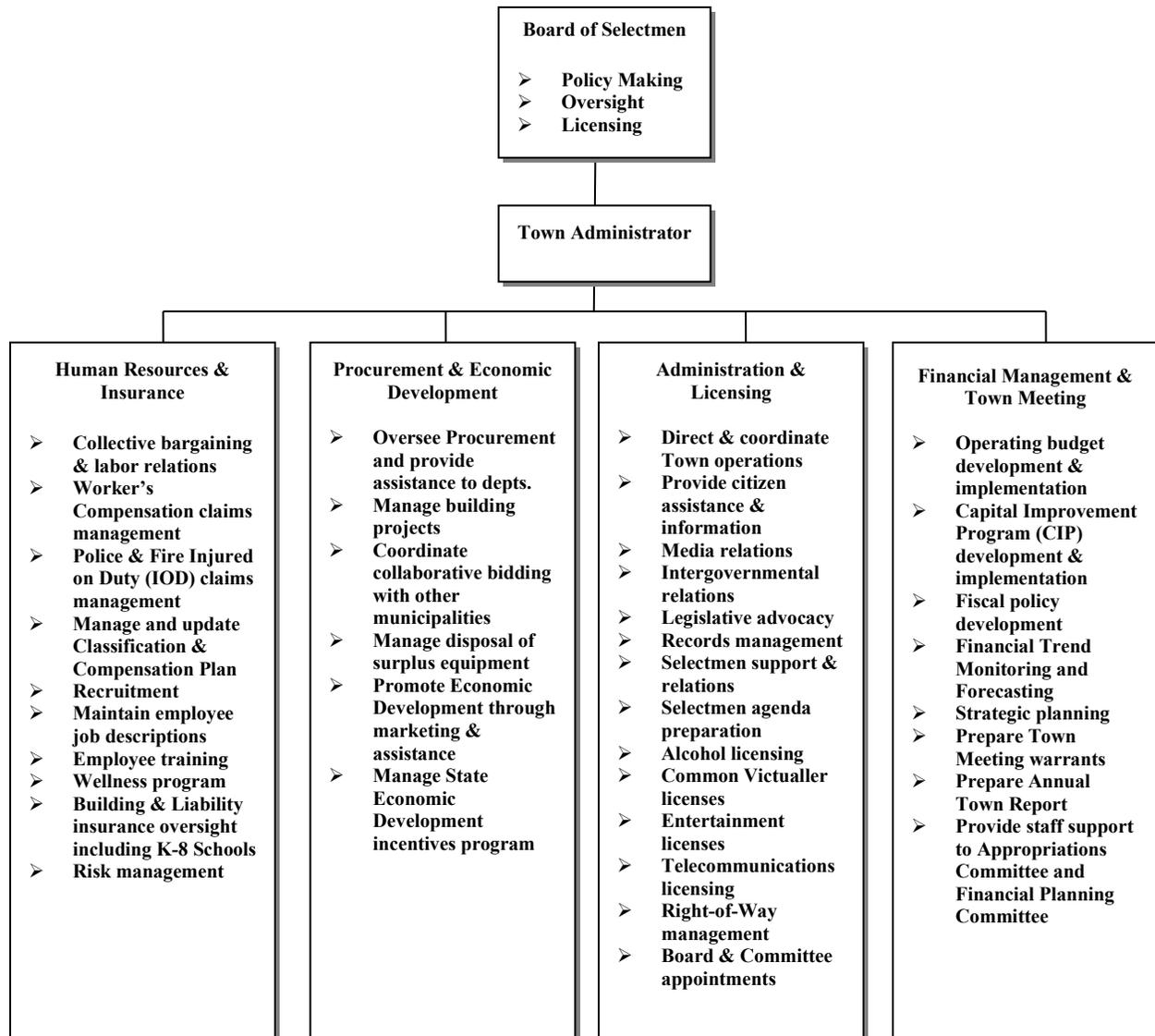
8. American Rescue Plan Act: The last major initiative for FY2023 will be the ongoing process of developing the priority funding goals for the \$4.5 million in ARPA funding. The Board of Selectmen is planning a public input session in June of 2022 to determine how best to proceed. Compliance reporting for the previously received CARES Funding and FEMA emergency reimbursements for COVID responses will also take up significant resources of the Finance Department throughout FY2023.

Significant Budget Changes or Initiatives

Overall, the Executive Office budget is increasing \$7,528 or 1.55% in FY2023. The departmental budget as presented does not include contractual wage increases, as those expenses have been budgeted centrally pending completion of union negotiations.



Executive Office Programs and Services





EXECUTIVE OFFICE					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Town Administrator	1	1	1	1	1
Assistant Town Administrator	1	1	1	1	1
Executive Assistants	2	2	2	2	2
Total Full-time Equivalent	4	4	4	4	4

*Personnel Explanation: Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)



Executive Office

Section 2-9

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

BOARD OF SELECTMEN

Personnel Services

51110 Selectmen Stipends	6,240	6,240	6,240	6,240	3,120	6,240
51120 Executive Assistant	131,373	135,066	137,421	139,980	65,230	139,980
51220 Part-Time Executive Assistant	0	0	0	0	0	0
51410 Longevity Pay	1,600	1,600	1,750	1,750	1,750	1,900
SUBTOTAL	139,213	142,906	145,411	147,970	70,100	148,120

Expenses

¹ 52850 Annual Independent Audit	23,821	24,534	25,256	26,013	12,760	29,460
53090 Advertising	355	272	227	850	70	850
56930 Town Meeting Expenses	323	0	63	500	0	500
57320 Subscriptions	425	345	396	600	345	600
57330 Memberships	2,676	2,741	2,666	2,821	2,719	2,821
57340 Meetings	340	214	85	1,250	0	1,250
57810 Unclassified	181	0	0	1,000	143	1,000
SUBTOTAL	28,120	28,106	28,692	33,034	16,037	36,481

TOTAL: SELECTMEN

	167,333	171,012	174,103	181,004	86,137	184,601
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¹ The total amount for the FY2022 audit (paid for during FY2023) is \$29,500 plus \$3,500 for the Federal Single Audit. The cost is split 88% General Fund (\$25,960 plus \$3,500 Single Audit) and 12% Water/Sewer Enterprise Funds

Section 2-10

Executive Office



	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

TOWN ADMINISTRATOR

Personnel Services

51100 Town Administrator	161,805	168,340	175,142	182,218	84,079	184,037
51120 Assistant Town Administrator	98,252	30,672	72,608	100,942	46,581	101,960
51410 Longevity Pay	700	500	500	500	500	500
SUBTOTAL	260,757	199,511	248,250	283,660	131,160	286,497

Expenses

52800 Contractual Services	0	5,300	0	0	0	0
53110 Printing	0	0	0	1,600	0	1,600
54290 Office Supplies	0	1,068	0	1,200	0	1,200
57110 Travel/Mileage	4,128	4,211	4,211	4,382	2,106	4,514
57310 Dues	1,745	1,801	1,802	1,963	2,620	2,700
57320 Subscriptions	1,280	1,387	1,626	1,626	1,798	1,834
57340 Meetings	1,670	539	634	3,800	2,225	3,800
SUBTOTAL	8,823	14,305	8,273	14,571	8,748	15,648

TOTAL: TOWN ADMINISTRATOR

	269,580	213,817	256,523	298,231	139,908	302,145
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Executive Office

Section 2-11

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

ECONOMIC DEVELOPMENT

Expenses

54290 Office Supplies	0	0	0	200	0	200
57110 Travel/Mileage	0	0	0	0	0	0
57310 Dues	850	855	855	875	500	892
57320 Subscriptions	0	0	0	0	0	0
57340 Meetings	0	0	0	250	0	250
SUBTOTAL	850	855	855	1,325	500	1,342

TOTAL: ECONOMIC DEVELOPMENT	850	855	855	1,325	500	1,342
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ANNUAL TOWN REPORTS

Expenses

52800 Contractual Services	1,800	1,435	1,475	1,854	0	1,854
53110 Printing	2,900	0	2,205	3,296	0	3,296
SUBTOTAL	4,700	1,435	3,680	5,150	0	5,150

TOTAL: ANNUAL TOWN REPORTS	4,700	1,435	3,680	5,150	0	5,150
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Public Buildings Departmental Statement

The Public Buildings Account provides for various costs associated with the Town Office Building as well as other Town facilities, including:

1. Gasoline and diesel fuel used by all Town vehicles.
2. The cost of electricity and natural gas to heat the Town Office Building (the Town works cooperatively with the Northborough K-8 Schools and the Regional School District to purchase fixed rate electricity under an aggregation program overseen by the Massachusetts Municipal Association).
3. The Public Buildings account provides funds for the payment of water & sewer user fees to the Water & Sewer Enterprise Funds for use by Town Buildings and Facilities (Town Hall, Library, Fire Station, Police Station, Public Works Garage, Cemetery, Parks and Senior Center).
4. The account provides funds for the payment of Solid Waste fees for solid waste collection and disposal services provided to Town buildings and facilities.

PUBLIC BUILDINGS					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Facilities Manager	0	0	0	1	1
Custodian	.5	.5	.5	.5	.5
Total Full-time Equivalent	.5	.5	.5	1.5	1.5

*Personnel Explanation:

Full Time Equivalents based upon 40 hrs per wk (30hrs/40hrs = .75 FTE)

- There is a full-time custodian that works 20 hours per week (.5 FTE) in the Town Offices Building and 20 hours per week in the Police Station.
- In FY2022 a full-time Facilities Manager was added, effective July 1, 2021. The position is responsible for coordination of the maintenance and repairs of Town Buildings, as well as assisting with preparation of the Town’s Capital Improvement Plan.



Public Buildings

Section 2-13

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
PUBLIC BUILDINGS						
Personnel Services						
51100 Full-time Salaries	0	0	0	92,616	23,065	92,616
51300 Overtime	0	0	0	6,596	0	6,596
51410 Longevity	175	175	175	175	175	175
51970 Part-time Custodian	26,258	27,466	28,125	28,690	13,410	28,690
SUBTOTAL	26,433	27,641	28,300	128,077	36,650	128,077
Expenses						
52110 Utilities Town Office Building	46,013	57,709	60,438	58,000	19,752	58,000
52460 Office Machine Maintenance	9,959	10,371	9,135	16,200	1,304	16,200
52800 Contractual Services	110	0	5,112	3,000	8,600	3,000
53410 Telephone	25,448	25,449	25,266	30,000	12,090	30,000
53420 Postage	30,924	33,028	43,892	35,000	5,024	35,000
54290 Office Supplies	5,207	3,882	9,747	9,000	2,588	9,000
54490 Repairs and Maintenance	63,650	82,932	41,481	85,490	50,314	110,500
54590 Supplies	13,453	13,959	12,994	15,000	4,513	15,000
54820 Gasoline	118,281	74,713	82,530	150,000	51,997	150,000
58700 Water Charges	9,681	9,129	12,531	16,500	5,549	16,500
58705 Sewer Charges	5,711	5,879	3,589	6,720	2,422	6,720
58708 Solid Waste Charges	29,598	43,612	44,614	45,974	11,626	45,974
SUBTOTAL	358,035	360,662	351,330	470,884	175,777	495,894
TOTAL: PUBLIC BUILDINGS	384,468	388,304	379,631	598,961	212,427	623,971

Significant Budget Changes or Initiatives

The Public Buildings Budget will increase \$25,010 or 6.59% in FY2023. The Facilities Manager position was filled in FY2022 and as part of his assessment, has identified significant repairs that are needed to address aging infrastructure in our municipal buildings, contributing to the increase in the Repairs and Maintenance line in FY2023. All wage increases for FY2023 are budgeted centrally in the Personnel Board account and are not reflected in this budget.



Finance Departmental Statement

The Finance Department consists of three Divisions that work closely with the Town Administrator's Office to prepare the information needed to reach essential management decisions and formulate fiscal policies. These Divisions include Treasurer/Collector, Assessors and Accounting. Below is a description of each.

Treasurer/Collector Division

The Treasurer/Collector's Office is responsible for billing and collection of real estate taxes, personal property taxes, motor vehicle excise taxes, and the receipt of various permits and licenses. In addition, the Division is responsible for reconciliation of bank accounts, long and short-term investments, long and short-term borrowing, payroll processing, income tax reporting, and benefit administration for active and retired employees (health, dental, disability and life insurance). The Treasurer/Collector's Division receives, manages and disperses all funds of the Town in accordance with Massachusetts General Laws and the Town of Northborough Financial Policies contained in Appendix A of the Annual Budget Document.

Assessing Division

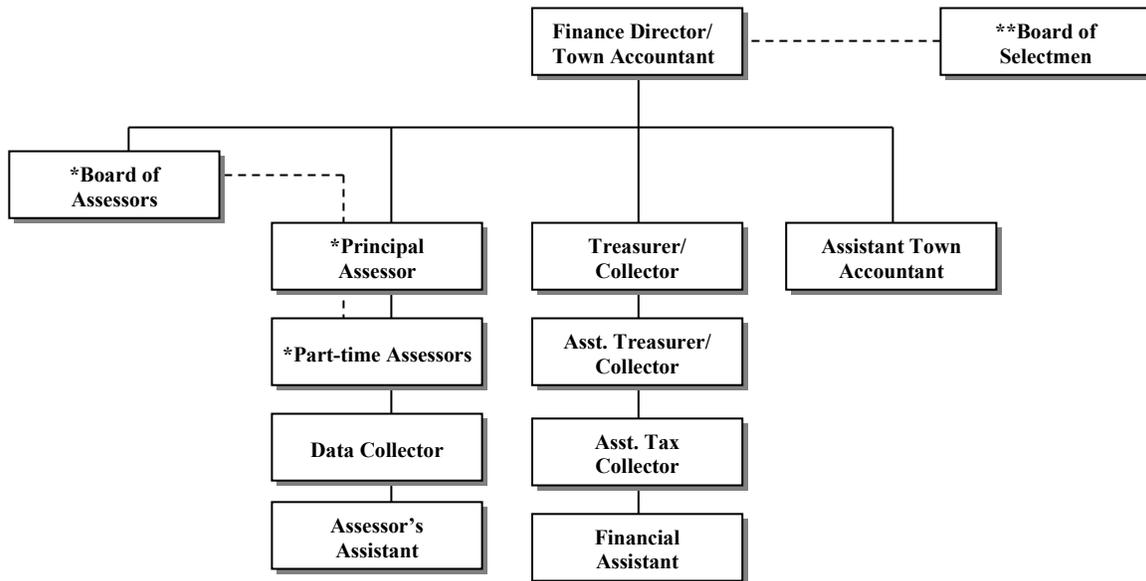
The primary role of the Assessor's Division, under the direction of the Board of Assessors, is the valuation of all real and personal property in the Town. The State Department of Revenue (DOR) requires that all property be valued at full and fair cash value which ensures that all property owners pay their fair share of the yearly tax burden. The Assessor's Division is responsible for meeting and adhering to strict certification requirements of the DOR. To meet these requirements, the Assessors are obligated to analyze and adjust the values of all properties annually and, once every five years, undergo a full recertification. In addition to appraisal duties, the Assessor's Division is responsible for the administration of statutory tax exemptions; tax abatement filings for real estate, personal property and motor vehicle excise taxes; maintaining and updating records following Registry of Deeds transactions; processing of betterments; maintaining tax maps; maintaining records of exempt property; and defense of values at the Appellate Tax Board.

Accounting Division

The Accounting Division is responsible for record keeping of all financial transactions of the Town; processing of all bills, warrants, receipts, payroll and ledgers; keeps records of all contracts and grants and provides departments with financial reports. The Accounting Division is the internal auditor for the Town and ensures the Town's compliance with Generally Accepted Accounting Principles, Federal and State laws, and Town Meeting authorizations. The Finance Director serves as the Town Accountant in addition to the position's other responsibilities.



Finance Department Organizational Chart



Organizational Chart Notes:

*The Board of Assessors consists of three members appointed by the Town Administrator for three-year terms. The Principal Assessor along with two Part-time Assessors serve as the Board of Assessors. Historically, the Part-time Assessors were also responsible for performing the field inspection work necessary for the appraisal of all real estate and personal properties in Town. During FY2022 a new Data Collector position was created which will take over most of the routine field work, reducing the Part-time Assessors hours to focus primarily on the more complex Board of Assessors duties.

**In accordance with the Town Charter, the Town Accountant position is appointed by the Board of Selectmen. The Board of Selectmen also contracts with a certified public accounting firm annually to conduct an independent audit of all records and accounts of the Town. In accordance with Town Code Chapter 9-128 and Chapter 1-36-030, the Town Administrator oversees the Finance Department and may appoint either the Town Accountant or the Treasurer-Collector to serve as Finance Director.

**Finance FY2022 Initiatives and Accomplishments****Treasurer/Collector Division:**

1. Financial Team worked closely with the Assessing Division to maintain the tax rate approval schedule so that the Classification Hearing could continue being held in November for FY2022.
2. Actively pursued the real estate tax collection of several properties in tax title.
3. Successfully prepared for debt issuance in FY2022, in addition to existing short-term debt being renewed. "Green Light" requirements have been met to proceed to the market with Bond Counsel's opinion.

Assessing Division:

1. Successfully completed the FY2022 certification of property values in compliance with Massachusetts Department of Revenue (DOR) guidelines, including maintaining physical property inspection schedules, which allowed the tax rate to be set in November.
2. Assisted over 150 Senior residents with applications for real estate tax relief programs.
3. Established information continuity for assignment of map, lot & street numbers including map updates provided to other departments.
4. Finance Team successfully recruited a new Assessors Assistant and Data Collector to replace transitioning staff, in addition to implementing modernized staffing proposal approved at the 2021 Annual Town Meeting.

Accounting Division:

1. Following the retirement of the Town's former auditor and the selection of a new audit firm using an RFP process, completed the FY2021 annual independent audit of the Town's financial statements resulting in no material deficiencies and including compliance with Government Account Standards Boards (GASB) Statements in the financial statements.
2. Timely submission of all required reports to the DOR including the Balance Sheet used to accurately certify Free Cash for the close of FY2021.
3. Prepared all data related to the Town's Financial Trend Monitoring System (FTMS) program, to allow for the annual presentation to be held in December for all boards, committees, and the public.
4. Attended training and education programs to learn about and comply with requirements of new federal COVID-19 pandemic related grants, including FEMA-PA (Federal



Emergency Management Agency Public Assistance), CARES/CvRF-MP (Corona Virus Relief Fund Municipal Program), and ARPA (American Rescue Plan Act).

Finance FY2023 Goals and Initiatives

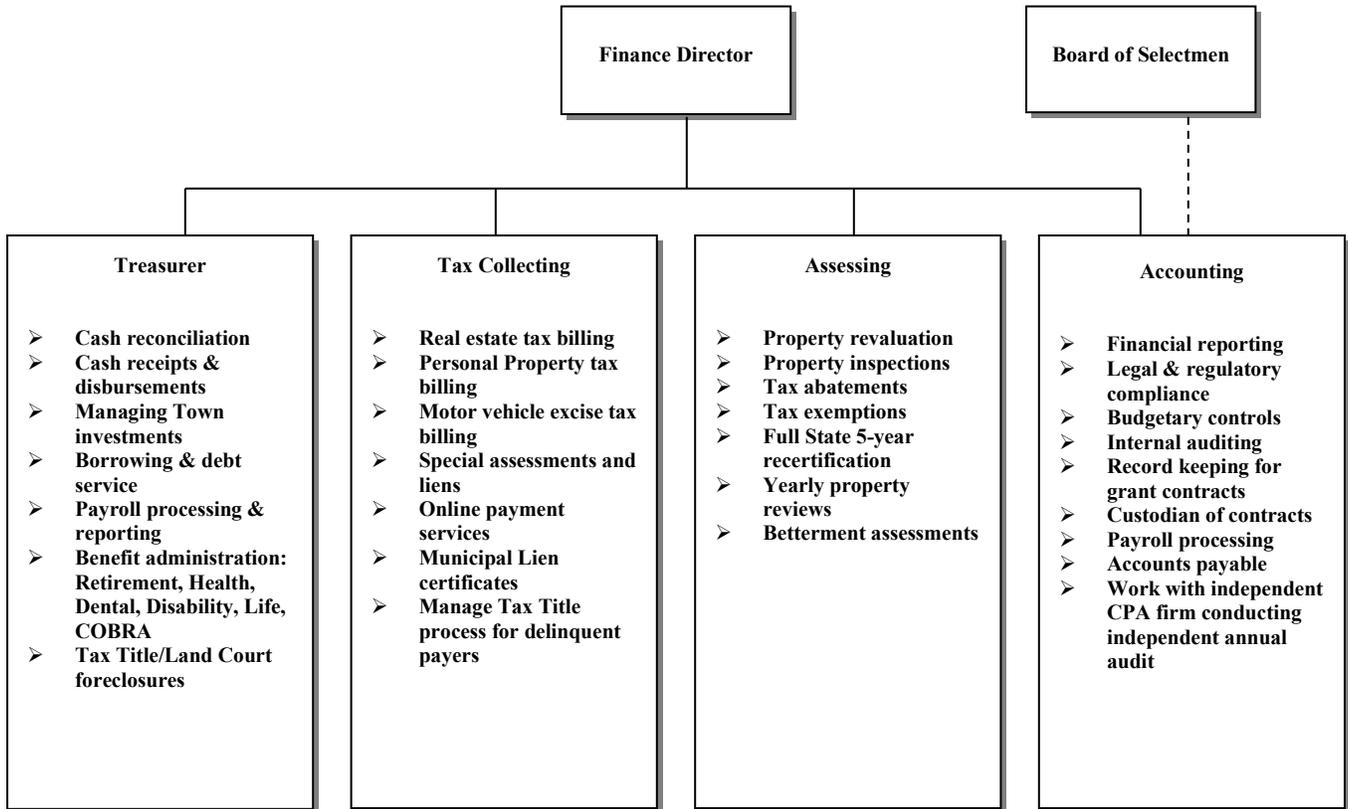
1. Continue progress towards modernizing operations of the Financial Offices with improved communication, cross training and sharing of resources.
2. Continue to monitor changes and requirements of federal grant programs and administer new grants received by the Town following the COVID-19 pandemic.
3. Continue to work to improve our budget document for the Government Finance Officers Association Distinguished Budget Award which requires the Town to implement Best Practices in public budgeting.
4. Continue to work with our comprehensive financial and investment policies to improve financial procedures and expand internal controls to efficiently manage our financial resources.
5. Continue to expand utilization of technology to gain efficiencies.
6. Continue to maintain collection rates of at least 95% of current levy pursuant to the Town's financial policies contained in Appendix A of the annual budget document.

Significant Budget Changes or Initiatives

Overall, the Finance Department's FY2023 budget is up \$10,005, or 1.29%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. Most of the increase (\$6,910) is due to the hiring of a new Treasurer/Collector at a higher salary.



Financial Offices Programs and Services





FINANCIAL OFFICES					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
<u>Finance Director</u>	1	1	1	1	1
<u>Treasurer/Collector's Division</u>					
Treasurer/Collector	1	1	1	1	1
Assistant Treasurer/Collector	1	1	1	1	1
Assistant Tax Collector	1	1	1	1	1
Financial Assistant	1	1	1	1	1
<u>Assessing Division</u>					
Principal Assessor	1	1	1	1	1
Part-time Assessors (2)	.5	.5	.1	.1	.1
Assessor's Assistants	2	2	2	1	1
Data Collector	0	0	0	1	1
<u>Accounting Division</u>					
Town Accountant	0	0	0	0	0
Assistant Accountant	1	1	1	1	1
Total Full-time Equivalents	9.5	9.5	9.1	9.1	9.1

*Personnel Explanation: Full-time Equivalents are based upon 40hrs per wk (20hrs/40hrs = .5 FTE).

- During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant.
- During the FY2021 budget the hours of the Part-time Assessors were reduced. In FY2022 a reorganization of the Assessor's Office was implemented which shifted most of the field inspection work from the higher paid Part-time Assessors, who also serve on the Board of Assessors, to a new Data Collector position. The overall FTE count remains the same due to elimination of an Assessor's Assistant position.

Section 2-20

Finance Department



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGET	FY2022 SIX MONTHS	FY2023 PROPOSED	
TREASURER/COLLECTOR							
Personnel Services							
51100	Treasurer/Collector Salary*	104,669	87,720	90,361	93,090	38,237	100,000
51120	Treasurer Office Staff Salaries	195,344	172,935	185,272	196,774	92,176	197,597
51410	Longevity Pay	1,800	500	650	850	850	850
51970	Treasurer's Stipend	1,000	1,000	1,000	1,000	1,000	1,000
	SUBTOTAL	302,813	262,155	277,283	291,714	132,263	299,447
Expenses							
52800	Contractual Services	7,350	0.00	0	0	0	0
53040	Computer Services	7,249	8,016.34	7,484	9,805	3,113	9,854
53090	Advertising	624	602.00	140	1,000	322	1,000
53110	Printing	5,372	4,126.92	4,339	4,753	0	4,619
53160	Banking Services	5,944	5,653.50	5,534	6,200	960	6,700
54290	Office Supplies	119	368.49	0	300	64	300
57110	Travel/Mileage	239	264.80	122	642	0	602
57310	Dues	360	140.00	140	140	140	205
57340	Meetings	373	935.50	160	240	40	445
57810	Unclassified	1,575	1,350.00	525	2,625	0	2,625
	SUBTOTAL	29,205	21,458	18,445	25,705	4,640	26,350
TOTAL: TREASURER/COLLECTOR		332,017	283,613	295,728	317,419	136,902	325,797

* During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant.



Finance Department

Section 2-21

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED

ASSESSOR

Personnel Services

51100	Principal Assessor Salary	98,677	100,650	72,857	87,560	40,402	88,434
51120	Asst. & Data Collector Salaries	117,776	107,675	51,886	117,868	45,417	121,973
51130	PT Assessors Salaries	14,286	12,555	10,913	13,122	4,200	7,806
51410	Longevity	1,050	700	500	500	500	650
SUBTOTAL		231,789	221,580	136,156	219,050	90,519	218,863

Expenses

52800	Contractual Services	28,724	34,786	37,518	39,300	18,389	40,200
53090	Advertising	0	155	0	0	0	0
53110	Printing	514	0	0	320	79	320
54290	Office Supplies	595	309	707	500	0	1,250
57110	Travel/Mileage	813	831	25	2,000	173	2,000
57310	Dues	304	284	286	290	362	375
57320	Subscriptions	1,149	2,028	60	1,550	1,028	1,050
57340	Meetings	1,430	1,512	1,479	3,000	220	3,000
SUBTOTAL		33,529	39,905	40,074	46,960	20,252	48,195

TOTAL: ASSESSOR

265,318	261,485	176,231	266,010	110,771	267,058
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Section 2-22

Finance Department



	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGET	SIX MONTHS	PROPOSED

ACCOUNTING

Personnel Services

51100	Town Accountant Salary*	105,681	119,225	121,610	124,042	57,803	124,042
51120	Asst. Accountant Salary	57,913	60,694	62,375	63,517	29,599	63,426
51410	Longevity	200	550	550	550	550	550
	SUBTOTAL	163,794	180,469	184,534	188,109	87,952	188,018

Expenses

52800	Contractual Services	834	834	834	1,000	0	1,000
53110	Printing	174	181	650	450	290	450
54290	Office Supplies	0	0	57	200	0	200
57310	Dues	185	315	315	435	315	435
57320	Subscriptions	0	40	40	125	0	125
57340	Meetings	2,172	311	210	1,400	80	2,070
	SUBTOTAL	3,365	1,680	2,106	3,610	685	4,280

TOTAL: ACCOUNTING	167,159	182,149	186,640	191,719	88,637	192,298
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* During FY2019 the Finance Director/Treasurer-Collector retired and the Town Accountant was promoted to Finance Director/Town Accountant.



**Management Information Systems (MIS) & Geographic Information Systems (GIS)
Departmental Statement**

The MIS/GIS Department is charged with coordinating the implementation and application of information technology throughout Town. The mission of MIS is to enhance public service by improving interdepartmental communication and providing efficient and effective information for decision-making purposes. This enhancement is accomplished by proactively maintaining all network systems to minimize downtime and maximize employee productivity. The mission of GIS is to improve access to spatially related information for decision-making purposes for Town staff, various Board and Committees and the general public by making various maps and information layers such as wetlands, utilities and topography readily available in a user-friendly format.

MIS/GIS Organizational Chart





MIS/GIS FY2022 Initiatives and Accomplishments

1. COVID response continued to dominate much of the MIS/GIS Department's efforts in 2021. The Department played a supporting role during the many COVID vaccine clinics put on by the Town. Boards and Committees continued to meet virtually, and the technology landscape continues to shift in response to the pandemic.
2. Data from the Town's recent aerial photography project is now available on the Town's GIS Map Viewer. Updated planimetric data (features such as wetlands, structures, etc.), topographic data and new aerial photography may now be found online.
3. New wireless networks were deployed throughout Town facilities, providing greater capacity and security for the demands brought on by the pandemic and increasing mobile data requirements. The Town also deployed a new phone system, unifying each facility on one preferred solution. New edge switches were deployed in support of the new phone system.

MIS/GIS FY2023 Goals and Initiatives

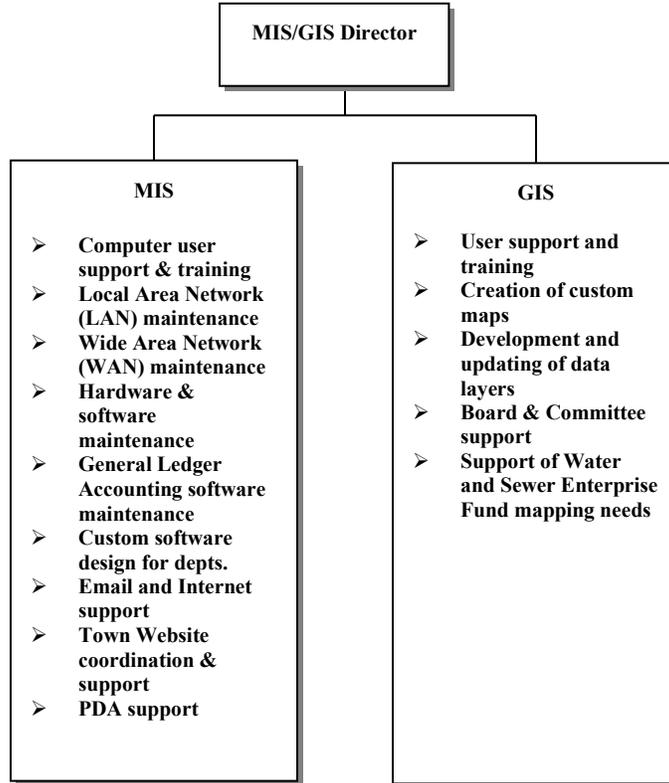
1. MUNIS, the Town's primary financial software solution, runs on a version that is scheduled for retirement. In addition to rolling out its newest version, MUNIS is also moving its customer base to its hosted solution. All new clients will utilize their AWS-based model; existing customers will be migrated to cloud-based MUNIS solutions, typically coinciding with a version upgrade. This approach is expected to minimize the operational impact of future upgrades and result in more predictable budgeting cycles.
2. The Town's servers are running versions of Microsoft Windows Server that are 10+ years old and approaching end-of-life support dates. Approximately 25 servers will be upgraded to Microsoft's latest server operating system. Additionally, a new host server will be deployed at the Senior Center in FY2023, replacing one from 2016.

Significant Budget Changes or Initiatives

The MIS/GIS Department's budget is increasing by \$84,668 or 19.63%. The most significant factors contributing to the increase are the migration to a cloud-based MUNIS solution and OS upgrades to servers throughout the Town. The Town has contracted with a consultant to complete the comprehensive IT/GIS Strategic Plan focused on aligning technology investment with overall organizational priorities was delayed due to COVID-19. That project will close out prior to the start of FY2023, however, any recommended changes in staffing or expenses will be reflected in FY2024 and beyond. In FY2022, the Town filled the Assistant MIS/GIS Director position at a lower rate than the prior Assistant, resulting in a reduction in personnel costs in FY2023. Wage increases for FY2023 are centrally budgeted in the Personnel Board account.



MIS/GIS Programs and Services





MIS/GIS DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
* MIS/GIS Director	1	1	1	1	1
Assistant MIS/GIS Director	1	1	1	1	1
Total Full-time Equivalent	2	2	2	2	2

*Personnel Explanation:

Full Time Equivalent based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- The MIS/GIS Director’s time and salary is split between the General Fund (30hrs) and the Water/Sewer Enterprise Funds (10hrs). The FY2023 salary total is \$104,716.38 (\$78,538 reflected in the General Fund Budget and \$26,179 in the Water/Sewer Enterprise Fund Budgets in Section 8 of the budget). FY2023 salary increases are budgeted centrally in the Personnel Board account pending contract settlements.



MIS/GIS

Section 2-27

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
MIS/GIS DEPARTMENT						
Personnel Services						
51110 MIS/GIS Director Salary (GF)	74,795	76,050	76,997	78,538	22,617	78,538
51120 Asst. MIS/GIS Director Salary	89,134	90,917	85,481	83,675	0	74,000
51410 Longevity Pay	1,150	1,150	1,150	1,150	650	800
SUBTOTAL	165,079	168,117	163,629	163,363	23,267	153,338
Expenses						
52800 Contractual Services	18,526	21,493	24,430	40,000	25,516	45,000
53040 Computer Services	27,047	29,088	41,590	60,630	26,961	59,450
53190 Training	2,343	1,314	264	4,800	0	24,500
53720 Computer Maintenance	111,998	124,755	180,245	177,233	170,836	241,279
54290 Office Supplies	20,828	12,647	10,131	13,845	3,096	13,845
57110 Travel/Mileage	256	385	0	0	0	627
57310 Dues	100	100	0	295	0	490
57320 Subscriptions	0	0	0	0	0	0
57340 Meetings	38	2,857	0	0	0	4,900
58690 New Equipment	102,430	35,351	11,076	83,500	12,460	84,905
SUBTOTAL	283,565	227,990	267,737	380,303	238,869	474,996
TOTAL: MIS/GIS	448,644	396,108	431,366	543,666	262,136	628,334

* The FY2023 salary total is \$104,716.38 (\$78,538 reflected in the General Fund Budget and \$26,179 in the Water/Sewer Enterprise Fund Budgets in Section 8 of the budget).

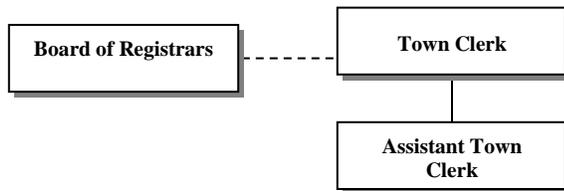


Town Clerk's Office Departmental Statement

The Town Clerk's Office is responsible for maintaining vital public records and information so that they are easy to locate, up-to-date, accurate and preserved for future generations. The Town Clerk is also the chief election official and supervises the Town's election activities including the development of the ballots, managing election equipment and set-up, hiring and training election officials, certifying, reporting, and recording election results. The Town Clerk is an ex officio member of the Board of Registrars.

The Registrar Board consists of three members appointed by the Board of Selectmen to three-year terms. The members of the Board of Registrars of Voters shall represent the two leading political parties, and in no case shall an appointment be made so as to cause the Board to have more than two members, including the Town Clerk, of the same political party. The Board of Registrars of Voters supervises the qualification of persons to vote; certifies the names of voters on nomination papers and petition forms; and holds hearings and decides all disputes relating to these matters.

Town Clerk's Office Organizational Chart





Town Clerk's FY2022 Initiatives and Accomplishments

1. Successfully managed the Annual Town Election during the ongoing Covid-19 Pandemic.
2. Coordinated and managed a high volume of requests for vote by-mail ballots. Oversaw the mailing, tracking, and processing of mailed ballots.
3. Continued to manage content on the homepage of the Town's website, which displays all Board and Committee meetings, along with agendas, and minutes. Contribute to and manage Town News content on the website.
4. Enhanced the Town's social media presence by frequently posting important Covid-19 updates and other important notices.
5. Continue to manage responsibilities for a portion of the PAYT trash and recycling program. Process all payables and receivables. Manage all communication with residents. Sales of PAYT items (bags, bins, bulk labels).
6. Manage, track, and coordinate response to public records requests received by the Town.
7. Continue to manage the requirements under the revised Open Meeting Law for the posting of meeting notices and agendas. All meeting notices for boards, committees, and commissions are physically posted in the Town Clerk's Office and posted on the Town's Website at least 48 hours prior to the meeting.
8. Distribute and track Conflict of Interest/Ethics training documentation for all employees and Town Officials as required.

Town Clerk's FY2023 Goals and Initiatives

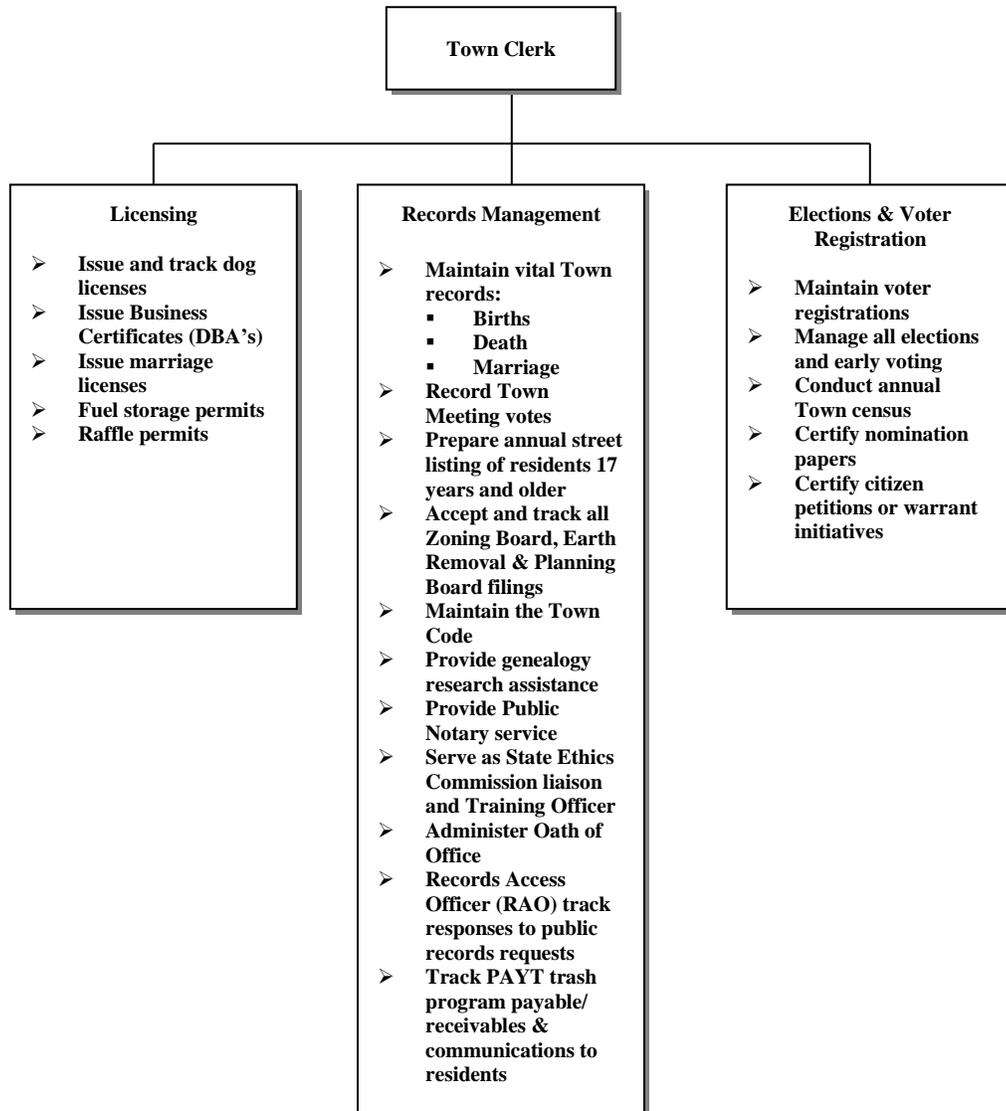
1. Continue to assess the need for additional historic records preservation, digitization, indexing, and storage needs for all town records.
2. Continue to increase communication with residents through enhanced website content and integration of social media platforms.
3. Develop tracking and management tools for responding to and managing public records requests.
4. Continue development of improved payables and receivables methods for PAYT program. Increase communication with PAYT customers.
5. Continue to expand and promote credit card counter payments and online payments for the purchase of dog licenses and vital records (birth, death, marriage certificates).



Significant Budget Changes or Initiatives

The combined FY2023 Town Clerk/Elections budget represents an overall increase of \$26,404 or 13.26%. This increase is due to the election cycle, resulting in three elections scheduled for FY2023: the State Primary Election, September 6, 2022, the State General Election, November 8, 2022, and the Town Election on May 11, 2023. In FY2022, there was only the one local election held on May 10, 2022. All wage increases are budgeted centrally in the Personnel Board account for both union and nonunion staff.

Town Clerk's Programs and Services





TOWN CLERK'S OFFICE					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Town Clerk	1	1	1	1	1
* Assistant Town Clerk	1	1	1	1	1
Total Full-time Equivalent	2	2	2	2	2

*Personnel Explanation: Full-time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- The full-time Assistant Town Clerk position is budgeted 35 hours per week under the Town Clerk and 5 hours per week under Census Worker in the elections budget.
- In addition to the 2 permanent FTEs in the Town Clerk's Office, there are three Registrars, ten Town Meeting workers and approximately forty election workers (wardens, clerks, tellers, counters) that staff the voting precinct during each election. The cost of the election workers is reflected in the Elections budget, as well as additional expenses for school custodians working during the elections. Election Workers are not considered permanent employees and require annual appointment by the Board of Selectmen.

Section 2-32

Town Clerk's Office



FY2019 FY2020 FY2021 FY2022 FY2022 FY2023
 ACTUAL ACTUAL ACTUAL BUDGETED SIX MONTHS PROPOSED

TOWN CLERK'S OFFICE

Personnel Services

51110 Town Clerk Salary	89,134	90,917	92,735	94,591	44,079	94,591
51120 Assistant Town Clerk Salary	41,632	44,293	45,943	47,672	21,990	48,085
51410 Longevity Pay	950	950	950	950	1,150	1,150
51970 Stipend	1,000	1,000	1,000	1,000	1,000	1,000
SUBTOTAL	132,716	137,160	140,628	144,213	68,218	144,826

Expenses

52800 Contractual Services	0	0	0	1,000	0	1,000
53190 Training	925	2,071	15	450	0	900
57110 Travel/Mileage	241	302	79	350	110	350
57310 Dues	465	725	475	420	150	445
57340 Meetings	1,763	514	170	200	200	1,000
SUBTOTAL	3,394	3,612	739	2,420	460	3,695

TOTAL: TOWN CLERK

136,110	140,772	141,367	146,633	68,678	148,521
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Town Clerk's Office

Section 2-33

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

ELECTIONS/VOTER REGISTRATION

Personnel Services

51240 Registrars	950	950	800	1,250	800	1,250
51250 Census Workers	6,076	6,216	6,494	6,822	3,152	6,870
51260 Town Election Workers	13,045	7,281	18,221	6,534	0	19,602
51270 Town Meeting Workers	1,638	0	930	864	0	864
SUBTOTAL	21,709	14,447	26,446	15,470	3,952	28,586

Expenses

52720 Film Storage	896	1,052	1,094	750	1,318	750
52800 Contractual Services	10,365	9,094	11,827	4,000	4,840	12,500
53110 Printing	0	1,528	2,356	1,600	0	1,600
54290 Office Supplies	774	342	0	325	54	975
55820 Street Listing	0	1,444	2,436	900	0	1,200
55830 Census	1,765	1,929	2,059	1,800	0	2,200
55840 Election Expenses	7,434	1,317	1,061	600	0	2,100
57110 Travel/Mileage	251	252	0	25	591	75
57340 Meetings	1,455	269	436	675	1,454	675
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	22,940	17,228	21,269	10,675	8,258	22,075

TOTAL: ELECTIONS/VOTER REG	44,649	31,675	31,675	26,145	12,210	50,661
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Town Moderator

The Moderator is the presiding officer at Town Meeting. This is an elective office held for a one-year term. It is the responsibility of the Moderator to conduct the meeting so that all issues are discussed and voted upon in a business-like manner. The Moderator appoints the Appropriations Committee, Personnel Board and three of the six members of the Financial Planning Committee. The Moderator also appoints a deputy moderator to serve in the event of his/her absence or disability, subject to approval by Town Meeting.

		FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
MODERATOR							
Personnel Services							
51110	Moderator Stipend	150	0	150	150	0	150
51130	Deputy Moderator Stipend	50	0	50	50	0	50
	SUBTOTAL	200	0	200	200	0	200
Expenses							
57810	Moderator Expenses	0	0	0	300	0	300
	SUBTOTAL	0	0	0	300	0	300
TOTAL:	MODERATOR	200	0	200	500	0	500



Appropriations Committee

The Appropriations Committee consists of six members appointed by the Town Moderator for three-year terms. Under the Town Charter and bylaws, the role of the Appropriations Committee is to advise Town Meeting regarding all articles involving the appropriation or expenditure of money. Immediately following the presentation of a monetary article at Town Meeting, the Committee must report to the Meeting its recommendation of approval or disapproval of such appropriation or expenditure, together with the reasons therefore.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
APPROPRIATIONS						
Expenses						
53110 Printing	0	0	0	900	0	900
57310 Dues	0	210	210	240	210	240
57340 Meetings	210	212	0	555	0	555
57810 Unclassified	205	0	0	0	0	0
SUBTOTAL	415	422	210	1,695	210	1,695
TOTAL: APPROPRIATIONS	415	422	210	1,695	210	1,695



Personnel Board

The Personnel Board consists of six members appointed by the Moderator for three-year terms. The Board is responsible for the administration of the classification and compensation plans and exercises this responsibility through the Town Administrator according to the provisions of the Consolidated Personnel Bylaw for the Town of Northborough, as amended. This budget account reflects costs associated with merit pay, limited town-wide training, drug testing and legal expenses associated with collective bargaining negotiations. The account is also used for consultant or temporary labor services associated with personnel transitions. During the course of the fiscal year funds are transferred out as appropriate and reflected in the departmental budgets, such as a settled labor contract. Any unused funds shown in the prior year “Actual” columns below are closed out to free cash at the end of the fiscal year.

All collective bargaining agreements expire on June 30, 2022. The Town is currently in negotiations with all units and will settle on or near the start of FY2023. In addition to all union contracts expiring, the Town completed a Classification and Compensation System review in FY2022. The financial impact of the system adjustments as recommended by the consultant, and accepted by the Personnel Board, are included in this account. Estimated wage increases associated with all bargaining units and all merit pay increases for eligible employees who are not at the max of their pay grade are held in this Personnel Board Budget account until approved based upon satisfactory performance evaluations. Once approved, the funds are transferred and reflected in the appropriate departmental budgets.

		FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
PERSONNEL BOARD							
Expenses							
51980	Compensation Adjustments	0	0	0	53,087	0	344,975
52800	Contractual Services	25,519	5,643	11,330	0	2,829	2,834
53090	Advertising	1,936	1,692	2,422	1,000	1,113	1,000
53170	Drug & Alcohol Testing	3,322	2,211	4,195	2,000	1,839	2,000
53190	Training	40	54	825	1,000	3,870	1,000
57310	Dues	250	275	275	275	275	275
57340	Meetings	340	40	0	700	0	700
	SUBTOTAL	31,408	9,914	19,046	58,062	9,926	352,784
TOTAL:	PERSONNEL BOARD	31,408	9,914	19,046	58,062	9,926	352,784



Town Counsel

Town Counsel is appointed by the Board of Selectmen for an indefinite term. Town Counsel serves as counsel to Town Officers and Committees and attends to the Town’s legal affairs at the request of the Town Administrator. Under the Town bylaws, Town Counsel reviews all Warrant Articles prior to Town Meeting and serves as a resource during all Town Meeting proceedings. The budget below represents general legal services. Legal expenses associated with specific capital projects or Water & Sewer Enterprise Funds are reflected in those budgets.

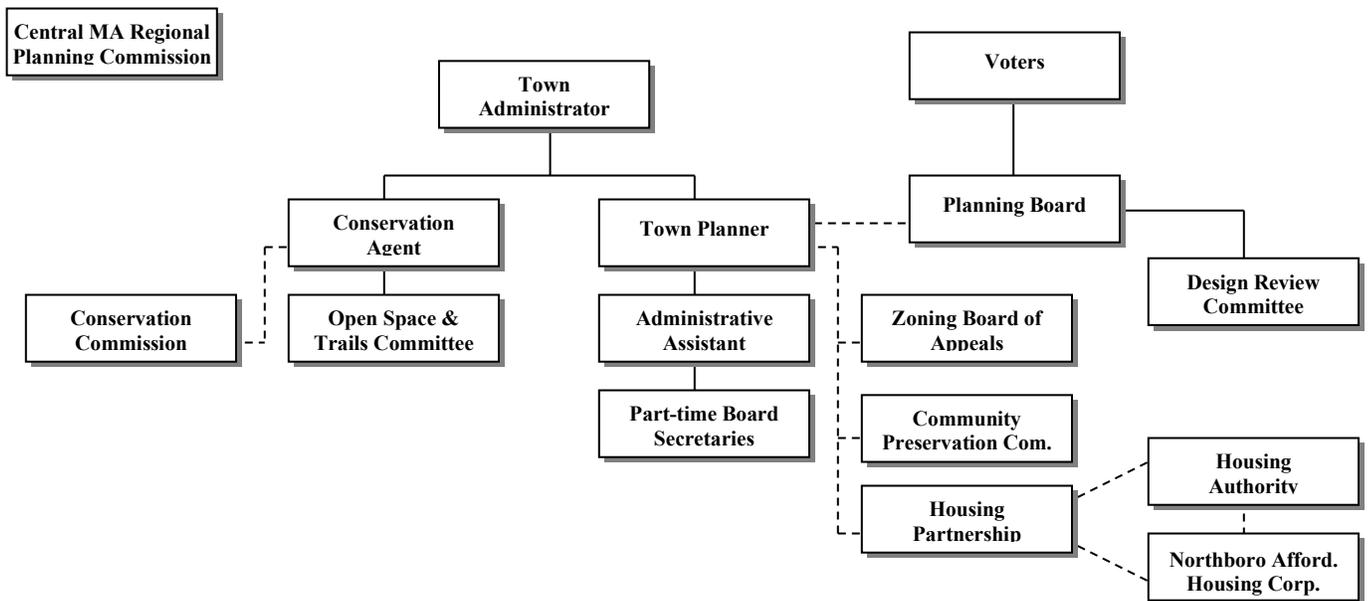
		FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
TOWN COUNSEL							
Expenses							
53020	Legal Services	84,782	63,787	77,652	90,000	24,787	90,000
	SUBTOTAL	84,782	63,787	77,652	90,000	24,787	90,000
TOTAL:	TOWN COUNSEL	84,782	63,787	77,652	90,000	24,787	90,000



Planning & Conservation Departmental Statement

The Planning and Conservation Offices encompass a number of Boards, Commissions, Committees and affiliated organizations which together manage growth and promote the highest quality of development within the Town. These bodies are served by the Town Planner, Conservation Agent, Town Engineer and Building Inspector/Zoning Enforcement Officer who provide technical support and information regarding land use and development to the Planning Board, Zoning Board of Appeals, Conservation Commission, Earthwork Board, Open Space Committee, Trails Committee, Northborough Housing Partnership and Community Preservation Committee. Affiliate organizations include the Central Massachusetts Regional Planning Commission (CMRPC), the Northborough Housing Authority and the Northborough Affordable Housing Corporation (NAHC). Below is an organizational chart that provides a graphic representation of their relationship to Town staff and each other. A detailed description of each is included in the pages that follow.

Planning & Conservation Organizational Chart



Organizational Chart Notes:

- Voters elect the Planning Board.
- The Town Administrator appoints all staff positions.
- The Northborough Affordable Housing Corporation (NAHC) is a registered 501(c)(3) non-profit corporation that is a legally separate entity from Town Government, but works in close relationship with the Northborough Housing Authority and the Northborough Housing Partnership. NAHC has received funding from the Town through the Community Preservation Committee to develop affordable housing in Northborough.
- All other Boards and Committees are appointed by either the Selectmen or a combination of various Boards as detailed in the descriptions on the following pages.
- Central MA Regional Planning Commission has a Representative appointed by the Selectmen and a representative appointed by the Planning Board.



Planning & Conservation FY2022 Initiatives and Accomplishments

1. Master Plan was completed by the Master Plan Steering Committee and a Master Plan Implementation Committee was created and has begun implementation of the Master Plan.
2. Update of Open Space and Recreation Plan has been completed.
3. The Planning and Engineering Departments created a Stormwater Management and Land Disturbance Bylaw and supporting regulations that were adopted at the 2021 Annual Town Meeting. The Conservation Commission created application materials and began accepting applications and issuing permits under the new bylaw.
4. Updated the interpretive trail on Edmund Hill to include interactive web-based resources including historical, geological and natural features through pictures, videos and recorded first person interviews.
5. Worked collaboratively with the Senior Center Staff, DPW and volunteer groups on the design and installation of a more accessible woodland trail loop around the Senior Center. Applied for Community Preservation Act funding for the design to bring the trail to full ADA standards.
6. Initiated update of the trailhead printed maps and handouts with regional partners to include trail maintenance, creation and re-routes.
7. The Conservation Commission, Northborough Police, volunteers, and neighboring communities worked to abate vandalism, restore and protect Mount Pisgah Conservation Area through the use of outreach, regular inspections, surveillance and increased response.
8. Applied for Community Preservation Act funding for the preliminary design to open the Assabet River Aqueduct Bridge to pedestrian access.
9. Worked with the Recreation Department, DPW and volunteer groups on the evaluation of parcels throughout town for a potential dog park.
10. All Conservation Commission applications received and permits issued were processed electronically.
11. The Planning Board and the DPW began updating the Subdivision Rules and Regulations.

Planning & Conservation FY2023 Goals and Initiatives

1. Work with Master Plan Implementation Committee and land use boards to continue implementing Master Plan recommendations, including the Downtown Master Plan.
2. Update Planning Board and Zoning Board of Appeals submittal forms with the goal of offering an electronic application process.



3. Prepare Planning Board, Zoning Board of Appeals, and Conservation Commission files for electronic conversion.
4. Establish an annual reporting and inspection protocol as required by the USEPA for the Stormwater Management and Land Disturbance Bylaw.
5. Implement goals and recommendations of the Open Space and Recreation Plan.
6. Utilize the preliminary design of the Assabet River Aqueduct Bridge to apply for funding for the next phase to connect northern and southern walking trails along the aqueduct which will include relocation of utilities and replacement of decking and security railings, as well as reconstruction of the approaches to ADA standards.
7. Complete the design of the first ADA accessible trail in Northborough at the Senior Center site and apply for funding for construction.
8. Update trail maps in Town GIS through use of a new GPS unit and associated iPad.

Significant Budget Changes or Initiatives

Overall, the FY2023 Planning and Conservation budget is down \$18,131, or -6.15%. In FY2022, the Town transferred funds to the Town Planner salary line to accommodate the retirement and vacation payout of a longstanding employee. The FY2023 wages reflect the salary of the newly appointed Town Planner who began in March of 2022. The Conservation Agent position is currently vacant and will likely be filled at the start of FY2023. That salary line is budgeted at the midpoint of the range, rather than the maximum, which the prior employee was earning. All wage increases are budgeted centrally in the Personnel Board account for existing union and nonunion employees.



PLANNING & CONSERVATION

Personnel Summary

Position	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	FTE	FTE	FTE	FTE	FTE
Town Planner	1	1	1	1	1
Conservation Agent	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Part-time Board Secretaries for					
Conservation Commission	.30	.30	.30	.30	.30
Earthwork	0.03	0.03	0.03	0.03	0.03
Zoning Board of Appeals	0.05	0.05	0.05	0.05	0.05
Planning Board	0.07	0.07	0.07	0.1	0.1
Total Full-time Equivalent	3.45	3.45	3.45	3.48	3.48

*Personnel Explanation: Full Time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- There are two part-time Board Secretaries that take minutes at the meetings of the Planning Board, Conservation Commission, Earthwork Board, and Zoning Board of Appeals. Conservation is 12 hours per week, or 0.30 FTE (12hrs/40hrs = 0.30 FTE). Earthwork is budgeted at 5.5 hrs per month, or 0.03 FTE (averages 1.27 hours per week/40hrs). ZBA is budgeted at 8 hrs per month, or 0.05 FTE (averages 1.85hrs wk/40hrs). The Planning Board is budgeted at 16 hrs per month, or 0.1 FTE (averages 4hrs wk/40hrs).
- In FY2019 the 19/hr per week Conservation Agent was increased to full-time based upon workload and office coverage needs. The position will also provide staff support to the Trails Committee and Open Space Committee.



Town Planner

The Town Planner provides technical support to all Town Departments, Boards and Committees as requested. The Town Planner serves as staff liaison to the Planning Board, Zoning Board of Appeals, Community Preservation Committee, Design Review Committee and the Housing Partnership. The position is also responsible for oversight of the Zoning Bylaw, Subdivision Rules & Regulations, Master Plan, Community Development Plan, Open Space & Recreation Plan and Housing Plan. The Town Planner works with various state agencies as a Town representative on local issues (e.g., Central Mass Regional Planning Commission, and MA Department of Housing and Community Development).

Planning Board

The Planning Board is the regulatory agency most responsible for ensuring that development occurs in a manner that is beneficial to the Town. The Planning Board is responsible for enforcing the Zoning Act (MGL c. 40A), Subdivision Control Law (MGL c. 41, section 81K-81GG), the Northborough Zoning Bylaw and the Northborough Subdivision Rules and Regulations. The Planning Board reviews all plans for subdivisions, common driveways, wireless communication facilities, and site plans; works with the Town Planner in accomplishing goals as set forth in the Master Plan, Community Development Plan, and Open Space & Recreation Plan; and maintains the Zoning Bylaw and Subdivision Rules & Regulations. The Board consists of five officials elected by the voters of Northborough for three-year terms.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
PLANNING DEPARTMENT						
Personnel Services						
51100 Town Planner Salary	98,676	100,650	102,663	114,045	48,797	104,717
51120 Administrative Assistant wages	59,634	63,154	65,573	63,517	29,599	63,517
51140 Part-time Board Secretary wages	2,422	2,363	9,611	7,191	2,960	6,471
51410 Longevity Pay	1,300	1,300	1,450	1,450	1,450	500
SUBTOTAL	162,032	167,467	179,297	186,203	82,806	175,114
Expenses						
52800 Contractual Services	0	0	0	10,000	0	10,000
53090 Advertising	768	2,310	2,154	1,560	0	1,560
53110 Printing	595	3,025	0	2,250	0	2,250
54290 Office Supplies	1,094	527	173	850	0	850
*56820 Central MA RPC Assessment	3,955	4,054	4,155	4,259	4,259	4,736
57110 Travel/Mileage	1,276	1,103	543	2,070	0	2,070
57310 Dues	643	672	491	400	676	400
57320 Subscriptions	621	786	890	865	0	865
57340 Meetings	3,851	475	405	3,100	20	3,100
SUBTOTAL	12,802	12,952	8,811	25,354	4,955	25,831
TOTAL: PLANNING DEPARTMENT	174,834	180,420	188,108	211,557	87,761	200,945

* The Planning Department budget contains an assessment for the Central MA Regional Planning Commission.



Central Massachusetts Regional Planning Commission (CMRPC)

The Planning Department budget includes an assessment for the Central Massachusetts Regional Planning Commission (CMRPC). The Board of Selectmen and Planning Board each appoint a representative to the CMRPC each year as do other member communities. The CMRPC, formed in 1963, is the designated regional planning entity for the Central Massachusetts region, which includes the City of Worcester and the surrounding 39 communities. This region encompasses the southern two-thirds of Worcester County. CMRPC provides municipal and regional planning for Land Use and Transportation, as well as a variety of Community Development services, Transit Planning for the region's transit authority, Geographic Information Services (GIS), staffing for MORE (Municipalities Organized for Regional Effectiveness) and other programs. CMRPC collaborates with local, regional, state and federal officials, as well as with legislators, in order to bring a regional perspective and a coordinated approach to the planning and development that occurs in this region. The ultimate goal of this agency is to improve the quality of life for those who work and live in the Central Massachusetts region.

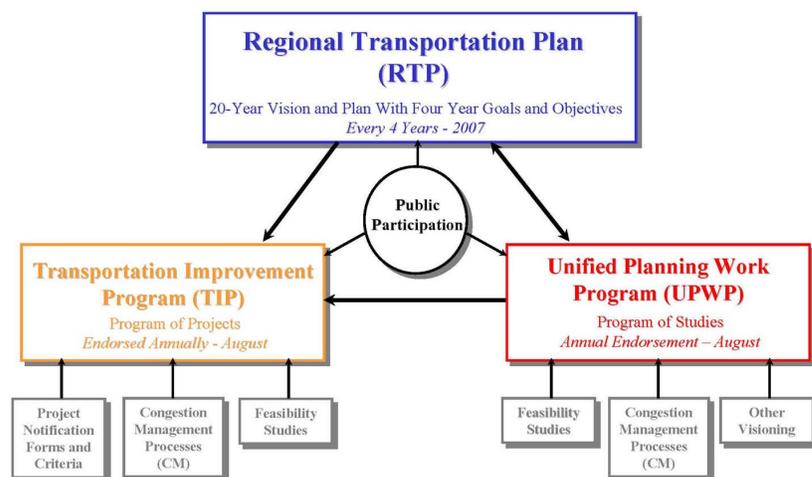
Central Massachusetts Metropolitan Planning Organization¹ (CMMPO)

The Central Massachusetts Metropolitan Planning Organization (CMMPO) was established in 1976 to undertake the comprehensive, continuing, and cooperative transportation planning process required by the United States Department of Transportation. The Central MA Regional Planning Commission (CMRPC) is one of ten members of the CMMPO and it is the staff to this organization as well.

The CMMPO is responsible for preparing and updating the Regional Transportation Plan (RTP), the Transportation Improvement Program (TIP), the Unified Planning Work Program (UPWP) and the Public Outreach Plan (POP) for the Central Massachusetts region that includes the City of Worcester and the surrounding 39 communities.

The RTP is a long-range planning document that describes the region's current transportation system and how that system should be maintained or modified over the next 20 years. The federal planning provisions passed in August of 2005, requires the CMMPO to update the RTP every 4 years, since it presides over a region that does not meet federal air quality standards for ozone. The TIP lists federal-aid eligible highway, bridge and transit projects that are expected to be implemented over the next 5 years. A new list is compiled over the course of every year and endorsed by the CMMPO.

Relationship of CMMPO Documents to One Another



¹ Description and graphic taken directly from the CMRPC website located at <http://www.cmrpc.org>



Zoning Board of Appeals (ZBA)

The Zoning Board of Appeals consists of five members and two alternates appointed by the Board of Selectmen for three-year terms. The ZBA hears petitions and applications for variances, special permits, comprehensive permits and other appeals under the Zoning Act (MGL c. 40A), the Anti-Snob Zoning Act (MGL c. 40B) and the Northborough Zoning Bylaw. The ZBA hears all appeals of actions taken by the Building Inspector on matters which arise out of the enforcement of Town Bylaws relating to the construction, reconstruction, demolition or repair of buildings and other structures within the Town. The ZBA also hears and decides all appeals of actions taken by the Planning Board and other Town officers under the Zoning Bylaws.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
ZONING BOARD OF APPEALS						
Personnel Services						
51140 Part-time Board Secretary wages	515	0	1,483	2,626	26	2,638
SUBTOTAL	515	0	1,483	2,626	26	2,638
Expenses						
53090 Advertising	1,092	798	1,043	2,200	932	2,200
53110 Printing	0	0	0	80	0	80
54290 Office Supplies	0	135	0	30	0	30
57310 Dues	0	0	0	70	0	70
57340 Meetings	150	105	0	300	0	300
SUBTOTAL	1,242	1,038	1,043	2,680	932	2,680
TOTAL: ZONING BOARD OF APPEALS	1,757	1,038	2,526	5,306	959	5,318



Conservation Commission

The Conservation Commission consists of seven members appointed by the Board of Selectmen for three-year terms. The purpose of the Commission is to promote and develop the natural resources and to protect the watershed resources of the Town as provided for under MGL Ch. 40, Section 8C, as amended. The Conservation Commission’s charge is to protect the wetlands, related water resources and adjoining land areas in Northborough as mandated by the Wetlands Protection Act and the Northborough Wetlands Bylaw.² This is achieved through a permitting process designed to minimize the impact of activities on wetland resource areas, including public or private water supply, groundwater, flood control, erosion and sedimentation control, storm damage prevention, water pollution prevention, fisheries, freshwater shellfish, wildlife habitat, recreation, aesthetics, agriculture and aquaculture values. Activities proposed within 100 feet of any resource area are subject to review by the Commission. Resource areas include freshwater wetlands, bordering vegetated wetlands, marshes, wet meadows, bogs or swamps; any bank, beach, lake, river, pond, stream or any land under said waters; any land subject to flooding or inundation by groundwater. Any project in any riverfront area is also subject to review by the Commission. The Commission adheres to the existing regulations of MGL Chapter 131, Section 40, the Wetlands Protection Act.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
CONSERVATION COMMISSION						
Personnel Services						
51120 Administrative Assistant wages	61,906	67,010	68,350	69,717	32,488	61,670
51140 Part-time Board Secretary wages	10,689	9,001	9,867	16,556	5,577	16,863
51220 Conservation Agent	0	0	0	0	0	0
SUBTOTAL	72,595	76,011	78,217	86,273	38,064	78,533
Expenses						
53090 Advertising	743	567	1,227	1,200	285	1,200
53110 Printing	0	0	0	400	0	400
54290 Office Supplies	501	254	52	930	160	930
55980 Field Supplies	137	558	0	500	84	500
57110 Travel/Mileage	332	555	320	1,035	167	1,008
57310 Dues	669	757	771	835	771	835
57340 Meetings	625	600	325	1,975	180	1,975
57840 Conserv. Property Maintenance	0	0	478	1,000	40	1,000
SUBTOTAL	3,007	3,290	3,172	7,875	1,688	7,848
TOTAL: CONSERVATION COMMISSION	75,602	79,301	81,389	94,148	39,752	86,381

² The Conservation Commission charges permit fees to all applicants. These fees return to the General Fund budget under “Other Funds” and have the effect of an off-set to the Conservation Commission budget.



Earthwork Board

The Earthwork Board consists of five members, one each appointed by the Moderator, the Board of Selectmen, the Conservation Commission, the Zoning Board of Appeals and the Planning Board for three-year terms. The Earthwork Board was created in 1971 to implement the Earth Removal Bylaw which, at the time, was passed primarily to prevent soil stripping and the creation of unsafe and unsightly conditions in Town. The Earthwork Board conducts hearings and issues permits for the removal of earth material from any land not in public use in accordance with Town Bylaws.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
EARTHWORK BOARD						
Personnel Services						
51140 Part-time Board Secretary wages	0	0	628	1,744	218	1,780
SUBTOTAL	0	0	628	1,744	218	1,780
Expenses						
53090 Advertising	0	0	0	50	0	50
53110 Printing	15	0	0	50	0	50
57320 Subscriptions	0	0	0	100	0	300
SUBTOTAL	15	0	0	200	0	400
TOTAL: EARTHWORK BOARD	15	0	628	1,944	218	2,180



Community Preservation Committee

The Town Planner is the staff liaison to the Community Preservation Committee (CPC) which is responsible for the expenditures authorized by the adoption of the Community Preservation Act (CPA). The Committee evaluates community preservation needs, develops a long-range community preservation plan, and makes recommendations for the CPA Fund expenditures at Town Meeting.

The CPC consists of nine members, one each from the Open Space Committee, the Conservation Committee, the Planning Board, the Parks & Recreation Commission, the Historical Commission, the Housing Authority and three members appointed by the Board of Selectmen for three-year terms. The CPA is a funding tool to assist communities with the protection and acquisition of open space, preservation of historic resources, and the creation of affordable housing. The CPA provides for local autonomy in deciding where and how funds will be spent. It is the responsibility of the Committee (CPC) to consult with Town departments and boards and community organizations; evaluate community preservation needs, develop a long-range community preservation plan; and make recommendations for CPA fund expenditures at Town Meeting.

For an explanation of CPC funding please refer to the individual Town Meeting Warrant Articles, as the revenues and expenditures for the CPC are outside the General Fund budget. The expenses associated with the Board Secretary for the CPC meetings are paid for directly from CPA funds and not reflected in the Planning & Conservation budget.

Open Space Committee

The Open Space Committee consists of seven members, one each from the Planning Board, Conservation Commission, Parks & Recreation Commission, Board of Selectmen and three members and two alternates appointed by the Board of Selectmen for three-year terms. The Open Space Committee is responsible for the identification and preparation of proposals for Town Meeting of properties to be acquired for open space and/or recreational use. The Open Space Committee also considers alternative methods for open space preservation, including but not limited to grants, donations, and conservation easements.

➤ Trails Committee

The Northborough Trails Committee is a subcommittee of the Northborough Open Space Committee. The Trails Committee works to develop and maintain a viable recreational trail system in Northborough on public and private property by utilizing volunteers from the community.

Both the Open Space Committee and the Trails Committee have received funding through individual Town Meeting Warrant Articles funded by the Community Preservation Committee.



Design Review Committee

The Design Review Committee is a five-member board appointed by the Planning Board per Section 7-03-050 E of the Zoning Bylaw. The DRC consists of a member of the Planning Board, two architects, a landscape architect, and one resident of the town with a related background such as real estate development, interior design, graphic design, lighting design, or building/construction; or a balance as close to that representation as possible. The DRC works with applicants in an advisory capacity in reviewing the design review components of the site plan such as design of building, landscaping, and placement of building on the site. Written recommendations are then provided to the applicable board.

Affordable Housing

There are several affordable housing agencies active within the Town of Northborough, each serving separate functions, but sharing the mutual goal of addressing the affordable housing needs in the community. Some of these agencies are direct agents of the Town, while others are affiliated with the Town in some way, but legally separate from Town Government. The Town Planner serves as the liaison to these various affordable housing organizations, which are described below.

Housing Partnership Committee

The Housing Partnership Committee consists of nine members, one each from the Board of Selectmen, Planning Board, Housing Authority, Council on Aging and five members appointed by the Board of Selectmen, one of which must be a realtor, for three-year terms. The purpose of the Northborough Housing Partnership is to formulate and implement a Housing Policy for the Town of Northborough that will work toward the provision of decent, safe and affordable housing for all of Northborough's residents.

The local Housing Partnership was established by the Board of Selectmen to allow the community to gain control of the process of affordable housing development by initiating a process that will combine growth management with affordable housing initiatives in a positive way. Rather than simply react to the imposition of comprehensive permit proposals under MGL c. 40B, which might burden services, disrupt neighborhoods and be otherwise inappropriate to the community and environment, the Partnership may establish pro-active guidelines for the preservation and production of acceptable and appropriate affordable housing development and support and encourage housing initiatives that meet these criteria.

The primary objectives of the Partnership are: to facilitate an increase in the supply of affordable housing in the Town; establish a housing policy and a housing action plan; survey the current housing stock to determine specific unmet needs for varying categories of housing; identify and research available sites including Town-owned land; and recommend and coordinate specific procedures for the implementation of its objectives with other entities, including the Board of Selectmen, the Town Administrator, the Zoning Board of Appeals, the Planning Board, and other appropriate boards, committees, agencies or for-profit or non-profit organizations such as the Housing Authority and the Affordable Housing Corporation.



Northborough Housing Authority

The Northborough Housing Authority (NHA) consists of four members appointed by the Board of Selectmen and one governor-appointed member for five-year terms. The Director is appointed by the Housing Authority. The Housing Authority is a public agency which provides housing for low-income, elderly and handicapped and families. The Housing Authority is regulated by the Commonwealth of Massachusetts through the Department of Housing and Community Development (DHCD) and must adhere to their regulations and funding requirements. The Authority has the local management responsibilities for housing for the elderly under its jurisdiction in the Town, and is responsible for the clearance of substandard, decadent or blighted open areas or the provision of housing for families of low income or engaging in land assembly and redevelopment, including the preservation, restoration or relocation of historical buildings.

The NHA developed and manages one hundred four (104) senior housing units located in two areas of town and twenty-six (26) units of family housing scattered throughout town.

Northborough Affordable Housing Corporation (NAHC)

The Northborough Affordable Housing Corporation exists for the purpose of assessing the housing needs of the Town of Northborough and to create housing to be made available to low and moderate income people. The Corporation may acquire land on which appropriate housing could be built or may acquire existing buildings which could be converted into appropriate housing. The Corporation is a private, non-profit entity which exists independent of any other organization and is empowered to raise funds and to own and transfer property in a manner consistent with its mission to increase the supply of affordable housing in the town of Northborough. The NAHC is not controlled by the Department of Housing and Community Development (DHCD) as the Northborough Housing Authority is, and can apply for funding as well as develop property without DHCD restrictions.

To date, the only source of funding to the NAHC has been Community Preservation Funds voted by Town Meeting and transferred to the NAHC to pursue its mission. Town Meeting appropriated \$303,000 in April 2008, \$150,000 in April 2009, \$150,000 in April 2010 and \$52,000 in 2011 to NAHC, pursuant to the Community Preservation Act. Although the use of these funds was at the sole discretion of NAHC, the Town entered into an agreement with NAHC to use these funds to renovate the former Senior Center building located on Centre Drive. Construction of four new apartments at the former Senior Center was completed in 2014.

Under Article 57 of the April 2015 Annual Town Meeting another \$500,000 was appropriated to NAHC for future creation of affordable housing, contingent upon a written contract with the Town. Article 38 of the April 2016 Annual Town Meeting appropriated another \$100,000 in CPC funds for the NAHC. Article 42 of the April 2017 Annual Town Meeting appropriated \$100,000 in CPC funds for use by the NAHC. Article 28 of the April 2018 Annual Town Meeting appropriated \$100,000 in CPC funds for use by the NAHC. Using the CPC funds, NAHC worked with the non-profit Habitat for Humanity to develop 4 units of affordable housing in two historic buildings in the Town Center in 2019. Article 26 of the April 2019 Annual Town Meeting Warrant appropriated another \$100,000 in CPC funds for use by the NAHC in a yet to be determined project.

Public Safety

Section 3



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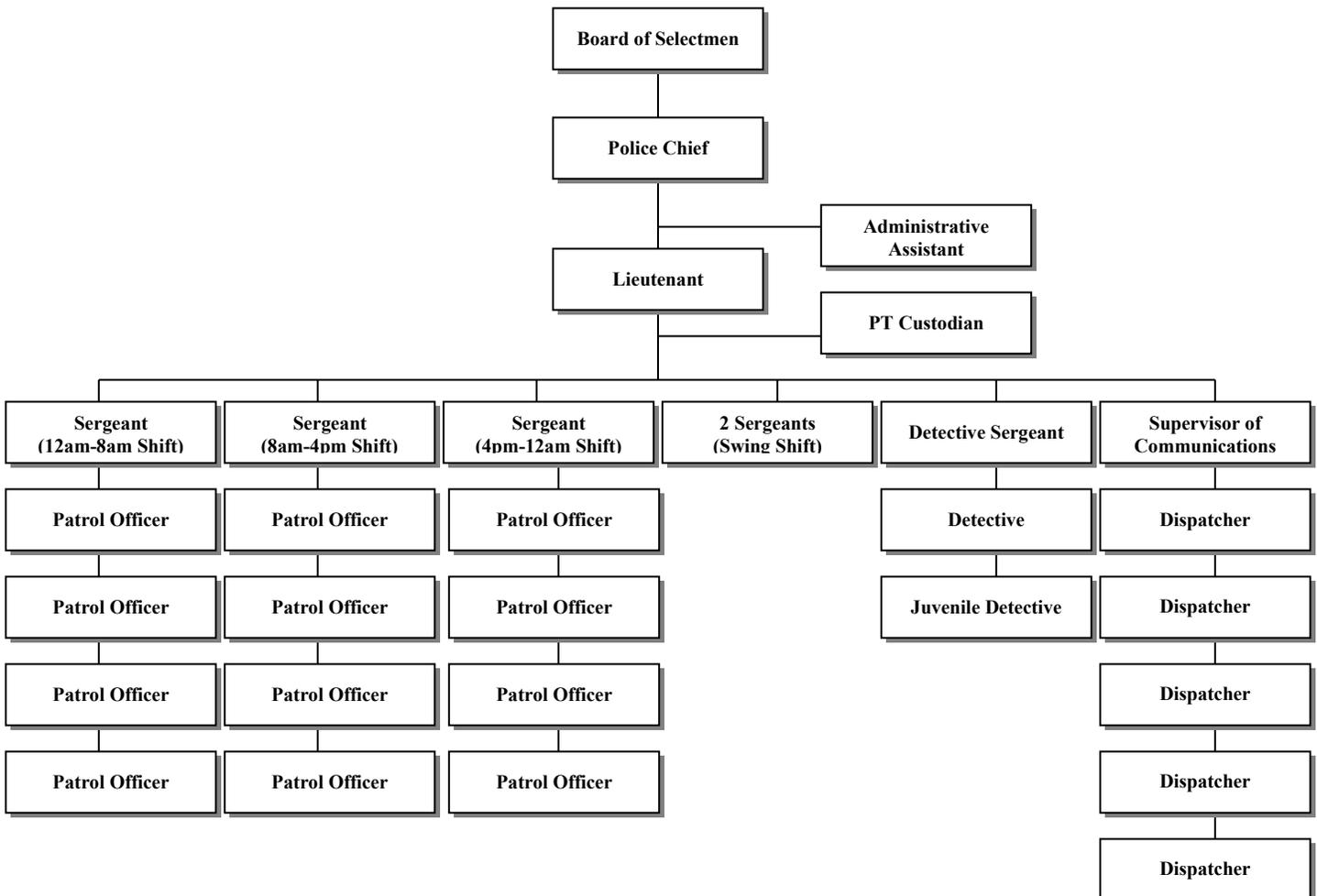


Police Department Mission Statement

The Northborough Police Department will provide residents and visitors to the Town of Northborough the highest level of public safety which preserves a quality of life that makes this community a desirable place within which to live, visit or work, by:

- Emphasizing a pro-active, preventative and problem-solving approach to policing; protecting people and property; preserving the peace, order and dignity of individuals, and providing fair and equitable enforcement of all laws.
➤ Establishing community-wide partnerships around issues of public safety and fostering the trust and confidence of the citizenry while working on solutions to root causes of problems.
➤ Instituting a process of integrity and responsiveness that provides timely investigations and dispositions of all complaints of employee conduct.

Organizational Chart



**Police Department FY2022 Initiatives and Accomplishments**

1. During FY2022, the Police Department continued to serve the community with the following initiatives:
 - R.U.O.K.: A free, daily telephone call to check on the welfare of senior citizens and shut-ins.
 - Child Safety Seat Installations provided by our trained and certified Police Officer installer. This is a free service.
 - Supported the following community functions: Applefest Celebration, Memorial Day Parade, Recreation Department functions, numerous road races, and fundraising events.
 - The D.A.R.E. (Drug Abuse Resistance Education) Program was suspended due to the pandemic and is scheduled to be back in FY2022.
2. Continued the communications working group comprised of key stakeholders (Police, Fire, DPW) to improve the communications center functions. The group met during the fiscal year to discuss topics including policies and procedures; communications center modernization improvements, and staff workload demands.
3. Maintained our aggressive crime prevention patrols specifically targeting high risk businesses and municipal property as part of our security check program.
4. Maintained an aggressive traffic enforcement program aimed at increasing roadway safety. This is the single most requested police service by our residents and the Department completed nearly 5,000 traffic enforcement actions.
5. Continued participation in the Massachusetts Police Accreditation Program to ensure that we maintain best practices, policies, and procedures in accordance with national professional standards. The Department received a three-year accredited status renewal on October 28, 2021.
6. Continued implementation of our professional development and recognition program. This on-going voluntary program facilitates professional development and career guidance. Achievements are recognized through the issuance of uniform insignia indicating achievement of minimum standards and demonstration of competencies in identified areas.
7. Continued to work with Communities for Restorative Justice (C4RJ), a nonprofit that partners with police departments and District Attorneys to refer low-level crimes and juvenile offenders away from the courts and toward a path forward in the wake of crime. C4RJ uses a circle process to help individuals understand the harm they have caused and hold them accountable. It gives those who have been affected a voice, in order to address the harm and build stronger, more respectful communities.



Police Department FY2023 Goals and Initiatives

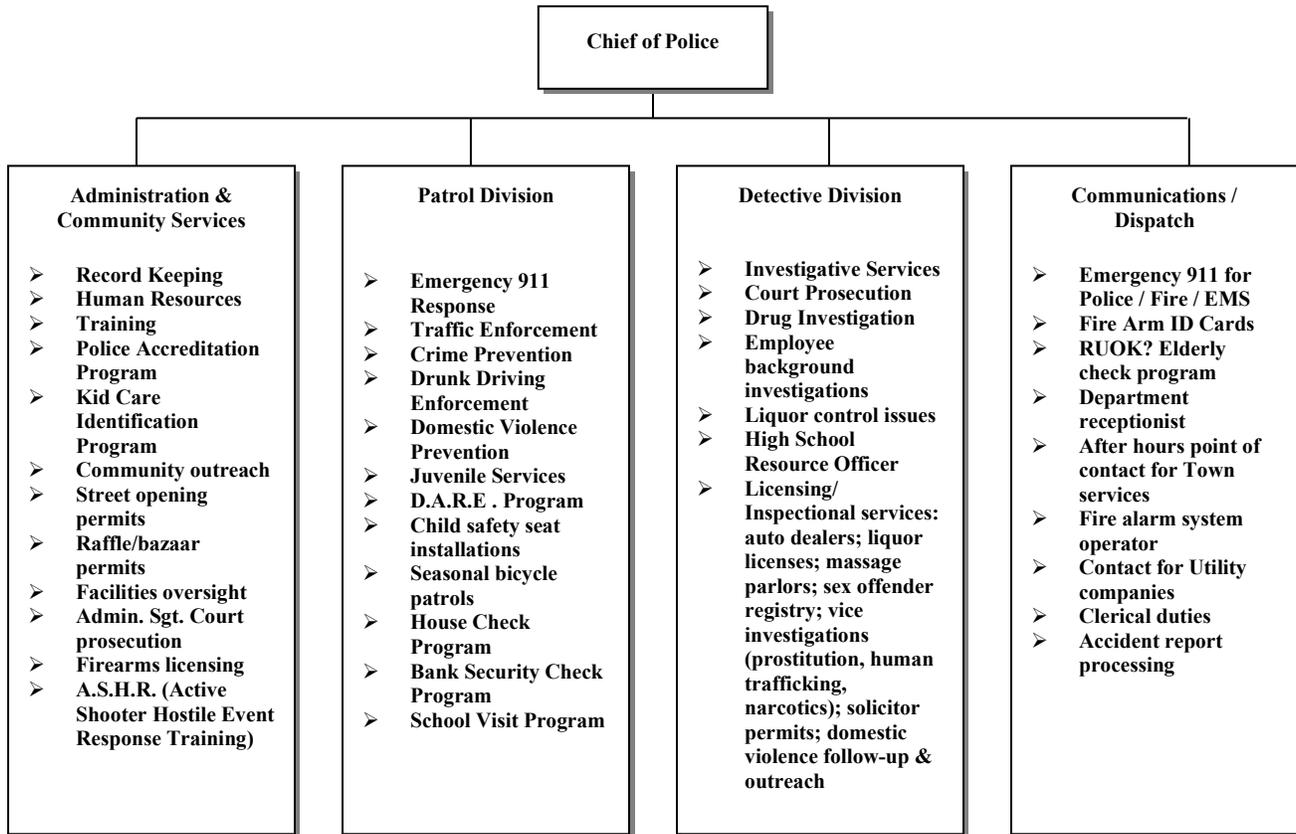
1. Continue to maintain and improve services and programs identified in items one through seven above.
2. Maintain grant funding for the Jail Diversion/Co-responder program instituted in FY2020. The program allows the department to effectively handle persons with mental health issues and substance abuse disorders by partnering with a mental health provider to respond to calls with officers.
3. Continue to expand the community policing/community outreach efforts by expanding programs such as “Coffee with a Cop,” open house days, increased bike patrols and continued participation in programs in partnership with the senior center staff.
4. Continue emphasis and improvement of our school intruder response program (A.L.I.C.E.) imitated drills and provide training within the school system.
5. Increased building maintenance and upgrades on an annual, incremental basis by addressing age-related issues (carpet, tile repair and painting).
6. Seek grants or other funding for an ATV patrol vehicle to increase presence on the Town’s trail system and provide additional mode of officer transportation for Applefest events such as the parade and fireworks.
7. Obtain grant funding to establish a police K9 unit. This force multiplier is an invaluable tool in searching for lost children, seniors with dementia and apprehension of criminals on foot or in hiding. Grant opportunities exist to fully fund implementation of the unit. Funding covers the costs that include purchasing the dog, training, kennel facilities at the officer’s home, retrofitting a cruiser for the exclusive use of the K9 unit, food, and veterinary care for the first three years.

Significant Budget Changes or Initiatives

Overall, the FY2023 Police Department Budget reflects a decrease of \$8,493 or 0.28%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. Due to staffing turnover, several officers have been hired at lower starting wages, resulting in a temporary reduction in personnel expenses, pending contract settlements. Expenses increase by \$34,495 due to building cleaning costs and training expenses associated with the new Peace Officers Standards & Training (POST) Commission reform mandates.



Police Programs and Services





POLICE DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Chief of Police	1	1	1	1	1
Lieutenant	1	1	1	1	1
Sergeant	6	6	6	6	6
Patrol Officers	14	14	14	14	14
Supervisor of Communications	1	1	1	1	1
Dispatcher	6	6	6	6	6
Administrative Assistant	1	1	1	1	1
Custodian	0.5	0.5	0.5	0.5	0.5
Total Full-time Equivalent	30.5	30.5	30.5	30.5	30.5

*Personnel Explanation:

Full Time Equivalent based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- The Custodian position is one, full-time position split 20 hours per week at the police station and 20 hours per week at the Town Offices building. The other half of this position is reflected in the Public Buildings budget.
- The FY2023 budget authorizes 22 sworn Officers in the Department, including the Chief of Police. During FY2016, a consultant engaged by the Board of Selectmen’s ad hoc staffing committee issued findings from its comprehensive operational and staffing study. The study recommended adding a sixth Sergeant in FY2017 to improve shift coverage and supervision. The position was primarily intended to improve coverage on the 12AM-8AM shift and reduce future overtime expenses. The study also recommended further review of the dispatching function with the goal of adding a second dispatcher during peak call times. During FY2019 a sixth dispatcher was added mid-fiscal year.

Section 3-6

Police Department



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
POLICE DEPARTMENT						
Personnel Services						
51100 Police Chief Salary	125,069	127,388	130,122	132,725	61,531	132,725
51120 Administrative Assistant Salary	60,528	62,209	63,204	64,468	29,892	64,477
51150 Sergeant Salaries	438,032	458,780	466,254	473,331	215,673	467,379
51160 Patrol Officer Salaries	811,572	791,437	803,079	902,964	355,679	872,847
51170 Dispatcher Salaries	261,773	346,204	359,746	416,341	175,923	417,078
51180 Special Officers	0	0	0	5,000	0	5,000
51200 Detective Pay	9,908	9,846	8,918	13,152	3,622	13,151
51210 Lieutenant Salary	98,677	100,650	97,845	104,717	44,421	100,913
51300 General Overtime	110,442	91,243	152,176	130,653	73,317	130,653
51310 Dispatcher Overtime	61,228	49,165	51,844	29,960	54,369	29,960
51320 Christmas Overtime	2,283	2,424	2,547	2,890	0	3,655
51330 Dispatcher Christmas Overtime	870	1,287	1,165	1,066	0	1,065
51400 Longevity pay	10,075	8,875	9,075	10,125	9,075	10,925
51410 Dispatcher Longevity Pay	0	1,200	1,200	1,675	1,675	1,825
51420 Holiday Pay	52,707	52,208	51,700	58,398	23,762	56,484
51430 Dispatcher Holiday Pay	12,620	16,268	16,844	17,942	7,140	17,902
51440 Shift Differential	4,184	10,149	10,133	8,528	2,490	8,509
51450 Court Time	5,835	4,709	1,879	10,500	287	10,500
51460 Quinn Bill Educational Incentive	235,029	263,659	261,904	301,829	134,445	296,621
51470 Dispatcher EMD Stipend	0	0	0	7,000	0	7,000
51920 Uniforms	34,127	36,792	44,492	30,250	17,082	30,250
51930 In-service Training	8,656	11,219	10,196	8,000	10,876	8,000
51940 Fitness Incentive	18,700	19,100	20,600	26,800	11,600	26,800
51950 Roll Call	0	0	0	3,400	0	3,400
51960 Dispatcher Differential	0	0	0	2,044	0	3,650
51965 Officer In Charge Pay	2,251	1,664	1,250	0	783	0
51970 Part-time Custodian	26,258	27,466	28,125	28,688	13,410	28,690
SUBTOTAL	2,390,824	2,493,942	2,594,298	2,792,446	1,247,051	2,749,459



Police Department

Section 3-7

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

POLICE DEPARTMENT

Expenses

52110 Utilities	31,483	33,324.36	34,604	32,613	18,133	37,500
52690 Radio Equipment Maintenance	2,942	4,905.71	4,108	5,000	5,218	7,000
52800 Contractual Services	33,362	33,600.73	52,648	35,501	19,258	41,000
53110 Printing	334	933.43	222	600	130	700
53190 Training	13,296	13,202.76	16,518	10,000	11,776	20,000
53410 Telephone	16,826	17,908.62	17,403	16,990	7,532	17,990
53420 Postage	83	2,255.43	0	600	0	600
53430 Radio Line Rentals	6,353	4,545.60	6,952	6,552	2,647	6,552
53720 Computer Services	25,932	34,360.29	35,546	60,000	31,621	60,008
54290 Office Supplies	3,495	2,870.37	5,057	3,000	158	3,000
54490 Repairs & Maintenance	12,111	14,559.65	10,464	15,000	5,057	24,000
54590 Custodial Supplies	4,391	4,872.65	3,339	4,000	1,560	4,000
54850 Vehicle Maintenance	20,536	35,651.86	23,160	20,000	6,333	20,000
55970 Special Investigations	500	0.00	0	0	0	0
55980 Field Supplies	16,301	15,522.16	14,971	8,000	5,553	10,000
57810 Unclassified	1,858	2,025.17	2,034	2,000	1,619	2,000
58690 New Equipment	37,162	47,907.17	21,333	20,000	0	20,000
SUBTOTAL	226,964	268,446	248,358	239,856	116,595	274,350

TOTAL: POLICE

2,617,788	2,762,388	2,842,656	3,032,302	1,363,646	3,023,809
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Fire Department Mission Statement

“To promote and deliver life safety by providing efficient, professional, high quality, cost effective, and timely protective services including fire suppression, emergency medical services, fire prevention, disaster response management, public safety education, and code enforcement.”

The Northborough Fire Department is charged with the protection of life and property from fire through direct fire suppression efforts, prevention, inspectional services, self-inspection programs, fire code enforcement and public fire education. The department also provides a Fire Investigation Unit of trained fire investigators to determine the cause and origin of fires. These department investigators work closely with the Town’s Police Department, Fire District 14 Fire Investigation Unit, Office of the State Fire Marshal’s Fire and Explosion Investigation Unit as well as the Federal Bureau of Alcohol, Tobacco and Firearms.

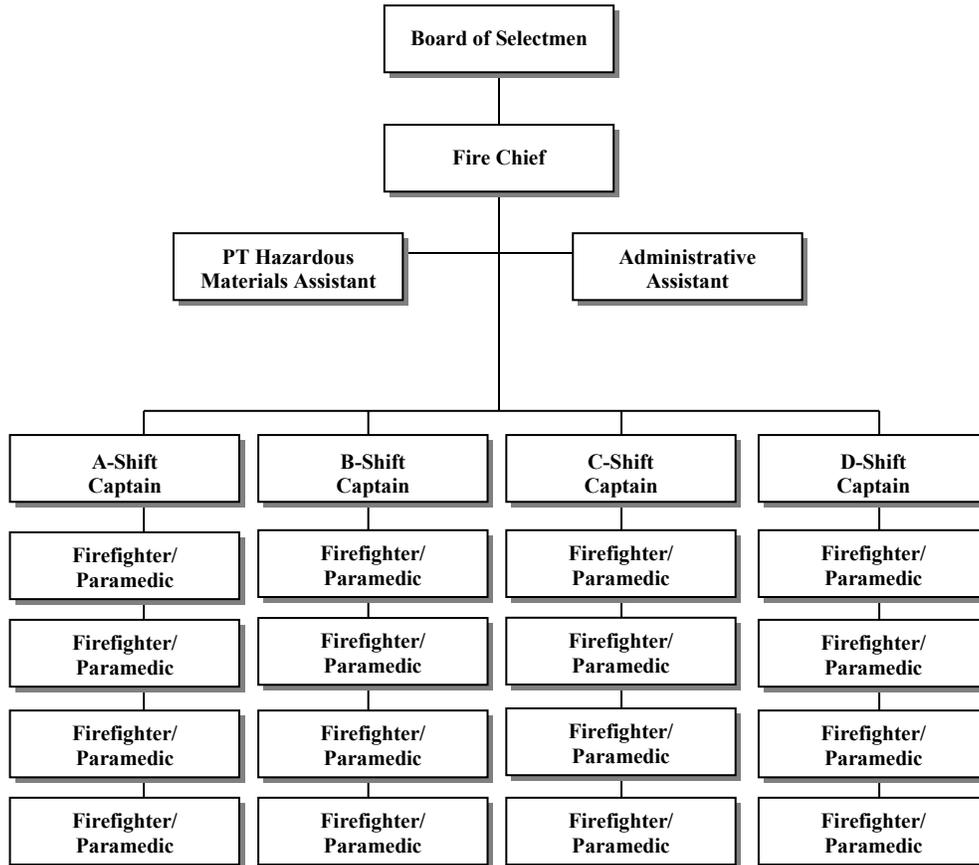
In keeping with the protection of life as its highest priority, the department is licensed by the state to operate its emergency medical ambulance service at the advance life support paramedic level. Through the department’s Paramedics, Advanced Emergency Medical Technicians (AEMT), and Basic Emergency Medical Technicians (EMT-B), the highest standard of pre-hospital emergency care is provided to those in need.

The department is also equipped to handle a wide variety of rescue services ranging from motor vehicle extrication to water and ice rescue. Fire and EMS mutual aid is coordinated through Massachusetts Fire District 14 with hazardous materials response and mitigation provided on a regional basis through the Massachusetts Department of Fire Services.

Through an all-hazards approach to manmade and natural disasters, the department provides and prepares for a planned response and coordination effort by all town departments through the town’s Comprehensive Emergency Management Plan (CEMP) and Hazardous Materials Plan approved by the Massachusetts Emergency Management Agency (MEMA). The department also plays the lead role for the framework of the Local Emergency Planning Committee (LEPC).



Organizational Chart



Through a combination of career and on-call personnel, the department provides fire suppression/prevention, EMS and rescue services. Career Firefighters cover the fire station on a 24/7 basis with four shifts consisting of a Captain and four Firefighter/Paramedics.

**Fire Services FY2022 Initiatives and Accomplishments**

1. Successfully continued the Senior Safe Program for fire safety and detector inspection/replacements.
2. Reduced our average Chute time for EMS responses to 01:36.
3. Completed review of Technical Rescue capabilities and have begun the process of replacement and purchasing to upgrade as needed.
4. Fully implemented our new records management system to include scheduling and vehicle and equipment maintenance.
5. Continued work on new fire station project.

Fire Department FY2023 Goals and Initiatives

1. Begin design development phase for new fire station project.
2. Obtain an EMS response time in alignment with the National Fire Protection Agency Standard 1710 (5 minutes response time for initial unit and 9 minutes response time for Advanced Lift Support) for 90% of incidents.
3. Complete purchase and setup of department SUV and pickup.
4. Complete analysis to facilitate change away from Verizon copper lines for radio communications.
5. Improve/replace station vehicle exhaust system to reduce cancer causing elements in station.
6. Improve our Fire Prevention/Safety Outreach Programs.



Significant Budget Changes or Initiatives

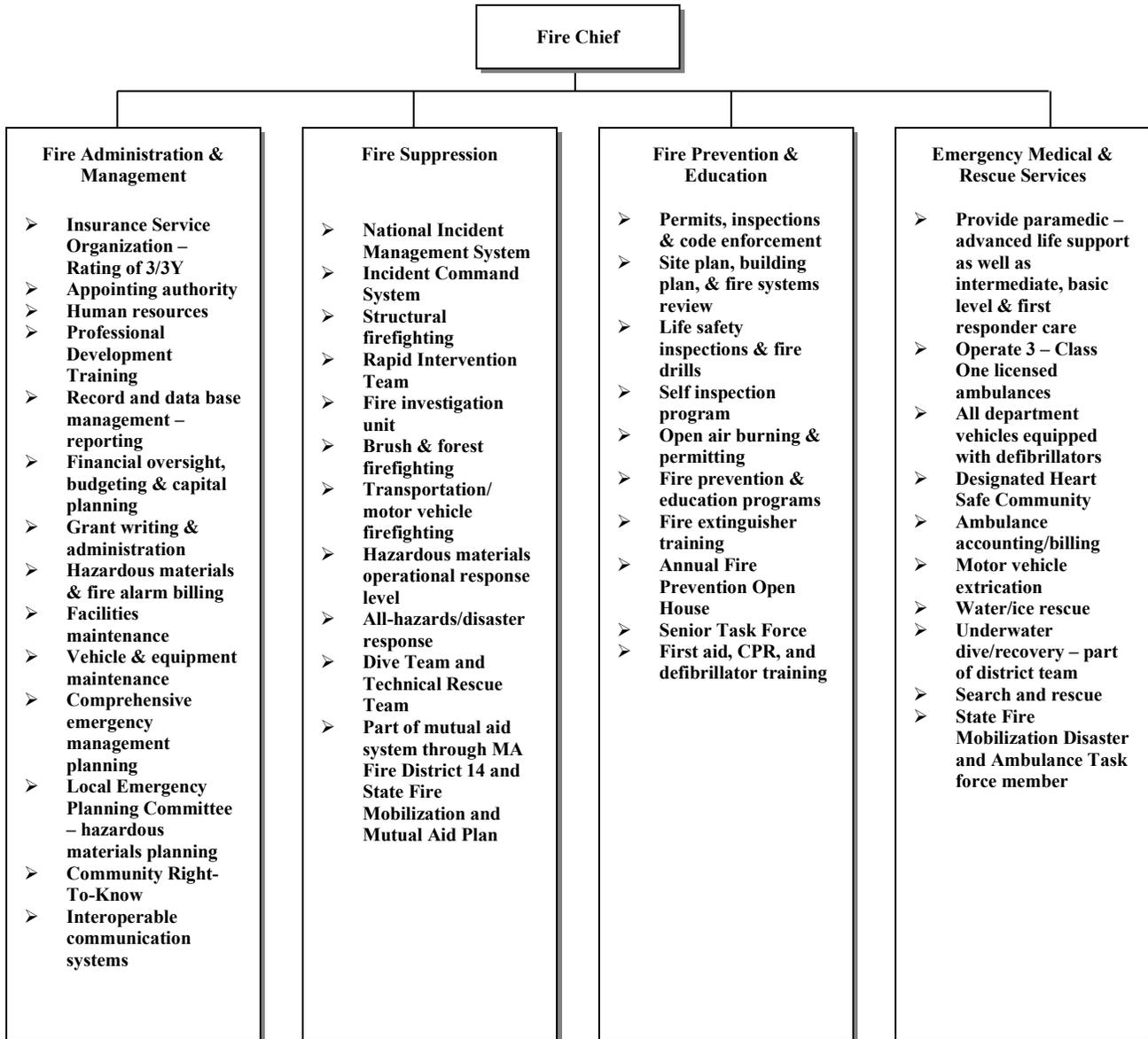
As presented, the FY2023 Fire Department Budget reflects an increase of \$22,901 or 1% in the General Fund appropriation. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations.

In addition to the General Fund appropriation of \$2,216,978 (which includes a transfer in of \$354,487 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$580,743 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The direct Revolving Fund charges include ambulance billing services, overtime wages, licensing fees, related maintenance and operational expenses of the ambulances and related equipment. The account also pays for the debt service associated with the purchase of ambulances.

The total FY2023 budget that supports the Fire/EMS services is \$2,797,721 (\$2,216,978 plus the Fire Department Revolving Fund direct charges of \$580,743).



Fire Programs and Services





FIRE DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Fire Chief	1	1	1	1	1
Fire Captain	4	4	4	4	4
Firefighter / EMT Basic	1	1	1	0	0
Firefighter / EMT Advanced	0	0	0	0	0
Firefighter / Paramedic	15	15	15	16	16
Administrative Assistant	1	1	1	1	1
Hazardous Materials Assistant	0.48	0.48	0.48	0.48	0.48
Call Firefighters	0.78	0.70	0.70	0.37	0.37
Total Full-time Equivalent	23.26	23.18	23.18	22.85	22.85

- Current Fire Department staffing is comprised of 22 full-time career members consisting of a Fire Chief, four Captain/EMT's, and sixteen Firefighter/Paramedics and one Administrative Assistant. Northborough Firefighters provide fire suppression, fire prevention/code enforcement and emergency medical ambulance transportation. Over the course of the last several years the Department has set a standard to hire only Firefighter/Paramedics. This is to allow the department to provide the highest-level pre-hospital care on each of the four, rotating twenty-four-hour work shifts.

- In addition to the full-time professional Firefighters, there are currently 3 active Call Firefighters that work as needed. During FY2022 Call Firefighter wages average \$26.00/hr. The Call wages budget is \$20,000. This results in approximately 0.37 FTEs ($\$20,000 / \$26.00 = 769.23$ hrs. per year/ 52 weeks = 14.79 hrs. per week / 40hrs. per week = .37 FTE). Variations in the FTE calculation for Call Firefighters is attributable to the number of active call personnel during any given year.

- The department employs a 19 hour per week (.48 FTE) Hazardous Materials Assistant who also assists with ambulance billing.

Section 3-14

Fire Department



FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

FIRE DEPARTMENT

Personnel Services

51100 Fire Chief's Salary	119,956	125,723	129,910	132,725	62,040	132,725
51110 Administrative Salary	59,047	61,292	62,285	63,517	29,690	63,517
51115 Part-time Admin Salary	0	0	0	0	0	0
51120 Firefighters Salaries	1,198,751	1,256,277	1,270,337	1,346,349	584,108	1,335,609
51132 Hazardous Materials Assistant	16,785	13,662	10,320	29,625	5,625	24,795
51230 Call Firefighter Wages	14,028	14,318	3,897	20,000	1,890	20,000
51300 Overtime	192,000	219,020	170,192	160,144	160,144	165,000
51410 Longevity Pay	10,200	9,600	8,400	9,500	8,600	9,400
51420 Fire Holiday Pay	50,396	53,034	53,002	56,734	24,054	55,949
51460 Educational Incentive	122,708	134,121	134,617	152,050	57,450	154,550
51930 In-service Training	40,102	35,636	72,163	42,572	35,330	47,572
SUBTOTAL	1,823,973	1,922,683	1,915,123	2,013,216	968,931	2,009,117



Fire Department

Section 3-15

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
FIRE DEPARTMENT						
Expenses						
52110 Utilities	25,607	25,416	28,013	26,550	9,718	26,550
52410 Vehicle Maintenance	21,572	18,438	27,136	19,250	10,075	21,250
52415 Equipment Maintenance	1,076	11,482	6,755	12,925	625	12,925
52800 Contractual Services	1,863	1,863	8,766	11,900	6,860	24,200
53110 Printing	2,728	2,199	1,261	1,000	158	1,000
53190 Training Expenses	4,085	4,809	2,780	9,000	1,120	9,000
53210 Fire Prevention Education	581	572	0	1,000	475	1,000
53410 Telephone	3,314	3,720	3,691	3,720	2,469	3,720
53420 Postage	20	0	19	400	9	400
53720 Computer Services	14,687	26,278	13,662	10,613	4,781	10,613
54290 Office Supplies	261	378	164	1,000	60	1,000
54490 Building Maintenance	12,261	11,316	11,924	12,300	9,227	20,000
54590 Custodial Supplies	1,646	2,007	2,590	2,000	925	2,000
55130 Uniforms	19,645	18,816	16,226	22,500	5,628	22,500
55990 Materials & Supplies	14,278	12,199	10,308	12,750	9,140	12,750
57110 Travel / Mileage	38	83	44	390	0	390
57310 Dues	4,305	4,280	4,830	4,164	3,750	4,164
57320 Subscriptions	1,936	1,370	1,375	1,445	31	1,445
57340 Meetings	512	90	0	604	0	604
57360 NFPA 1500 Compliance	1,570	1,129	1,648	2,350	150	2,350
58530 Capital Outlay	24,581	9,915	5,209	25,000	562	30,000
SUBTOTAL	156,566	156,360	146,402	180,861	65,764	207,861
*TOTAL: FIRE	1,980,539	2,079,042	2,061,526	2,194,077	1,034,695	2,216,978

* In addition to the General Fund appropriation of \$2,216,978 (which includes a transfer in of \$354,487 from the Fire Department Revolving Fund under Article 4 of the Town Meeting Warrant) the departmental budget also includes \$580,743 in planned expenses that are charged directly to the Fire Department Revolving Fund. The Fire Department Revolving Fund is supported primarily by fees for ambulance services. The total FY2023 budget that supports the Fire/EMS services is \$2,797,721 (\$2,216,978 plus the Fire Department Revolving Fund direct charges of \$580,743).

Section 3-16

Fire Department



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
EMERGENCY PREPAREDNESS						
Personnel Services						
51130 Stipend for EP Director	0	0	0	5,000	2,337	5,000
51130 Stipend for Shelter Coordinator	0	0	0	1,000	0	1,000
SUBTOTAL	0	0	0	6,000	2,337	6,000
Expenses						
52690 Equipment Maintenance	0	0	0	0	0	0
53410 Telephone	0	0	0	0	0	0
55980 Field Supplies	0	110	408	1,000	0	1,000
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	0	110	408	1,000	0	1,000
TOTAL: EMERGENCY PREPAREDNESS	0	110	408	7,000	2,337	7,000

The Northborough Local Emergency Planning Committee (LEPC) is a Northborough committee established through the Federal Emergency Planning and Right-To-Know Act (EPCRA) of 1986. Local, State and Federal members work together to formulate emergency planning for hazardous materials within Northborough, exercise the plan annually, maintain training for hazardous materials emergencies and provide information on hazardous materials to the public.

The Fire Chief is the Emergency Preparedness Director for the Town and coordinates the LEPC. Membership in the LEPC includes State and Local Elected Officials, Hospitals, Firefighters, Environmental Groups, Law Enforcement Personnel, News Media, Emergency Management Officials, Community Groups, Public Health Officials, Transportation Resources and Hazardous Materials Facilities. This committee maintains the Town of Northborough Hazardous Materials Plan. Input from all the groups within the LEPC membership is incorporated into hazardous materials planning.

The Northborough LEPC is a fully certified stand-alone Local Emergency Planning Committee by the Massachusetts State Emergency Response Commission (SERC). Re-Certification was last issued in 2020 and is valid for a five-year period.

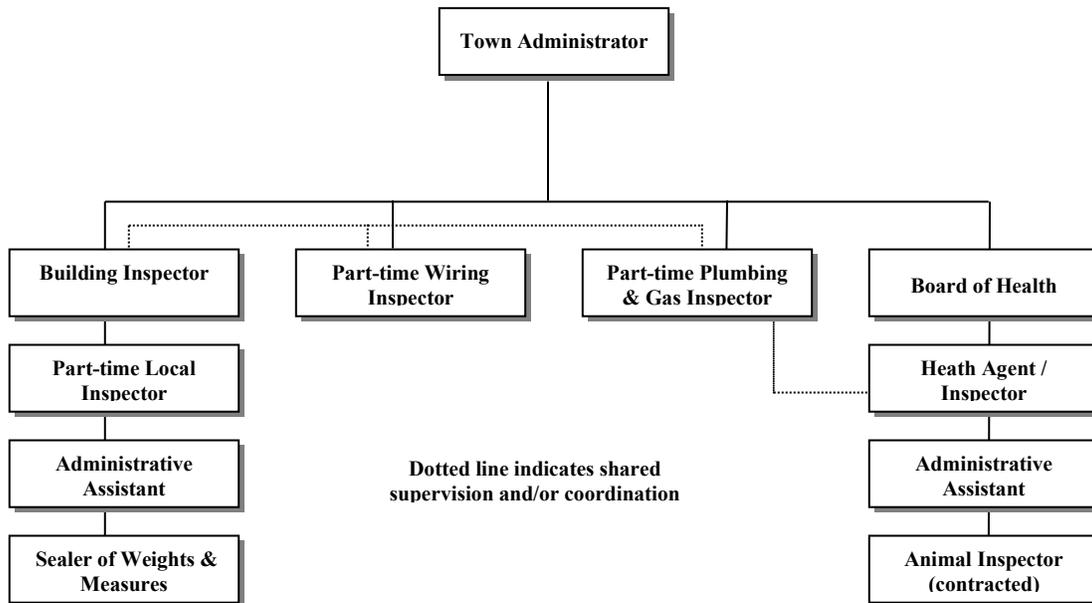
During FY2013 an Emergency Shelter Coordinator position was created, and a stipend was added to the budget, which is continued in FY2023. In FY2022 the Emergency Preparedness Director Stipend was returned to the budget to recognize the efforts required to perform that role.



Building Department Mission Statement

The Building Department is responsible for administering and enforcing Massachusetts Codes regarding building, sheet metal, plumbing, gas, and electrical work; as well as the rules and regulations of the Massachusetts Architectural Access Board. In addition, the department administers and enforces all Town of Northborough Zoning By-laws. It is the mission of the Building Department to strive to ensure public safety, health and welfare through inspection activities and continuous enforcement of all codes, rules and regulations designed to detect and correct improper and/or unsafe building practices and land uses within the Town.

Organizational Chart



*Note: The Building Department and the Health Department share an office suite and two Administrative Assistants that are cross trained. The Health Agent also has some oversight responsibilities with regard to the Plumbing Inspector.

**Building Department FY2022 Initiatives and Accomplishments**

1. The development and release of the COVID-19 vaccine drastically reduced case numbers and the risk associated with doing everyday business. As a result, the Building Department realized a significant increase in permits in FY2022. The department processed, reviewed, and issued 927 building and mechanical permits in 2021, which represents an increase of 276 permits or 30% from calendar year 2020.
2. The approximate total value of the permitted building and mechanical work from calendar year 2021 was \$63,939,976, doubling the value of work in calendar 2020.

Building Department FY2023 Goals and Objectives

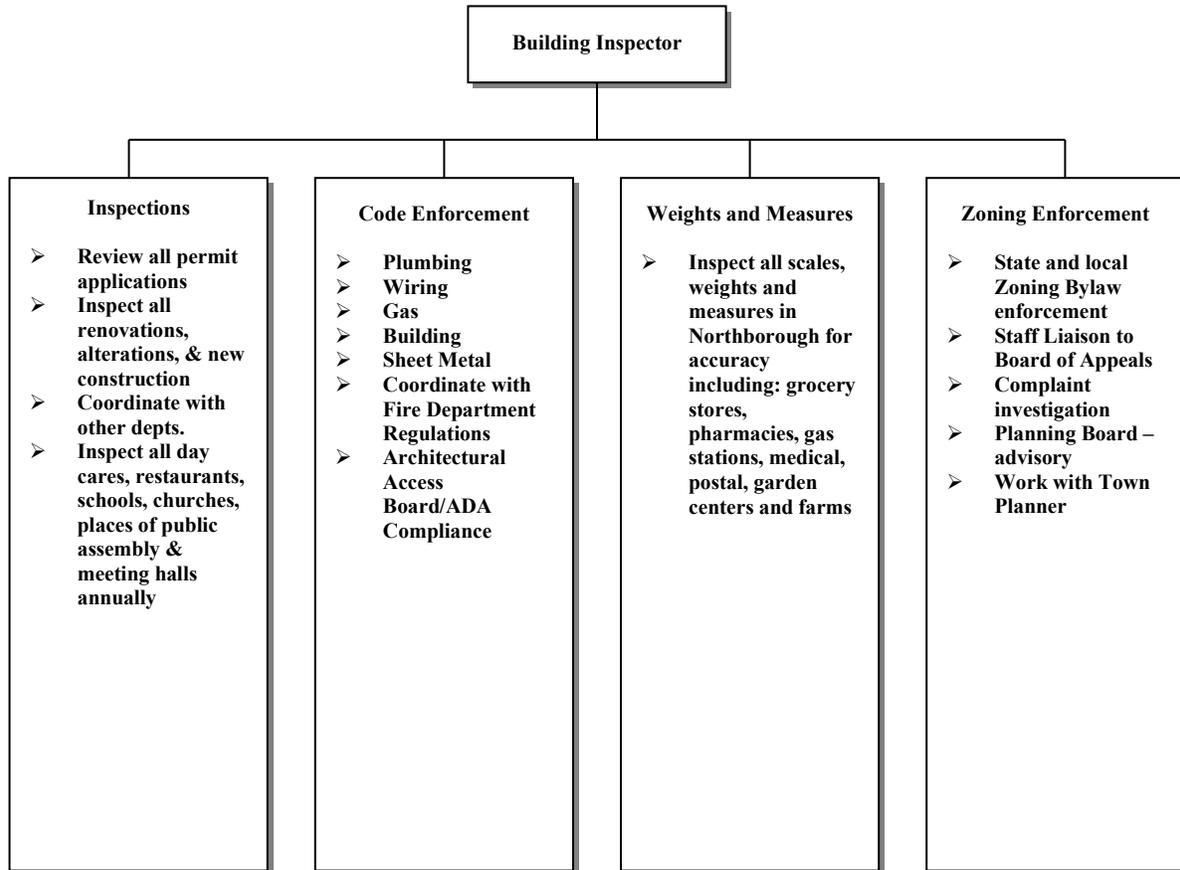
1. Staff is preparing for the adoption and implementation of the 10th Edition of the Building Code, which was initially expected to become effective during FY2020 but has now been postponed to FY2023 due to COVID-19.
2. The department will undergo a transition from the existing server based permitting software to a new, upgraded cloud based permitting software. The implementation process will continue through calendar year 2022 and will require training both to internal staff, as well as contractors and homeowners.
3. The department's website will be updated to reflect current code requirements, and will provide more information to architects, contractors, and homeowners alike.
4. Review potential fee schedule modifications for building department permits and inspections.

Significant Budget Changes or Initiatives

In FY2023, the Part-time Local Inspector's hours will increase from 15 per week to 19 per week to help address the significant increase in permits over the last year. Overall, the departmental budgets for Building, Gas, Wiring and Sealer are up \$11,158 or 4.8%. This does not include wage increases for union and non-union personnel which are budgeted centrally.



Building Department Programs and Services



**BUILDING DEPARTMENT****Personnel Summary**

Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Building Inspector	1	1	1	1	1
Part-time Local Building Inspector	0.40	0.40	0.40	0.40	0.48
Part-time Wiring Inspector	0.25	0.25	0.25	0.25	0.25
Part-time Gas Inspector	0.15	0.15	0.15	0.15	0.15
Part-time Plumbing Inspector	See	Health	Dept	---	---
Administrative Assistant	1	1	1	1	1
PT Sealer of Weights & Measures	Contract	Contract	Contract	Contract	Contract
Total Full-time Equivalent	2.80	2.80	2.80	2.80	2.88

***Personnel Explanation:**

- Full Time Equivalentents are based upon 40hrs per wk (30hrs/40hrs = .75 FTE).
- One individual serves as both the Part-time Plumbing Inspector 8hrs per week (0.20 FTE) and the Part-time Gas Inspector 6hrs per week (0.15 FTE). The Part-time Plumbing Inspector's wages are reflected in the Health Department budget.
- Beginning in FY2013 the Town began contracting with the Massachusetts Division of Standards (DOS) to provide all Sealer of Weights & Measures services, including the inspections required at the Northborough Crossing shopping plaza. DOS is the State agency responsible for enforcing all laws, rules, and regulations relating to weights and measures and the use of weighing and measuring devices in commercial transactions.
- In FY2023, the Part-time Local Building Inspector's hours will increase from 15 per week, to 19 per week, as reflected in the chart above. This is a result of significant increases in local permit counts and inspections experienced in the last year.



Building Department

Section 3-21

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
BUILDING INSPECTOR						
Personnel Services						
51100 Building Inspector Salary	82,410	85,738	89,202	92,806	42,823	93,733
51120 Part-time Local Inspector wages	23,156	28,788	28,610	28,337	15,159	36,545
51140 Administrative Assistant	55,555	54,946	58,642	61,901	28,105	63,426
51410 Longevity Pay	500	0	0	0	0	0
SUBTOTAL	161,621	169,472	176,454	183,044	86,087	194,004
Expenses						
53190 Training	620	200	921	1,850	160	1,850
54290 Office Supplies	1,048	1,778	806	660	0	660
55980 Field Supplies	0	0	0	100	0	100
57110 Travel / Mileage	2,336	1,791	1,496	3,000	627	3,000
57310 Dues	285	285	145	285	150	285
57340 Meetings	150	50	0	645	0	645
58690 New Equipment	0	0	0	150	0	150
SUBTOTAL	4,439	4,104	3,367	6,690	937	6,690
TOTAL: BUILDING INSPECTOR	166,060	173,576	179,821	189,734	87,024	200,694

Section 3-22

Building Department



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
GAS INSPECTOR						
Personnel Services						
51130 Gas Inspector Salary	8,518	8,914	11,350	11,577	5,306	11,577
SUBTOTAL	8,518	8,914	11,350	11,577	5,306	11,577
Expenses						
53190 Training	0	85	0	125	90	125
54290 Office Supplies	75	0	0	225	0	225
57110 Travel / Mileage	1,313	1,149	880	880	612	880
57310 Dues	55	25	25	90	0	90
58690 New Equipment	0	0	0	0	0	0
SUBTOTAL	1,443	1,259	905	1,320	702	1,320
TOTAL: GAS INSPECTOR	9,961	10,173	12,255	12,671	6,008	12,897



Building Department

Section 3-23

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

WIRING INSPECTOR

Personnel Services

51130 PT Wiring Inspector Wages	18,237	15,927	16,069	19,372	9,259	19,344
51140 PT Permanent Wages	755	1,171	277	1,000	154	1,000
SUBTOTAL	18,992	17,098	16,346	20,372	9,413	20,344

Expenses

53190 Training	0	170	187	250	100	250
54290 Office Supplies	180	398	180	430	75	430
57110 Travel / Mileage	1,747	1,538	739	2,000	851	2,000
SUBTOTAL	1,927	2,106	1,107	2,680	1,026	2,680

TOTAL: WIRING INSPECTOR

20,919	19,204	17,453	23,052	10,439	23,024
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Section 3-24

Building Department



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
SEALER OF WEIGHTS & MEASURES						
Personnel Services						
51130 Sealer Salary	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
52800 Contractual Services	5,000	5,000	5,000	8,000	0	8,000
53190 Training	0	0	0	0	0	0
54290 Office Supplies	0	0	0	0	0	0
57110 Travel / Mileage	0	0	0	0	0	0
57310 Dues	0	0	0	0	0	0
SUBTOTAL	5,000	5,000	5,000	8,000	0	8,000
TOTAL: SEALER WEIGHTS/MEASURES	5,000	5,000	5,000	8,000	0	8,000



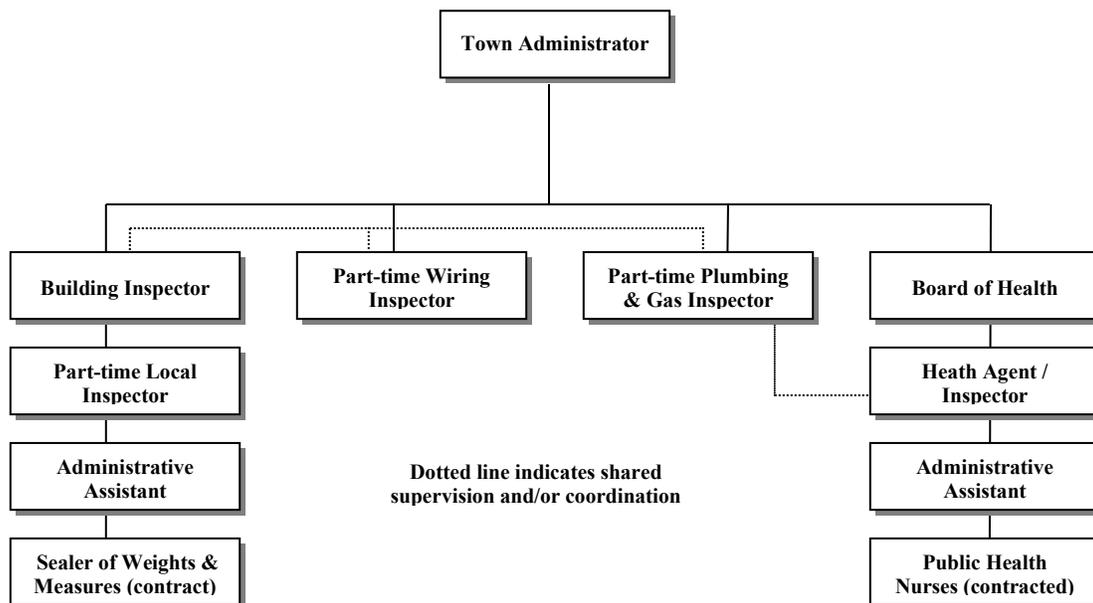
Health Department Mission Statement

The Health Department and the Board of Health are dedicated to keeping the Town of Northborough a healthy and environmentally safe place to live. We strive to do this through the development and implementation of programs that seek to prevent the outbreak of infectious diseases and by controlling environmental health hazards. Through enforcement of State statutes and regulations regarding on-site sewerage treatment and disposal systems (Title V), restaurant sanitation and tobacco control, we further endeavor to protect, preserve and improve the health of our citizens. We promote sanitary living conditions for all our residents and strive to protect the environment from damage and pollution.

Board of Health

The Board of Health is composed of five members appointed by the Town Administrator. Each member serves a term of three years. The Board of Health works under the general policy direction of the Board of Selectmen and has the responsibility for the formulation and enforcement of regulations affecting the environment and the public health. The Board shall have all the powers and duties and obligations that boards of health may have under the Constitution and laws of the Commonwealth and the State Sanitary Codes, the Town Charter, Town Bylaws and the Administrative Code.

Organizational Chart



*Note: The Building Department and the Health Department share an office suite and two Administrative Assistants that are cross-trained. The Health Agent also has some oversight responsibilities with regard to the Plumbing Inspector.



Health Department FY2022 Initiatives and Accomplishments

1. **Shared Services.** In July of 2021, the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services formally referred to as the Greater Boroughs Partnership from Health (GBPH). This new collaborative provides shared nursing services and inspectional software to all four towns and includes a new full-time Health Inspector position to provide routine food and housing inspections to the towns of Boylston, Northborough, and Southborough.
2. **Grants.** The Health Department secured two large regional grants for the GBPH and a MetroWest Health Foundation grant in the amount of \$50,000 for COVID-19 response for the Town of Northborough. The new Greater Boroughs Partnership for Health is supported by a Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY22-FY24) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY22 and FY23) from the Massachusetts Department of Public Health. These grants may not supplant existing public health funds and are awarded to expand local public health services. Northborough is the host for these grants.
3. **COVID-19.** The Health Department continued to respond to the COVID-19 pandemic and perform disease investigation (e.g. contact tracing) and surveillance with the support of contracted nursing services with Salmon VNA. The Health Department worked closely with other town departments including the Schools and participated on the School's Medical Advisory Team. Using CARES Act and FEMA funding, the Health Department open a certified laboratory in the basement of town hall and performed Rapid COVID-19 PCR and Antigen testing for town employees to ensure the safe operation of municipal facilities. Using regional grant funds, the Health Department expanded its contracted nursing services and hired a part-time Epidemiologist to support the GBPH.
4. **COVID-19 Vaccination Clinics.** The Health Department offered both local and regional vaccination clinics providing 21,553 doses of COVID-19 vaccine in 2021. This began with clinics at the Northborough Senior Center in February for seniors. After the state halted the operation of local clinics, Northborough joined Ashland, Boylston, Holliston, Hopkinton, Southborough, and Westborough to offer a regional vaccination clinic at the DoubleTree Hotel in Westborough between April and June of 2021. Between September and December, the Health Department held additional clinics for children ages 5 and older at the schools as well as booster clinics for adults at the Senior Center and teens at Algonquin Regional High School.
5. **Flu Clinics.** In 2021, the Health Department offered its first drive-through flu clinic at Algonquin Regional High School where 344 shots were administered. A smaller clinic was held at the Senior Center where 97 flu shots were administered.
6. **Sharps Disposal Program for Residents.** A free sharps disposal program is now available to residents. Residents can now dispose of household sharps in approved containers at the Health Department during regular business hours. Residents may also pickup free sharps containers as well.



7. New inspectional Software for Food and Housing Inspections. Staff successfully implemented a new inspectional software FoodCode-Pro and HousingCode-Pro by Relevant. Inspections are completed in the field on tablets and reports with color photos are produced onsite and emailed to responsible parties. Deployment of this new cloud-based technology has improved regulatory compliance and efficiencies for staff.
8. Interdepartmental Collaboration. The Health Department continued to develop and work with other town departments on issues relating to COVID-19, public health and wellness. Staff are supporting new initiative called “Be Well Northborough” which will promote existing and expanded health and wellness resources in town.
9. Improved Emergency Response Capabilities. The Health Department strengthened its relationship with the Public Health Emergency Preparedness (PHEP) Region 2 coalition as well as other municipal departments to improve emergency preparedness capabilities. Additional supplies were acquired through various grants and other regional resources. Staff created an emergency supply stockroom in the basement of town hall in the area previously used as the Food Bank. This area is equipped with PPE, COVID-19 test supplies and other emergency preparedness supplies to support town departments.
10. Regulatory Requirements and Response to Complaints. The Health Department improved its ability to meet regulatory requirements related to septic systems, well, food establishments, recreational camps, pools, body art, nuisance complaints and more. These improvements were a direct result of the new shared services arrangement and addition of staff.
11. Substance Abuse Prevention. The Health Department continued to work with the MetroWest Substance Abuse Prevention Collaborative based out of Hudson on substance abuse prevention activities. Additionally, the Health Agent participates in the Northborough-Southborough Substance Abuse Prevention Coalition (NSSAPC) to promote awareness and prevention of substance abuse among youth.

Health Department FY2023 Goals and Initiatives

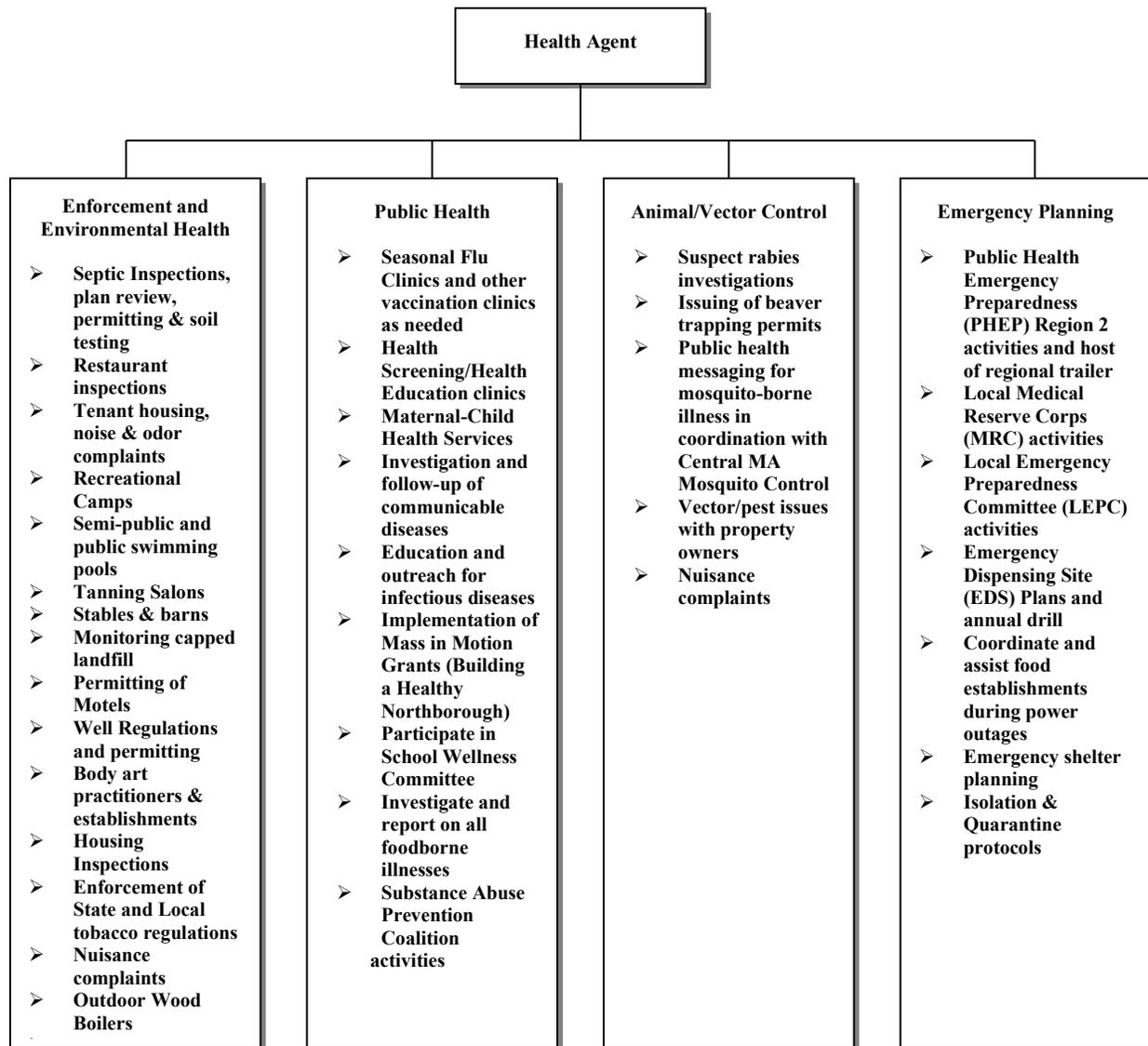
1. Develop Shared Services for Local Public Health. As host of the Greater Boroughs Partnership for Health, the Health Department will continue to administer the Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY23) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY23). This will include development of public health education programming and implementation across food, housing, and public health nursing services.
2. Emergency Preparedness and Vaccination Readiness. The Health Department will continue to support COVID-19 Vaccination clinics as needed. The Department will maintain the emergency supply room and COVID-19 testing capabilities in the basement of Town Hall in the event of a COVID-19 resurgence or other public health emergency. The Health Department will foster its relationship with local Medical Reserve Corps. The health staff will continue to test the drive-through emergency dispensing model with the annual flu clinics and consider co-administering with COVID-19 boosters if so advised by the Massachusetts Department of Public Health.



3. Promote Health and Wellness in Response to COVID-19 Pandemic. The Health Department will serve as a key member of the Be Well Northborough initiative in helping to promote new and existing health and wellness programming and resources in the community. This may include applying for additional grants to support the initiative and assisting with purchasing and program development under Be Well Northborough. There will be a strong focus on supporting mental health, substance use prevention and healthy habits including equitable food access and active living habits. A primary goal will be coordinating and leveraging resources and grant opportunities with surrounding communities, town departments, Northborough Southborough Public Schools and professional associations and engaging volunteers to further these initiatives.
4. Improved Online Permitting Platform. The Health and Building Departments are moving to a cloud-based permitting software. A goal in FY2023 is to improve user experience for applicants and to improve efficiencies of permitting and inspections. This will include use of iPads in the field to upload field inspection notes. A goal of this program is to improve efficiencies for all office staff and communication between Health/Building Departments with other town departments including Public Works, Assessor, and Treasurer's office. This will also allow easier digitization of files.

Significant Budget Changes or Initiatives

Overall, the department's FY2023 budget is increasing \$1,625, or 0.73%. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. During FY2022 the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services formally referred to as the Greater Boroughs Partnership for Health (GBPH). This new collaborative provides shared nursing services and inspectional software to all four towns and includes a new full-time Health Inspector position to provide routine food and housing inspections to the towns of Boylston, Northborough, and Southborough. The new Greater Boroughs Partnership for Health is supported by a Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY22-FY24) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY22 and FY23) from the Massachusetts Department of Public Health.





HEALTH DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Health Agent	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Part-time Plumbing Inspector	0.20	0.20	0.20	0.20	0.20
Animal Inspector	contractual	contractual	contractual	contractual	contractual
Total Full-time Equivalent	2.20	2.20	2.20	2.20	2.20

*Personnel Explanation:

- Full Time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).
- One individual serves as both the Part-time Plumbing Inspector 8hrs per week (8hrs/40 hrs = 0.20 FTE) and the Part-time Gas Inspector 6hrs per week (6hrs/40hrs = 0.15 FTE). The part-time Plumbing Inspector’s wages are reflected in the Health Department budget. The part-time Gas Inspector’s wages are reflected in the Building Department’s Budget.
- The Animal Inspector is a contractual service covered as part of the Animal Control contract.
- In addition to the permanent General Fund staff listed in the table above, the Health Department has several shared positions funded by grants. In July of 2021, the Towns of Boylston, Northborough, Southborough, and Westborough entered into an Inter-Municipal Agreement (IMA) for Local Public Health Services formally referred to as the Greater Boroughs Partnership from Health (GBPH). This new collaborative provides shared nursing services and includes a full-time Health Inspector position to provide routine food and housing inspections to the towns of Boylston, Northborough, and Southborough. The new Greater Boroughs Partnership for Health is supported by a Public Health Excellence Grant Program for Shared Services (\$300,000/year for FY22-FY24) and a Local Health Support for COVID-19 Case Investigation and Contact Tracing Grant (\$160,000/year for FY22 and FY23) from the Massachusetts Department of Public Health.



Health Department

Section 3-31

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

HEALTH DEPARTMENT

Personnel Services

51100 Health Agent	75,535	72,338	72,755	94,591	44,079	94,591
51130 Part-time Plumbing Inspector	14,563	12,963	15,133	16,937	7,159	16,937
51140 Administrative Assistant wages	55,555	54,946	58,642	61,901	28,105	63,426
51220 Temporary wages	14,104	10,496	12,988	13,000	3,790	13,000
51410 Longevity Pay	0	0	0	0	0	100
SUBTOTAL	159,757	150,743	159,518	186,429	83,132	188,054

Expenses

52800 Contractual Animal Inspector	0	0	178	1,000	0	1,000
53090 Advertising	0	0	0	250	0	250
53170 Testing	4,133	7,662	6,523	20,000	0	20,000
53990 Nursing Services	6,671	7,000	7,500	7,000	1,250	7,000
54290 Office Supplies	1,044	989	1,247	1,260	607	1,260
57110 Travel / Mileage	1,858	1,383	1,276	3,000	0	3,000
57310 Dues / Licensure Fees	520	60	60	1,201	60	1,201
57340 Meetings	954	115	551	1,195	1,260	1,195
57810 Unclassified	78	78	1,655	300	260	300
58690 New Equipment	0	23	0	200	0	200
SUBTOTAL	15,258	17,309	18,990	35,406	3,436	35,406

TOTAL: HEALTH DEPARTMENT

175,015	168,052	178,508	221,835	86,569	223,460
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**Animal Control Services Statement**

Animal Control has primary responsibility for the enforcement of Chapter 2-24 of the Town Code—Dogs and Other Animals, as amended, and Massachusetts General Laws, Chapter 140—Licenses, Sections 136A through 175 (regulation of dogs and other animals) as amended, and any other applicable laws or regulations. Duties include but are not limited to licensing enforcement; enforcing state and local leash laws and regulations; investigating complaints relative to alleged violations of laws, bylaws and regulations related to domesticated animals; and participating in any hearings before the Board of Selectmen and/or prosecution of cases in Court as needed. Animal Control is also responsible for assisting with general animal-related situations, as appropriate.

Significant Budget Changes or Initiatives

Beginning in FY2013 Animal Control services were outsourced through a contractual arrangement and the fees from dog licenses and fines brought into the General Fund as a transfer from the revolving fund to off-set the cost of the contract. The base contract is \$39,304, plus a small allowance for animal testing, if needed. In FY2023 the revolving fund revenues proposed to be transferred in are \$28,000 and the total Animal Control budget is \$42,729, resulting in a net tax-supported service expense of \$14,729.



Animal Control					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Dog Officer	Contracted	Contracted	Contracted	Contracted	Contracted
Assistant Dog Officer	Contracted	Contracted	Contracted	Contracted	Contracted
Total Full-time Equivalent	0	0	0	0	0

*Personnel Explanation:

- During FY2012 the position of Dog Officer became vacant due to a retirement. Following a detailed analysis, the Town opted to contract out for the service at significant savings. The contractual arrangement continues during FY2023.

Prior to the outsourcing of the Animal Control services in FY2013 there were two on-call Assistant Dog Officers that served on an “as-needed” basis to cover absences of the full-time Dog Officer. The costs associated with the Assistant Dog Officers were funded through the Dog Officer’s Revolving Fund where dog license fees and related fines are collected and deposited for use in support of the service. These positions were eliminated in FY2013.

Section 3-34

Animal Control



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
ANIMAL CONTROL						
Personnel Services						
51130 Dog Officer Salary	0	0	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
52800 Contractual ACO Services	39,913	39,481	39,470	42,729	19,736	42,729
SUBTOTAL	39,913	39,481	39,470	42,729	19,736	42,729
TOTAL: ANIMAL CONTROL	39,819	39,913	39,481	41,484	19,818	42,729

Dog Officer’s Revolving Fund Explanation:

The Revolving Fund is where dog license fees and related fines are collected and deposited for use in support of the service. Beginning in FY2013 the fees from dog licenses and fines went into the General Fund as a transfer to off-set the costs of the Animal Control services. In FY2023 the revolving fund revenues proposed to be transferred in are \$28,000 and the cost for Animal Control services is \$42,729, resulting in a net tax-supported service expense of \$14,729.

Public Works

Section 4



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Public Works Departmental Statement

The Department of Public Works (DPW) consists of multiple Divisions collectively responsible for maintaining and improving the Town's public spaces and infrastructure. This includes the maintenance and development of Town roads, sidewalks, public trees, cemeteries, parks, public grounds and buildings, as well as the Town water supply system and wastewater/sewerage system. In addition to general administration, the Divisions within the Department include: Highway, Parks, Cemetery, Engineering, Water and Sewer. For budget information regarding the Water and Sewer Divisions, please see Enterprise Funds, Section 8 of this document.

Highway Division

The Highway Division is responsible for all repairs, street openings, new construction of public ways, sidewalk construction and repair, drainage, snow removal and other matters having to do with the proper maintenance and development of the Town's road system. The Highway Division also maintains the trees within the right-of-way along the public roads.

Parks Division

The Parks Division is responsible for maintaining and developing public playgrounds, parks and related facilities. Under the current staffing model, the same staff performs the duties of the Highway and Parks Divisions.

Cemetery Division

The Cemetery Division operates, maintains and develops the public burial grounds of the Town and related facilities. There is a small historic cemetery on Brigham Street which has few headstones. The main burial ground in Town is the Howard Street Cemetery which has two portions: the older, historic section and the north section, or the Kizer Cemetery, named for the family from whom the land was purchased. The original section is 18.65 acres, and the active North section is 21.71 acres.

Engineering Division

The Engineering Division provides technical support to all Town Departments, Boards, and Committees as requested. The Town Engineer reviews a variety of projects for the Planning Board, Conservation Commission, Earthwork Board, Groundwater Advisory Committee and Zoning Board of Appeals. The Division is also responsible for oversight of the Town Pay-As-You-Throw solid waste program which is shown separately under the Solid Waste Enterprise Fund portion of this budget document. The Town Engineer works with various state agencies as a Town representative on local issues (e.g., Mass Highway, Central Mass Regional Planning Commission, MA Executive Office of Environmental Affairs and US Department of Environmental Protection).

Water and Sewer Divisions (Enterprise Funds)

The Water and Sewer Divisions operate, maintain and develop the Town's public water and sewer systems and related facilities. The Water and Sewer Divisions are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct,



indirect, and capital costs—are identified. This allows the community the option to recover total service costs through user fees.

For purposes of providing a departmental overview and personnel summary, the Water & Sewer Division is included here within the DPW Section 4 of the budget. The actual budgets associated with the Water and Sewer enterprise funds are contained in Section 8 of this budget document.

Related Advisory Boards and Commissions

In addition to the various DPW Divisions, there are several advisory Boards and Commissions related to the DPW's mission and functions. These include:

Cemetery Commission

The Cemetery Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence and management of all public burial grounds. The DPW Director serves as the staff liaison to the Cemetery Commission.

Parks & Recreation Commission

The Parks & Recreation Commission consists of five members appointed by the Board of Selectmen for three-year terms. The Commission is responsible for the development of policies, rules and regulations pertaining to the care, superintendence and management of the public recreation programs, facilities and public parks and playgrounds under its control. The DPW Director serves as one of the staff liaisons to the Parks & Recreation Commission and is responsible for the physical maintenance of the facilities. The other staff liaison is the Recreation Director, who is responsible for the Recreation Department programs on those facilities.

Water & Sewer Commission

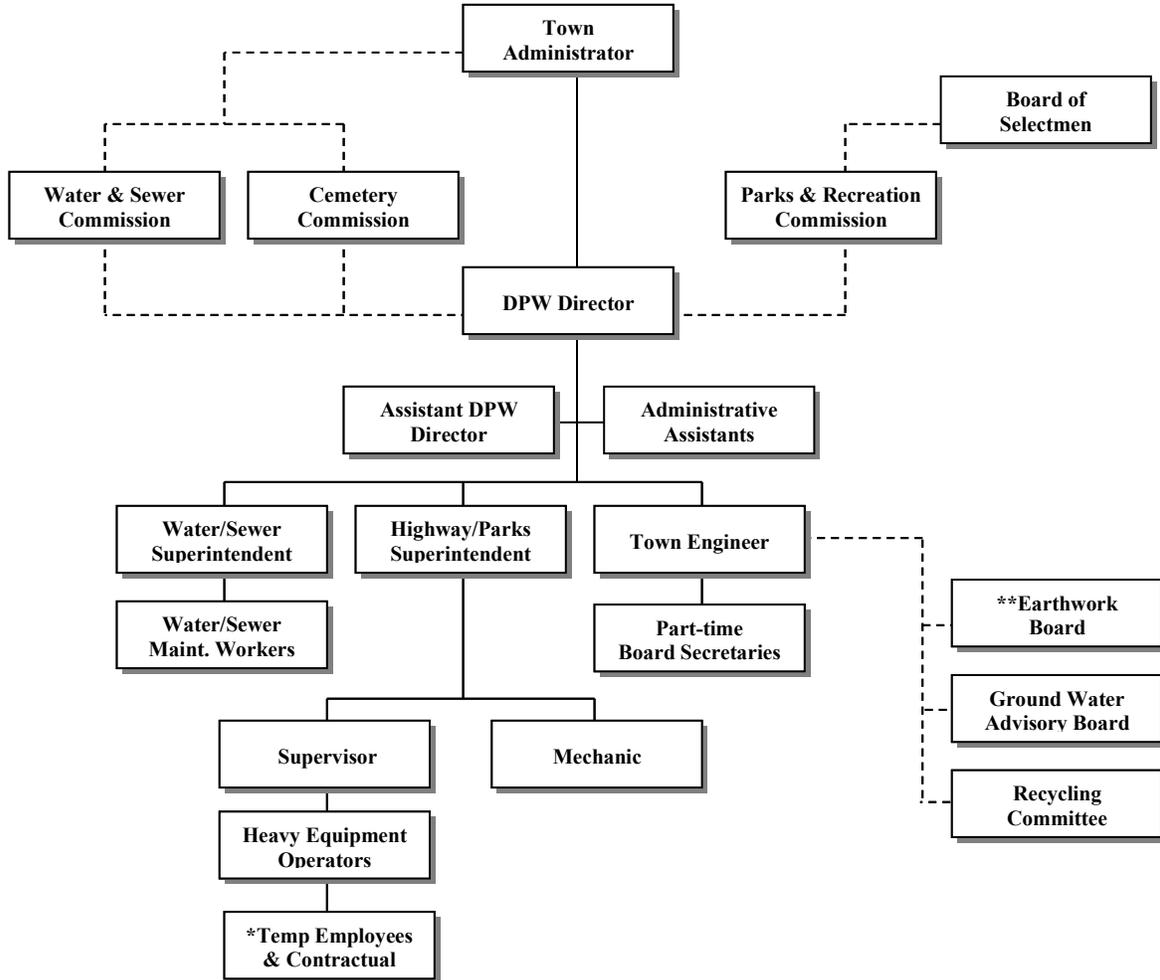
The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and facilities and the Town's sewerage system. The DPW Director serves as the staff liaison to the Water & Sewer Commission.

Groundwater Advisory Committee

The Groundwater Advisory Committee consists of five members, one each appointed by the Planning Board, the Conservation Commission, the Board of Health, the Board of Selectmen and the Water & Sewer Commission for indefinite terms. The Committee exists to protect, preserve and maintain the existing and potential groundwater supply and groundwater recharge areas within the known aquifers of the town.



DPW Organizational Chart



Organizational Chart Notes:

*The Highway/Parks Division and Cemetery Division use temporary, seasonal employees to augment park maintenance in the summer months, and contractual snowplow operators to supplement DPW staff during winter operations.

**The Earthwork Board secretary is budgeted under Planning & Conservation.

**DPW FY2022 Initiatives and Accomplishments****Highway/Parks & Cemetery Divisions:**

1. The Department postponed three equipment replacements due to pandemic budget constraints, but now is in the process of purchasing two replacement trucks whose delivery has been substantially delayed because of supply chain issues.
2. Construction of the new Assabet Park Playground is well underway and is scheduled to be open and available for use during the summer of 2022.
3. Implemented approximately 8.7 miles of roadway maintenance and improvements including mill and overlay, direct overlay, and crack fill.
4. Conducted snow plowing and treatment of over 80 miles of roads for all winter weather events in what turned out to be an average snow fall season.
5. Completed improvements to the Town Common including construction of a pergola and installation of a kinetic wind sculpture, both thanks to two generous donors.
6. Pruned or completely removed over 63 unhealthy, dead, or dying street trees located within the Town's right of way.
7. Completed replacement of three critical and failing culverts on Ridge Road, Lyman Street, and Davis Avenue.
8. Began design and permitting for replacement of a failing culvert on Lincoln Street located next to the elementary school.
9. Submitted to MassDOT the first of several requirements for Northborough to be designated as a Complete Streets Community.
10. Completed aesthetic improvements to the front of the Police Station and to the area surrounding the Three War Memorial which is located at the corner of Hudson Street and Pierce Street.
11. Finalized design of the new pickleball courts to be located at the Ellsworth/McAfee Park.
12. Installed several pedestrian activated crosswalk warning lights.

Engineering Division:

1. The Engineering Department normally would work with the Recycling Committee and the Northborough Junior Women's Club on the annual swap meet - TAKE IT OR LEAVE IT DAY and Styrofoam collection – which had been held at the at the DPW Garage in early May for each of the last several years but due to Covid-19 concerns and the potential for spreading the virus this event was cancelled this year.
2. The annual Household Hazardous Waste Day was successful this year after being cancelled last year due to Covid-19 concerns and the potential for spreading the virus during that event.



This past year the event was again held at the DPW Garage at 190 Main Street and included the collection of scrap metal and Styrofoam by the Northborough Junior Women's Club.

3. During 2015 the Massachusetts Department of Environmental Protection (DEP) restored some Grant programs which had been eliminated several years before due to the constraints on the state budget. In 2021, the Town received a \$7,800 grant under the Recycling Dividends Program which will be used to offset the cost of purchasing recycling bins as well as to offset the cost of producing and mailing the annual recycling calendar to each household in June.
4. The Town Engineer represented Northborough as its liaison to the Central Massachusetts Regional Stormwater Coalition (CMRSWC) and sits on their Steering Committee as they work toward finding feasible ways to protect stormwater quality and to remain in compliance with the Federal Environmental Protection Agency MS4 NPDES permit.
5. The Town Engineer worked closely with the Massachusetts Department of Transportation (MDOT) regarding projects involving the state highway within the limits of Northborough and made applications for State Highway Access Permits on behalf of applicants proposing to connect to Town utilities located within the state highway.
6. The Town Engineer worked closely with the Conservation Commission and the Town's stormwater consultant to propose the Stormwater Management and Land Disturbance Bylaw which was approved at the 2021 Annual Town Meeting.

Water and Sewer Divisions:

1. Completed construction of the new water/sewer operations building envelop which allowed the Assabet Valley Regional Technical High School students to begin the interior fit-out.
2. Conducted the fifth year of a 15-year Sanitary Sewer Inflow and Infiltration (I&I) Elimination Program as mandated by State and Federal clean water regulations including flow isolation and video pipe inspection.
3. Completed rehabilitation of the Assabet Hill Water Storage Tank including installation of a non-mechanical water quality mixing system.
4. Began design and permitting for removal of the Northborough Reservoir Dam.
5. Began design of a Supervisory Collection And Data Acquisition system (SCADA) for both water and sewer facilities to allow for remote monitoring of critical infrastructure.
6. Continued our bi-annual hydrant flushing and annual gate exercising program.
7. Prepared Risk and Resiliency Plan and Emergency Response Plan for the Water Division as required by the US EPA.
8. Continued compliance with unfunded drinking water mandates including:
 - a. Revised Total Coliform Rule;
 - b. Reduction of Lead in Drinking Water Act;
 - c. Revisions to the Water Management Act (WMA) including the Sustainable Water Management Initiative (SWMI).
 - d. Unregulated Contaminant Monitoring Rule (UCMR) Phase 5.



9. Completed a town-wide leak detection survey and replaced/repared the three leaks that were found.
10. Began upgrading all water meter communication devices.
11. Installed a backup power supply for the Wesson Terrace Sewer Pump Station

Department of Public Works FY2023 Goals and Initiatives

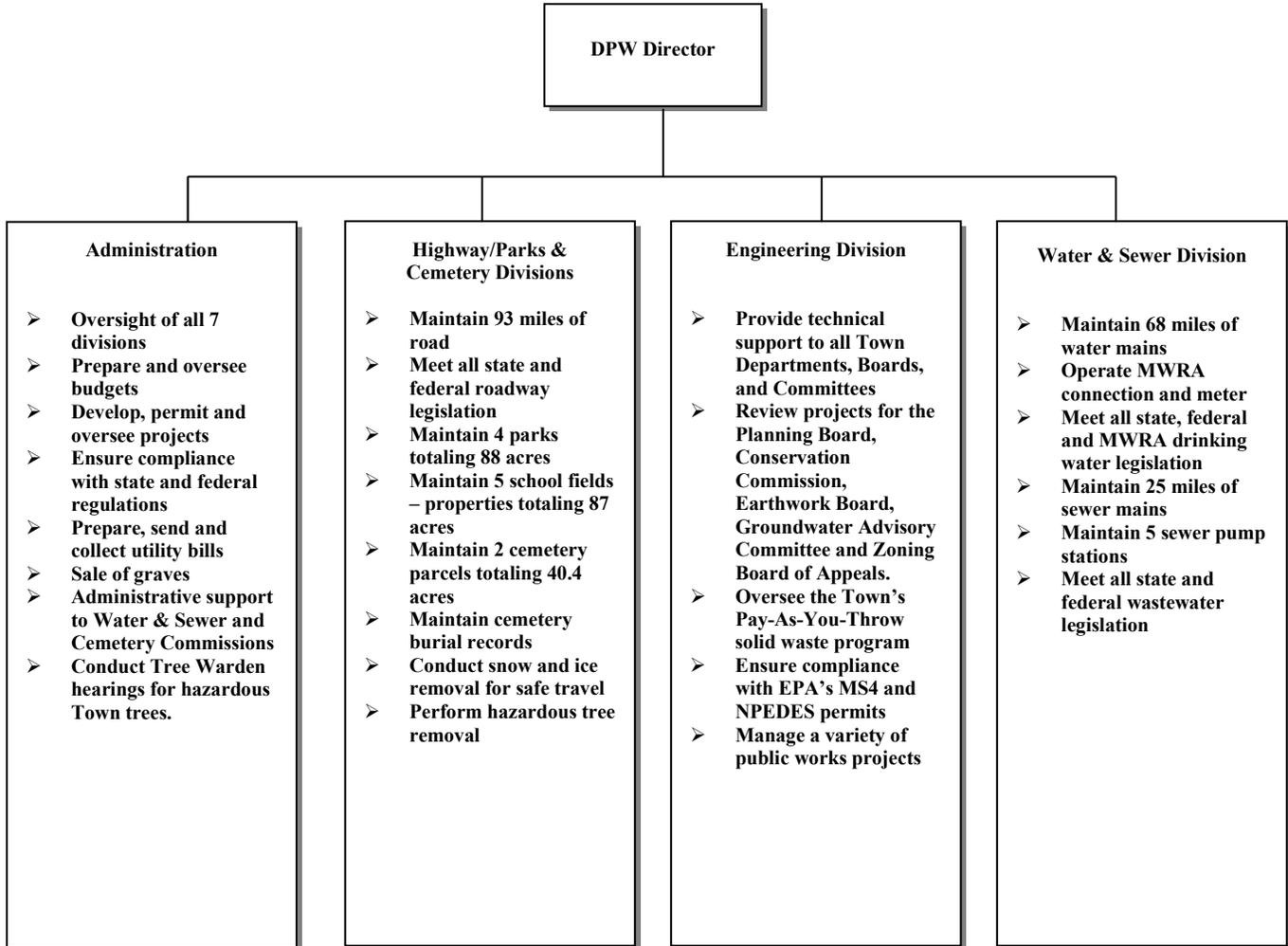
1. Continue the all-inclusive approach to infrastructure management and improvement by combining the recommendations from the pavement management program, water master plan and the comprehensive wastewater management plan to proficiently manage operations and prioritize future capital improvement projects.
2. Selectively implement the pavement management plan according to recommendations by the consultants and Public Works staff with a goal of addressing 10% of the town roadways.
3. Replace roadside guardrail identified in the updated inventory and assessment.
4. Begin construction of the new pickleball courts at the Ellsworth/McAfee Park.
5. Complete replacement of the Lincoln Street culvert located near the elementary school.
6. Continue compliance with unfunded drinking water mandates.
7. Implement the Town's Stormwater Management Plan and Stormwater Pollution Prevention Plan as required by the EPA's final MS4 permit.
8. Rehabilitate September 11, 2001 Memorial.
9. Complete construction of the new water/sewer operations building.
10. Complete design and permitting for the removal of the Northborough Reservoir Dam.
11. Implement the new water and sewer SCADA system.

Significant Budget Changes or Initiatives

Overall, the Department of Public Works General Fund budget is increasing \$106,453 or 3.7%. Of this increase, \$54,810 is to fund the reinstatement of a light equipment operator that was eliminated in 2021 due to pandemic related budget concerns. The position will provide building maintenance support for the Town's newly appointed Facility Manager and serve as supplemental assistance to overall Department needs. There is an increase to funding for tree maintenance due to significant oak mortality, and to all divisions for increases to the costs for all general goods and utilities. The major department initiatives supported by the General Fund address safety and environmental compliance. These include mandated safety compliance with the Division of Labor Standards which has adopted the requirements of the Occupational Safety and Health Administration. We continue to implement new components of the Town's required Stormwater Pollution Prevention Plan, improvements to roadway and roadside safety, compliant removal and disposal of street sweeping and catch basin debris, proper disposal of resident generated yard waste, maintenance and repairs to our parks and monuments, and biannual street sweeping.



DPW Programs and Subprograms





DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
<u>Administration</u>					
DPW Director	1	1	1	1	1
Assistant DPW Director	1	1	1	0	0
Administrative Assistants	2.48	2.48	2	2	2
<u>Engineering Division</u>					
Town Engineer	1	1	1	1	1
<u>Highway/Parks/Cemetery Division</u>					
Highway/Parks Superintendent	1	1	1	1	1
Highway/Parks/Cemetery Supervisor	1	2	2	2	2
Mechanic	1	1	1	1	1
Heavy Equipment Operators	7	6	5	5	5
Light Equipment Operator	1	1	1	2	3
<u>Water & Sewer Division</u>					
Water/Sewer Supervisor	1	1	1	1	1
Water/Sewer Maintenance Workers	3	3	3	3	3
Total Full-time Equivalents	20.48	20.48	19	19	20

*Personnel Explanation: Full-time Equivalents are based upon 40 hrs per wk (30hrs/40hrs = .75 FTE).

- The Highway/Parks & Cemetery Divisions use seasonal staff to augment park maintenance in the summer and contract snowplow operators to supplement staff during winter operations.
- The DPW Director's salary and wages for the two full-time Administrative Assistants are budgeted 50% in the General Fund (under Highway Administration), 30% in the Water Enterprise Fund and 20% in the Sewer Enterprise Fund budget (See Section 8 of this budget document for Enterprise Fund detail). Wages for the Water/Sewer Maintenance Workers are budgeted 60% in the Water Enterprise Fund budget and 40% in the Sewer Enterprise Fund budget.
- The FY2019 budget included a second Supervisor position budgeted 75% in the Cemetery Division and 25% in Highway/Parks. The new Supervisor was a promotion, and no new staff was added.
- The FY2021 budget eliminated the part-time water/sewer administrative assistant and the department started using a lockbox service.
- In FY2022 funding for the vacant Assistant DPW Director was reallocated to hire another Light Equipment Operator at the request of the Director to better meet service demands. Unfortunately, that position was ultimately cut from the FY2022 budget as part of the pandemic reductions. In FY2023 the previously cut Light Equipment Operator position is being added back.



Department of Public Works

Section 4-9

DPW Personnel Table of FTEs by Division Budgets

DEPARTMENT OF PUBLIC WORKS					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
<u>Administration</u>					
Budgeted in Divisions below					
<u>Engineering Division</u>					
Town Engineer	1	1	1	1	1
<u>Highway/Parks Division</u>					
DPW Director	.5	.5	.5	.5	.5
Assistant DPW Director	.5	.5	0	0	0
Administrative Assistants	1	1	1	1	1
Highway/Parks Superintendent	1	1	1	1	1
Supervisor	1	1.25	1.25	1.25	1.25
Mechanic	1	1	1	1	1
Heavy Equipment Operators	6.25	6	5	5	5
Light Equipment Operator	.5	.5	1.5	1.5	2.5
<u>Cemetery Division</u>					
Supervisor	0	.75	.75	.75	.75
Heavy Equipment Operator	.75	0	0	0	0
Light Equipment Operator	.5	.5	.5	.5	.5
<u>Water Division Enterprise Fund</u>					
DPW Director	.3	.3	.3	.3	.3
Assistant DPW Director	.3	.3	0	0	0
Administrative Assistants	.89	.89	.6	.6	.6
Water/Sewer Superintendent	0	0	0	0	0
Water/Sewer Supervisor	.6	.6	.6	.6	.6
Water/Sewer Maintenance Workers	1.8	1.8	1.8	1.8	1.8
<u>Sewer Division Enterprise Fund</u>					
DPW Director	.2	.2	.2	.2	.2
Assistant DPW Director	.2	.2	0	0	0
Administrative Assistants	.59	.59	.4	.4	.4
Water/Sewer Superintendent	0	0	0	0	0
Water/Sewer Supervisor	.4	.4	.4	.4	.4
Water/Sewer Maintenance Workers	1.2	1.2	1.2	1.2	1.2
Total Full-time Equivalents	20.48	20.48	19	19	20

The table above represents how personnel in the table on the previous page are budgeted, as opposed to how many full-time equivalents exist by title. The distinction is important due to the existence of the Water and Sewer Enterprise Funds and the accounting required to capture all the costs associated with these services, so that the fee structures may be set to cover 100% of the direct and indirect costs. For more detail on enterprise fund budgets, please refer to Section 8 of this budget document.

Section 4-10

Department of Public Works



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
HIGHWAY ADMINISTRATION						
Personnel Services						
151100 DPW Director Salary (50%)	59,481	61,884	64,384	66,345	30,908	66,363
51100 Assistant DPW Director (50%)	0	0	0	0	0	0
51410 Longevity Pay	0	0	0	100	100	100
SUBTOTAL	59,481	61,884	64,384	66,445	31,008	66,463
Expenses						
52110 Utilities	33,753	35,710	34,830	39,751	7,509	42,540
52800 Contractual Services	0	2,952	470	0	0	0
54290 Office Supplies	1,693	1,263	916	2,000	1,705	2,000
54490 Building Maintenance	27,002	20,435	10,525	18,725	20,436	27,900
57110 Travel/Mileage	568	673	341	1,075	180	1,075
57310 Dues	590	2,093	785	1,883	534	2,793
SUBTOTAL	63,605	63,125	47,867	63,434	30,364	76,308
TOTAL: HIGHWAY ADMINISTRATION	123,087	125,009	112,251	129,879	61,373	142,771

¹ Line 51100 includes 50% of the DPW Director and Assistant Director Salaries with 30% carried in the Water Enterprise Fund Budget and the other 20% included in the Sewer Enterprise Budget (see Section 8 of this Budget Document for detail on the Enterprise Budgets)



Department of Public Works

Section 4-11

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

HIGHWAY DIVISION CONSTRUCTION & MAINTENANCE

Personnel Services

51010 Labor Wages	594,614	625,709	663,840	680,770	317,305	737,602
51140 Wages Part-time Permanent	59,634	61,287	62,375	63,510	29,599	63,426
51300 Overtime	124,186	98,408	111,327	117,666	60,973	121,588
51410 Longevity Pay	4,350	4,175	4,875	5,012	5,088	5,238
51920 Uniforms	6,750	8,313	8,788	10,213	4,631	11,163
51970 Stipends	0	0	0	0	0	0
SUBTOTAL	789,534	797,892	851,204	877,171	417,595	939,017

Expenses

52690 Equipment Maintenance	87,865	79,537	95,956	83,415	39,091	89,000
52800 Contractual Services	46,238	17,438	54,148	57,250	12,916	45,250
55320 Materials & Supplies	21,398	23,089	22,338	16,200	10,436	16,200
55420 Safety Training, Dues & Licenses	2,145	3,230	1,359	6,910	417	6,970
58690 New Equipment	4,570	0	982	13,000	0	13,000
58710 Roadway Maintenance	183,884	77,891	84,686	400,000	31,735	400,000
58715 Storm water/Drainage	68,012	141,636	78,447	158,900	97,882	181,500
SUBTOTAL	414,112	342,821	337,915	735,675	192,479	751,920

TOTAL: HIGHWAY CONST & MAINT.

1,203,646	1,140,713	1,189,119	1,612,846	610,073	1,690,937
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Section 4-12

Department of Public Works



FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

PARKS DIVISION

Personnel Services

251130 Labor Wages	0	0	0	0	0	0
51220 Seasonal Temporary Labor	43,757	45,160	19,213	43,500	13,659	45,000
51300 Overtime	0	0	0	0	0	0
51410 Longevity Pay	0	0	0	0	0	0
SUBTOTAL	43,757	45,160	19,213	43,500	13,659	45,000

Expenses

51920 Uniforms	0	832.25	1,459	1,700	292	1,700
52110 Utilities	1,324	1,485.18	1,468	2,000	671	2,000
52610 Materials & Supplies	36,049	52,838.71	54,840	72,000	6,017	75,000
52800 Contractual Services	0	5,000.00	3,296	8,250	10,390	8,500
54710 Building Maintenance	8,355	6,885.77	2,587	4,000	1,548	4,000
58690 New Equipment	10,313	9,369.81	8,244	19,500	0	19,500
SUBTOTAL	56,041	76,412	71,893	107,450	18,918	110,700

TOTAL: PARKS DIVISION

99,798	121,572	91,106	150,950	32,577	155,700
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² Funding previously included in Line 51130 has been collapsed into Line 51220 to fund seasonal/temporary help instead of a permanent laborer position



Department of Public Works

Section 4-13

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
CEMETERY DIVISION						
Personnel Services						
³ 51010 Labor Wages	71,348	81,606	83,444	85,652	39,911	85,927
⁴ 51100 Miscellaneous Labor	8,448	15,362	16,731	22,300	8,052	23,280
51300 Overtime	1,871	6,314	6,005	7,578	5,369	7,792
51410 Longevity Pay	0	375	475	587	588	588
51920 Uniforms	750	1,188	1,188	1,188	594	1,188
SUBTOTAL	82,418	104,843	107,842	117,305	54,514	118,775
Expenses						
52110 Utilities	562	685	796	1,000	349	1,000
52690 Equipment Maintenance	9,274	4,421	5,521	3,750	3,293	5,000
54490 Building Repair	3,040	3,654	230	4,100	282	4,100
54690 Materials & Supplies	19,289	19,398	17,011	19,100	7,403	20,100
58690 New Equipment / Capital	11,639	10,676	8,748	21,000	391	21,000
SUBTOTAL	43,803	38,833	32,307	48,950	11,718	51,200
TOTAL: CEMETERY DIVISION	126,221	143,676	140,149	166,255	66,232	169,975

³ FY2019 represents a new Supervisor position budgeted 75% in Cemetery and 25% in highway/parks to accurately reflect the time dedicated to the Cemetery Division

⁴ Seasonal summer help dedicated exclusively to the cemetery is now budgeted in line 51100 to more accurately represent the resources devoted to the Cemetery Division

Section 4-14

Department of Public Works



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
ENGINEERING						
Personnel Services						
51100 Town Engineer Salary	111,966	114,205.80	116,490	118,820	55,370	118,820
51410 Longevity Pay	650	650.00	650	650	650	650
SUBTOTAL	112,616	114,856	117,140	119,470	56,020	119,470
Expenses						
52800 Contractual Services	37,092	35,000	70,000	74,200	4,000	64,200
54290 Office Supplies	641	374	317	450	0	450
55980 Field Supplies	0	0	0	100	9	100
57110 Travel/Mileage	1,927	1,516	907	1,500	0	1,500
57310 Dues	245	406	260	435	269	435
57320 Subscriptions	0	0	0	150	0	150
57340 Meetings	85	0	0	300	0	300
SUBTOTAL	39,991	37,295	71,484	77,135	4,278	67,135
TOTAL: ENGINEERING	152,607	152,151	188,624	196,605	60,297	186,605



Department of Public Works

Section 4-15

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
SNOW & ICE						
Personnel Services						
51220 Miscellaneous Labor	0	0	148	9,000	0	9,000
⁵ 51300 Overtime	111,157	80,066	125,021	112,000	2,760	112,000
SUBTOTAL	111,157	80,066	125,170	121,000	2,760	121,000
Expenses						
⁶ 52800 Contractual Services	63,353	49,957	74,850	92,000	6,195	92,000
55350 Salt & Additives	151,525	117,400	200,839	181,000	31,850	181,000
57810 Materials & Supplies	43,281	82,989	81,164	43,000	19,119	43,000
SUBTOTAL	258,159	250,346	356,852	316,000	57,164	316,000
TOTAL: SNOW & ICE	369,316	330,412	482,022	437,000	59,924	437,000

⁵ Line 51300 contains Overtime funds for DPW employees that plow snow during winter operation

⁶ The DPW uses contractual snowplow services to supplement Town staff and equipment during winter operations

Section 4-16

Department of Public Works



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
TREES						
Expenses						
52690 Equipment Maintenance	682	3,639	1,676	3,000	3,713	3,000
52800 Contractual Services	35,350	37,770	39,000	45,000	49,520	50,000
54700 Supplies	1,541	2,249	1,117	3,000	0	3,000
SUBTOTAL	37,573	43,658	41,793	51,000	53,233	56,000
TOTAL: TREES	37,573	43,658	41,793	51,000	53,233	56,000

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
STREET LIGHTING						
Expenses						
52130 Utilities	117,000	120,000	125,000	135,000	61,041	147,000
SUBTOTAL	117,000	120,000	125,000	135,000	61,041	147,000
TOTAL: STREET LIGHTING	117,000	120,000	125,000	135,000	61,041	147,000

NOTE: Please see Section 8 Enterprise Fund of this document for the detailed Water & Sewer Division budgets.

Community Services

Section 5



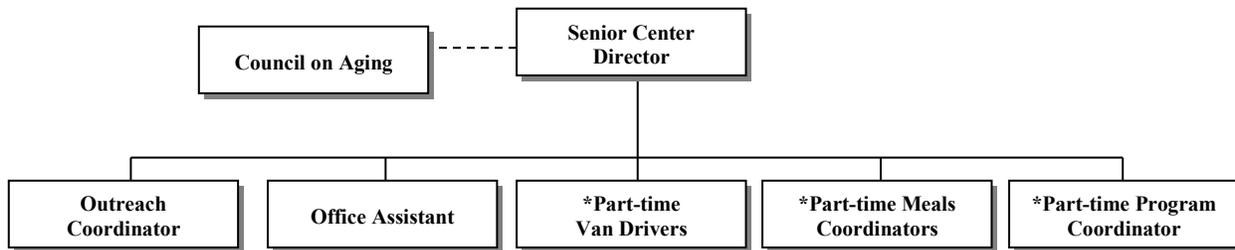
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Senior Center/Council on Aging Departmental Statement

The role of the Senior Center/Council on Aging is to improve the quality of life for the mature citizens of our community. We do this through support, advocacy, planning, coordination, and implementation of programs that bring mature citizens together for social, recreational, and educational purposes. We seek to educate the entire community and enlist its support and participation. The Council on Aging consists of nine members appointed by the Board of Selectmen for three-year terms.

Senior Center Organizational Chart



*The Part-time Meals Coordinator positions are funded through program fees and revenues generated by the senior center lunch and dinner program known as the Bistro @ 119. The Part-time Program Coordinator position is funded through program revenues. The Part-time Van Driver positions are funded through an agreement with the Worcester Regional Transit Authority. Please see the Personnel Tables on pages 5-4 and 5-5 for more detail.



Senior Center FY2022 Initiatives and Accomplishments

1. The overarching achievement of FY2022 was the reopening of the Center to the public. With health and safety of paramount importance, the vans returned to the road, the Bistro reopened to in-house dining, and programs returned to the Center.

As circumstances evolved, the Center established a continuum of options for programs—some in person, some virtual and some were even held outside on the property. During FY2022 more than 25 classes and programs were consistently scheduled at the Senior Center on a weekly or monthly basis. Virtual programming was maintained as appropriate, while a gradual rebuilding of in person offerings were added.

Ridership on the vans increased by 30% from FY2021, reflecting pent-up demand for routine medical appointments and a return to work and in-person grocery shopping. Consistent free ridership was a critical service provided to residents.

The Bistro reopened for lunch Monday through Thursday. With rigorous training and oversight, the Bistro has maintained the highest possible standards for food safety. The caring and enthusiastic Bistro staff and volunteers created an inviting dining atmosphere. Seating was modified to maintain appropriate social distancing and large events such as Applefest and Veterans Day were successfully held.

2. Obtained a grant to make tablets available for older residents who were interested in trying out newer technology to stay in contact with friends and families. With the addition of highly qualified volunteers, a robust calendar of in person and virtual programs technology classes were established.
3. The spirit of volunteerism has also slowly and carefully been restored. As safety remains a concern in this ongoing covid landscape, our outreach coordinator has worked closely with the staff and volunteers to identify current volunteers who could resume their positions or take on other responsibilities. This continues to be another evolving situation. It is important to note that more than 40 percent of our classes are led by volunteers.

Senior Center FY2023 Goals and Initiatives

1. In May 2020, the Senior Center completed a Strategic Plan to establish a working document to support and enhance the excellence. The Plan is an important document for the future and reflected the work of the NSC project team, support from the Friends and input from the community. It is important to recognize that the plan was completed pre-Covid. The first goal for FY2023 will be to reconvene the project team to review the document and determine what, if any, changes in the plan are necessary and commit to an updated document.
2. The Strategic Planning process did establish the intention to maintain high-quality programs and to also look forward to developing new and innovative programs. Towards that goal, a Lifelong Learning (LLL) planning group was initiated. Led by Council on Aging Board members, the Friends of the Senior Center and center participants. A second goal for FY2023



will be the focus of work of the LLL planning group initiatives to launch programs, classes for learning and engagement that will inspire and engage a broader population of Northborough residents. A key component of the program planning process will be the reestablishment of consumer/participant surveys.

3. A third goal for FY2023 is to develop programs and strategies to respond to the increasing demand for programs and services to connect older residents and their families who are dealing with the stresses of aging and specifically, dementia with resources. The collaboration between Northborough, Hudson and Marlborough for the DayBreak program is a unique model that offers a high-quality respite program for caregivers. We will research programs and options for innovative models of in-home support for families. This is especially crucial for Northborough as the state funded delivery model of in-home services is challenged.
4. The Senior Center installed a data base known as MYSENIOR CENTER in FY2021. Designed specifically for Senior Centers, this data base has the capacity to generate reports vital for planning purposes. It also has the capacity for more. A fourth goal for FY2023, staff will train and implement significant aspects of the data base program such as email, telephone communication, on-line registration for classes, mobile scanning for sign-in and the option of credit card payments.

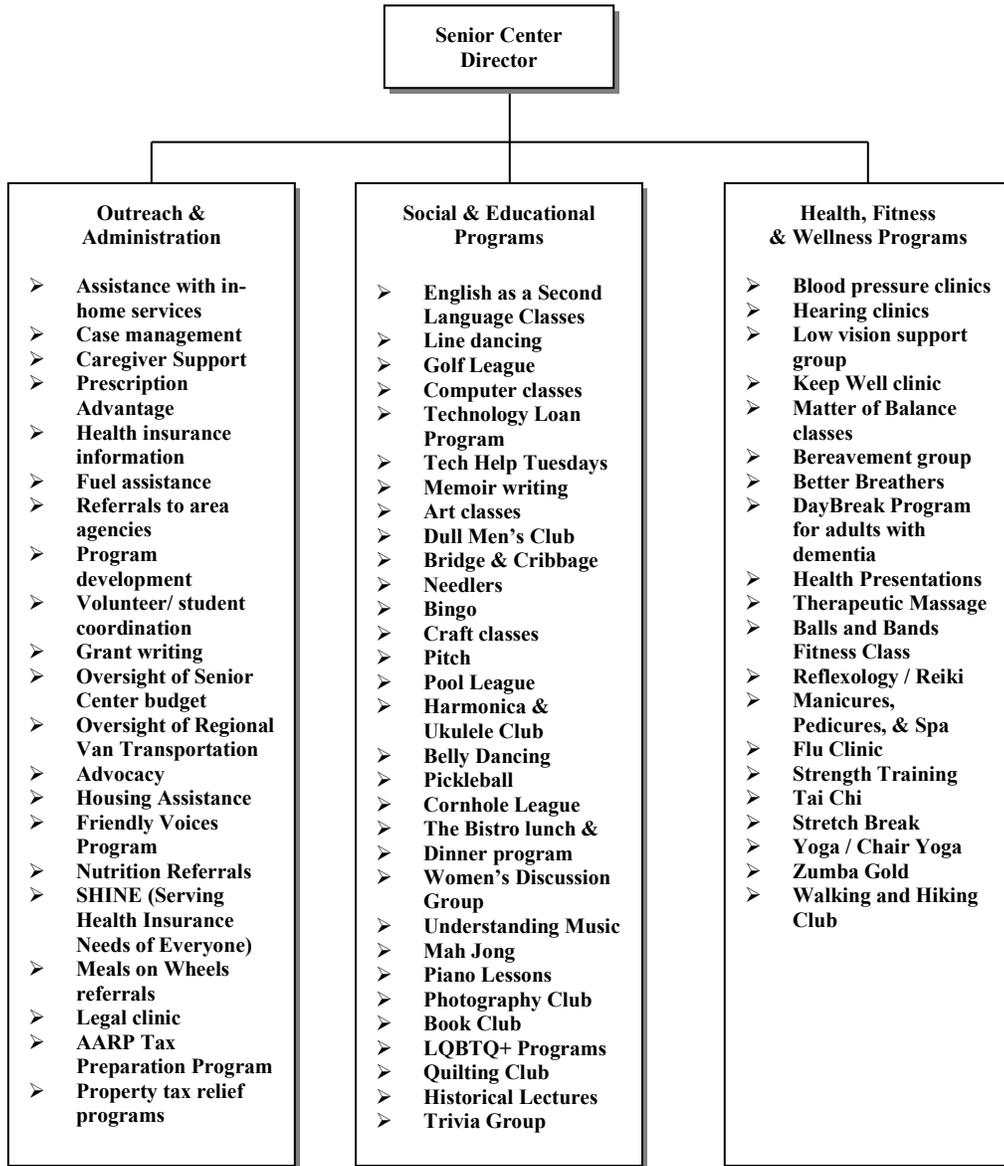
Significant Budget Changes or Initiatives

Overall, the departmental budget is up just 0.61%, or \$1,900. Although expenses for building maintenance and repairs increases \$16,500 to better reflect actuals, that increase is largely offset by a reduction in personnel costs due to staffing changes. The departmental budget as presented does not include contractual wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. During FY2021 the Senior Center was required to close due to the COVID-19 pandemic, resulting in the temporary separation of two part-time employees associated with the Bistro Meal Program and one part-time Program Coordinator position, all three of which were funded through the Senior Center Revolving Fund (program fees). In FY2022 the Senior Center reopened, and the part-time positions were restored in conjunction with in-person programming and congregate meals.

In addition to the appropriated budget supported by tax revenues, the Senior Center receives approximately \$32,000 in additional funds directly from the State Formula Grant which is used primarily to provide exercise programs to seniors. The formula grant (based on the number of seniors in Town) is not subject to Town Meeting appropriation.



Senior Center Programs and Services





SENIOR CENTER					
Personnel Summary					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Office Assistant	1	1	1	1	1
Outreach Coordinator	1	1	1	1	1
Total Full-time Equivalent	3	3	3	3	3

*Personnel Explanation:

- In addition to the personnel table above, there are positions funded outside of the General Fund. Please refer to the table below for an explanation of those positions not carried in the official personnel count.

Additional staffing funded outside the General Fund (tax revenues):

SENIOR CENTER					
Personnel Summary					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Position	FTE	FTE	FTE	FTE	FTE
Part-time Van Drivers	1.69	1.69	1.69	1.69	1.69
Part-time Bistro (meals) Coordinators	.96	.96	0	.96	.96
Part-time Program Coordinator	.48	.48	0	.48	.48
Total Full-time Equivalent	3.13	3.13	1.69	3.13	3.13

- Four part-time Van Drivers work approximately 15hrs/wk each for a total average of 67.5 hours per week (67.5hrs/40hrs = 1.69 FTEs). A fifth substitute driver is used as needed. The full cost of providing van service to seniors and disabled individuals in the Towns of Northborough, Boylston and Westborough is funded through a reimbursement contract with the Worcester Regional Transit Authority (WRTA).
- In addition to the staffing included in the General Fund, a 19hr/wk (.48 FTE) part-time Program Coordinator position was funded through the program revolving fund without using tax revenues. The position was temporarily vacated during the FY2021 pandemic due to closure of the Senior Center but returned in FY2022.
- There are two 19hr/wk (.96 FTEs) Meals Coordinator positions that run the lunch and dinner program at the Senior Center known as the Bistro @ 119. The program serves lunch Monday through Thursday and dinner on Tuesday evenings. These positions were vacated when the Bistro closed during FY2021 due to COVID-19 but returned in FY2022. The part-time positions are funded through the revolving fund from program fees.

Section 5-6

Senior Center/COA



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
SENIOR CENTER						
Personnel Services						
51100 Director Salary	86,065	95,043	87,518	90,203	46,189	78,000
51120 Administrative Staff Wages	53,767	55,355	56,332	57,379	26,738	57,296
51140 Outreach Worker Wages	61,734	64,044	64,752	65,929	30,750	65,834
51410 Longevity Pay	1,200	1,200	1,000	1,150	1,150	1,150
SUBTOTAL	202,766	215,642	209,602	214,661	104,827	202,280
Expenses						
52110 Utilities	44,090	46,173	41,846	46,160	20,943	46,160
52800 Contractual Services	30,250	27,340	26,564	37,811	14,145	35,392
53110 Printing	335	0	143	300	8	300
53420 Postage	349	275	456	400	294	400
54490 Repairs & Maintenance	7,944	9,165	18,332	8,000	13,656	24,500
54590 Custodial Supplies	1,994	1,502	635	1,700	678	1,700
55990 Senior Center Programs	420	232	419	1,000	807	1,000
57110 Travel/Mileage	696	200	17	850	0	850
57310 Dues	713	0	191	860	833	1,060
57340 Meetings	430	30	20	520	0	520
SUBTOTAL	87,220	84,917	88,623	97,601	51,364	111,882
TOTAL: SENIOR CENTER	289,986	300,559	298,225	312,262	156,191	314,162

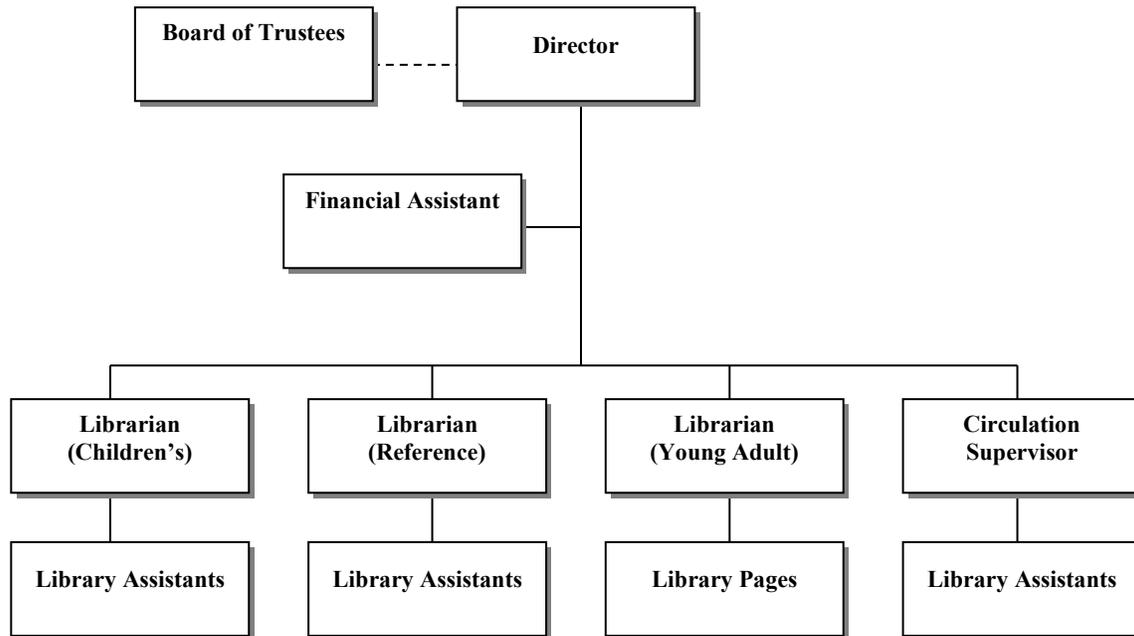


Library Departmental Statement

The mission of the Northborough Free Library is to provide materials, space, access and opportunities for members of the community to learn and discover; to enrich their lives and further their personal goals; and to engage with others in a comfortable environment. Materials are purchased for recreation, independent learning, and vocational and educational support. In addition, the Library provides access to materials and information in other libraries or organizations, as well as electronic databases. The Library also serves as a center of community activity, with programs for preschoolers to the elderly; a meeting place for civic, cultural, social, and other non-profit organizations; and a distribution point for local information.

The Board of Library Trustees consists of nine members appointed by the Board of Selectmen for three-year terms. The Trustees have the responsibility for the care, superintendence and management of the Northborough Free Library.

Library Organizational Chart





Library FY2022 Initiatives and Accomplishments

1. Reopened to the public in May 2021, finding safe ways to encourage use of the library's physical space despite the ongoing pandemic.
 - Hosted a total of 387 live in-person programs, which had a total attendance of 6,705. Held an additional 357 virtual programs and story times, with a total attendance of 5,152. Additionally, the Library staff recorded 40 programs, which had a total of 2,646 views within a seven-day period of posting them.
 - Installed three self-checkout stations and a self holds pickup shelf, so that patrons have the option of a contact-free library visit.
2. Use of the library's materials is returning to pre-pandemic levels. From July – November 2021, the library circulated 87,706 items, which is only about 2% less than the same time frame in 2019, where 89,677 items were circulated.
 - 13,131 items were from the library's Overdrive and Overdrive Advantage collection, representing a 45% increase in usage of this collection since 2019, where there were 9,058 Overdrive checkouts. Combined with use from Hoopla and Kanopy, checkout of electronic materials accounts for roughly 17% of the library's total circulation, up from 10% in 2019.
 - 60,326 items were print books, representing roughly 69% of all circulations. In 2019, print books made up 78% of the library's total circulations (70,241 items).
3. Completed a new three-year Strategic Plan, largely based on feedback from the Northborough community. The new plan focuses on providing safe and comfortable spaces, a diverse and equitable collection of materials for patrons to check out, and programs that reconnect our community. The plan is flexible and accounts for the current uncertainty that the COVID-19 pandemic has brought.
4. The library was awarded a \$6,200 "Pathways to Success" grant from the Massachusetts Board of Library Commissioners. This was funding provided to the state from the Institute of Museum and Library Services, specifically to support the library's Northborough Job Seekers program. With the funding, we are hosting 11 free programs on topics such as resume writing, online interview success, LinkedIn profile optimization, and more. The funds also cover training to staff that will enable us to provide direct resume review assistance to patrons, a one-year subscription to the Learning Express Job and Career Accelerator database, and a collection of print and electronic job and career books.
5. The Children's Department was awarded a \$2,500 grant from the TJX Foundation for an initiative titled "Build a Better Northborough." This series will provide a program of events, resources and conversations around topics such as environmental preservation, body positivity, accepting and celebrating diversity, and personal safety education to help children and families grow as more thoughtful and informed citizens in our town and in the larger community. The series kicked off in November with a Winter Sow workshop, where participants learned about the importance of native plants. This series will continue through the first half of 2022.



Library FY2023 Goals and Initiatives

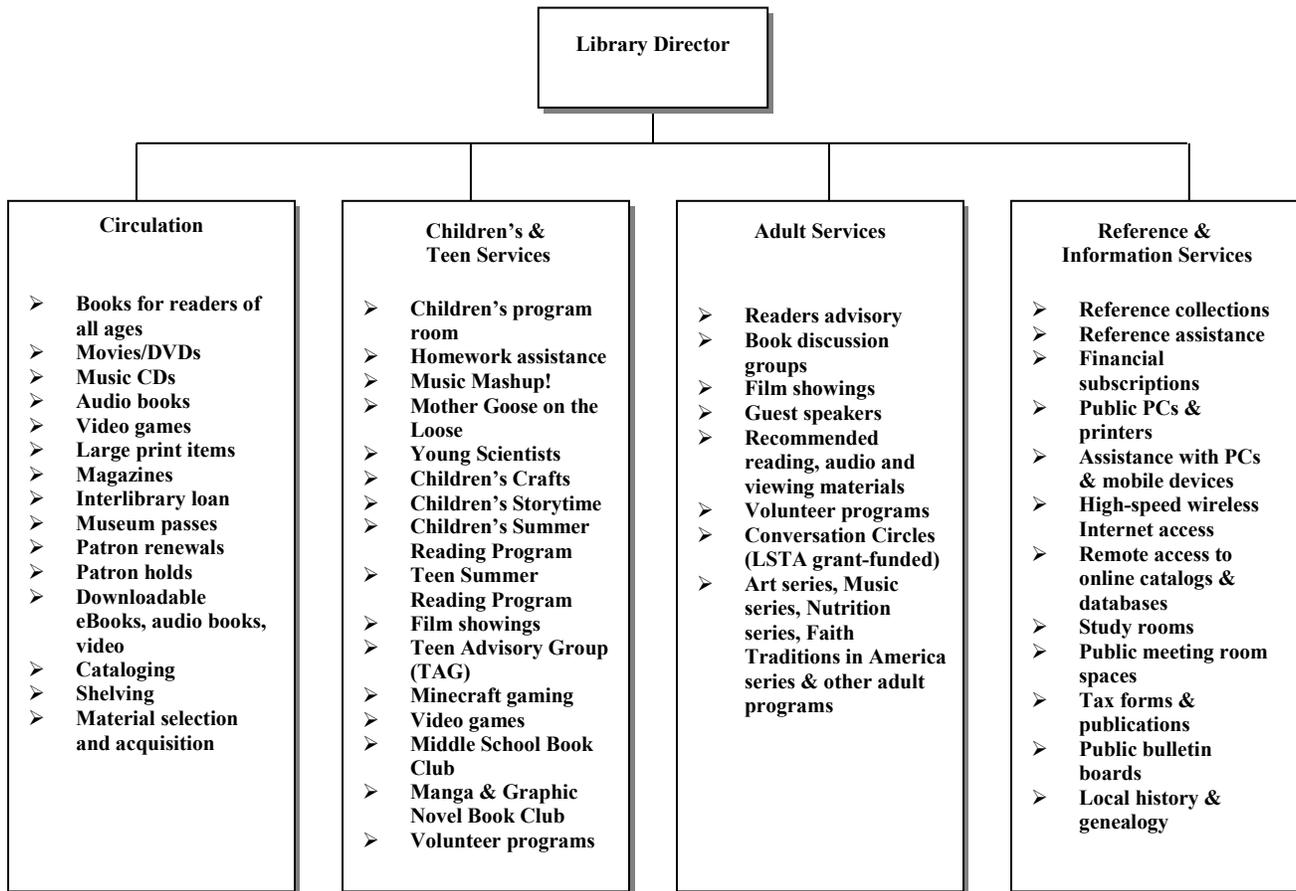
1. Improve customer service through a variety of staff trainings on topics such as emergency preparedness, situational awareness, implicit bias, cultural awareness, DEI training, and information literacy. Additionally, all staff will participate in departmental cross training to improve cross-department information sharing, always maintain proper levels of staffing throughout the library, and better integrate library operations.
2. Offer thoughtful and engaging programs for residents. In addition to running their “Build a Better Northborough” series, Children’s Services will roll out a brand-new story time called “Alphabits”, focused on promoting literacy, social skills and classroom readiness. Adult Services is focused on delivering successful job seeker programs and strengthening the library’s “Book a Librarian” and “Library on the Go” initiatives. Teen Services will be piloting a “Teens Take the Lead” series, where teens develop and present programming on topics of their choosing.
3. Library staff will begin work on a comprehensive collection audit. This includes a thorough review of the library’s books and other materials with the goal of identifying and filling gaps in representation, as well as a review of the library’s current collection development procedures and practices. The outcome of this initiative is to produce library collections that are diverse, accurate, and representative of the Northborough community.
4. Library staff will improve our online presence so that residents are aware of our programs and resources, understand how to use the library and its services, and have a seamless experience when accessing digital resources. This includes a redesign of our library’s web site as well as a thorough review of our social media pages.
5. Develop and begin implementation of a plan to reclassify the library’s physical collections. The library is currently using an outdated and problematic classification system, and there is mounting evidence in the field that suggests that our current system prevents patrons from discovering and using our materials as intended. Once completed, this project should make the collection both more usable and more equitable. The library will be seeking library science interns and qualified volunteers to complete this project without a significant cost.

Significant Budget Changes or Initiatives

Overall, the FY2023 Library Budget is up 1.78%, or \$15,779. The departmental budget as presented does not include July 1, 2022 cost-of-living wage increases for Union and Non-Union personnel, as those expenses have been budgeted centrally pending completion of union negotiations. The increase does include \$10,799 in personnel expenses due to merit increases previously approved on January 1, 2022, as well as increases in the minimum wage rate for library pages. Expenses are also up slightly by \$4,980 to better reflect historic building maintenance and repair costs. In FY2023 the Library will also receive an estimated \$27,022 in State Aid under the Governor’s proposed budget that goes directly to the Library and does not require Town Meeting appropriation.



Library Programs and Services





LIBRARY					
Personnel Summary					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Position	FTE	FTE	FTE	FTE	FTE
Director	1	1	1	1	1
Assistant Library Director	0	0	0	0	0
Librarians	3.48	3.48	3.48	3.48	3.48
Circulation Supervisor	1	1	1	1	1
Library Assistants	3.4	3.4	3.4	3.4	3.4
Financial Assistant	1	1	1	1	1
Custodian	0	0	0	0	0
Pages	0.60	0.60	0.60	0.60	0.60
Total Full-time Equivalent	10.48	10.48	10.48	10.48	10.48

*Personnel Explanation:

- Full Time Equivalents based upon 40 hour per week (30hrs/40hrs = .75 FTE)
- Custodial services are provided through a contractual cleaning service that provides cleaning services four hours per day, five days per week.

Section 5-12

Library



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
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LIBRARY

Personnel Services

51100 Professional Librarian Salaries	305,623	310,494	270,572	314,425	143,987	319,253
51120 Library Assistant Salaries	237,710	235,705	256,140	274,964	126,764	279,374
51140 Pages Salaries	11,696	10,527	14,113	17,381	6,693	18,792
51410 Longevity Pay	1,050	1,250	1,600	1,600	1,600	1,750
SUBTOTAL	556,079	557,976	542,425	608,370	279,043	619,169

Expenses

52110 Utilities	37,379	33,932	35,162	39,000	24,865	39,000
52140 Fuel	7,997	9,577	9,903	9,700	1,176	9,700
52640 Equipment Maintenance	2,663	4,186	156	2,000	1,109	4,250
52680 HVAC Maintenance	12,049	9,715	11,903	12,200	7,421	0
52800 Contractual Services	35,173	30,186	38,759	38,000	24,911	47,100
53410 Telephone	3,751	3,460	2,443	3,500	1,422	0
54290 Office Supplies	12,839	14,197	17,638	15,000	4,426	14,000
54490 Building Maintenance	26,097	9,972	20,009	15,500	1,858	21,000
54590 Custodial Supplies	2,684	2,999	1,195	2,600	470	2,600
54690 Materials & Supplies	0	0	0	0		0
55120 Books and Periodicals	97,112	97,733	82,268	99,950	52,879	99,950
55130 Supplies	3,579	4,135	3,704	5,300	1,313	4,500
55290 Non-print Media	25,568	23,153	24,679	30,250	6,635	36,500
57110 Travel Mileage	215	0	0	225	8	225
57310 Dues	1,355	1,137	625	1,120	423	600
57340 Meetings	679	0	0	600	75	600
57810 Unclassified	113	129	130	250	0	150
58690 New Equipment	398	5,999	10,068	3,000	1,004	3,000
SUBTOTAL	269,652	250,508	258,643	278,195	129,994	283,175

TOTAL: LIBRARY

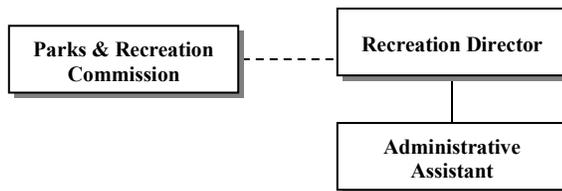
825,731	808,484	801,068	886,565	409,037	902,344
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Recreation Departmental Statement

The mission of the Northborough Recreation Department is to provide Northborough and area residents with comprehensive programs, activities, and facilities that encourage health, fitness, cultural, recreational, educational, and social opportunities in our community. The Department offers a wide variety of programming opportunities for all ages. We utilize all of our Town parks, Recreation Center, Town Hall Gym, schools, library, and private locations in providing programs for the public. Our department offers programs for infants through seniors.

Recreation Department Organizational Chart



**Recreation Department FY2022 Initiatives and Accomplishments**

1. ADA improvements at Assabet Park near complete at the start of FY2023.
2. Assisted DPW with the project management of six new pickleball courts at Ellsworth McAfee Park. Construction will begin in the Spring of 2022.
3. Continue to publicize and manage the Northborough Community Gardens. Ten additional lots were added in FY2022, totaling 40 lots available all together, all of which have been claimed via lottery process.
4. Ran a safe and successful summer camp program; offered more variety in programming due to lifting of many Coronavirus measures.
5. Assisted in organizing the annual Turkey Trot 5K run.

Recreation Department FY2023 Goals and Initiatives

1. Restructure all seasonal programs and facilities by incorporating new COVID safety protocols.
2. The FY2023 Recreation Budget is being subsidized at 50% by tax dollars while programming revenues recover from the pandemic. The Department's goal is to increase program revenues back to pre-pandemic levels during FY2023, so that the budget will once again be 100% self-sufficient in the subsequent year.
3. Incorporate a new cricket field at Melican Middle School.
4. Continue to promote a healthier community through the Be Well Northborough initiative.
5. In partnership with the DPW and the Planning Department, investigate options to locate and construct a public dog park.
6. Continue to increase awareness of Recreation's programming to the community through social media and the website.
7. Increase Challenger Program awareness by expanding the current sports to other communities. The Challenger Program is for developmentally and physically challenged youth, helping them to enjoy the full benefits of participation in an athletic environment structured to their abilities.
8. Provide high quality recreational services to all residents regardless of income, background, or ability.

Significant Budget Changes or Initiatives

The FY2023 Recreation budget is reducing 0.21% or -\$310 in FY2023. This is a result of staff turnover in the Administrative Assistant position, resulting in a slight cost savings due to the new staff being hired at a lower rate than the prior staff. Prior to the pandemic, the Recreation Department was 100% financially self-sufficient through program fees. However, the elimination of Recreation programs in FY2021, and the significant reduction in camp attendance thresholds for safety reasons in FY2022 resulted in lower than usual revenues for the revolving account. However, given the response to the vaccine, we fully anticipate phasing all Recreation Department expenses back into the revolving account by FY2024.



Recreation Department Programs and Services

Recreation Director

Winter Program

- Vacation Fun Days
- Parent/Tot Swim
- Tiny Blades
- Gym & Swim
- Holiday Crafting
- A Hop Skip and A Jump
- Future All Stars Sports
- Messy Mixtures
- Open Playgroups
- Painting Parties
- Preschool fun Drop Off
- STEM
- Pre-K Cook & Create
- Indoor Soccer
- Basketball
- Learn-to-Skate
- Kids' Night Out
- Tennis
- Theater
- Beasties Art
- Jedi Master Lego
- Spectacular Science
- Young Rembrandts
- Cross Country
- Girls Volleyball
- Strong Body
- Archery
- Babysitting
- Swim Lessons
- Gentle Yoga
- Hatha Yoga
- Body Sculpting
- Kickboxing
- Birthday Parties

Spring Program

- Big Truck Day
- Swim Lessons
- Parent/Tot Swim
- Tiny Blades
- Gym & Swim
- Painting Party
- Preschool Fun drop off
- Pre-K –T-ball
- Gymnastics
- Young Rembrandts
- Pre-K Cook & Create
- Indoor Soccer
- Vacation Fun Days
- Basketball
- Sailing Lessons
- Hip Hop
- Home Alone Safety
- Cross Country
- Strong Body
- Hands on Math
- Girls Volleyball
- Taekwondo
- Beasties
- Learn-to-Skate
- Babysitting
- Junior Golf
- Kids' Night Out
- Learn to Skate
- Tennis
- Theater
- Body Sculpting
- Golf Lessons at Juniper Hill
- Kickboxing
- Hatha & Gentle Yoga
- Community Gardens
- Birthday Parties
- 5 K Road Race
- Babysitter Expo
- Yard Sale

Summer Program

- Club Assabet
- Kid's Discovery
- Teen Scene
- CIT Program
- Swim Lessons
- Soccer Tots
- T-Ball
- Volleyball
- Field Hockey Clinic
- Golf Clinic
- Boys' Lacrosse
- Girls' Lacrosse
- Body Sculpting
- Kickboxing
- Hatha Yoga
- Gentle Yoga
- Birthday Parties
- Nantucket Trip
- NYC Trip
- Block Island
- Splash Pad
- Lake Chauncy
- Beasties Art
- Cheering
- Archery
- Food Fun and Sun
- Lego camps
- Learn to Sail
- Superhero Camp
- Science
- Tennis
- learn to run a 5K

Fall Program

- NYC Trip
- Fall Kayaking Trip
- Halloween Cooking Party
- Holiday Crafting
- A Hop Skip and A Jump
- Future All Stars Sports
- Messy Mixtures
- Open Playgroups
- Painting Parties
- Preschool fun Drop Off
- STEM
- Swim Lessons
- Parent-Tot Swim
- Gym & Swim
- Lunch Break
- T-Ball Skills
- Tiny Blades
- Tumbling Around
- Art Blast
- Tennis
- Junior Golf
- Beasties Art
- Jedi Master Lego
- Spectacular Science
- Young Rembrandts
- Cross Country
- Girls Volleyball
- Strong Body
- Kids' Night Out
- Learn to Skate
- Boys' Lacrosse
- Archery
- Soccer
- Super Sports
- Theater
- Tumbling & Gymnastics
- Babysitting
- Adult Golf
- Gentle Yoga
- Hatha Yoga
- Kayaking
- Kickboxing
- Yard Sale
- Vacation Fun Days
- Space Workshop
- Home Alone Safety
- Birthday Parties



RECREATION DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Recreation Director	1	1	1	1	1
Full-time Administrative Assistant	1	1	1	1	1
Total Full-time Equivalent	2	2	2	2	2

*Personnel Explanation:

Salaries and benefits for the full-time Recreation Director and Administrative Assistant are typically funded through the Revolving Account, as well as payroll for all part-time and seasonal staff. However, due to the elimination of the majority of recreation programs as a result of COVID-19 in FY2021, and the decrease in camp attendance thresholds in FY2022, both positions are partially funded at approximately 50% in the General Fund in FY2023.



Recreation Department

Section 5-17

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
RECREATION DEPARTMENT						
Personnel Services						
51100 Director & Admin Salaries	148,317	152,204	10,7512	145,091	60,254	144,631
51410 Longevity Pay	850	850	500	500	500	6500
SUBTOTAL	149,167	153,054	108,012	145,591	60,754	145,281
Expenses						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
54710 Supplies	0	0	0	0	0	0
57110 Travel/Mileage	0	0	0	0	0	0
57310 Dues	0	0	0	0	0	0
57340 Meetings	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
TOTAL: RECREATION DEPARTMENT	149,167	153,054	108,012	145,591	60,754	145,281

¹ Prior to FY2021 salaries and benefits for the full-time Recreation Director and Administrative Assistant were 100% funded through a transfer from the Revolving Account under Article 4 of the Town Meeting Warrant. Due to the pandemic, programs were canceled in FY2021 and the cost of the full-time staff transitioned to the General Fund Budget, pending the return of program revenues. However, all part-time and seasonal employees as well as programmatic expenses were continued to be paid directly out of the Recreation Revolving Fund as programming begins to return to pre-pandemic levels during FY2023. The two full-time positions are funded at 50% from the General Fund (tax dollars) and 50% from the revolving fund in FY2023.



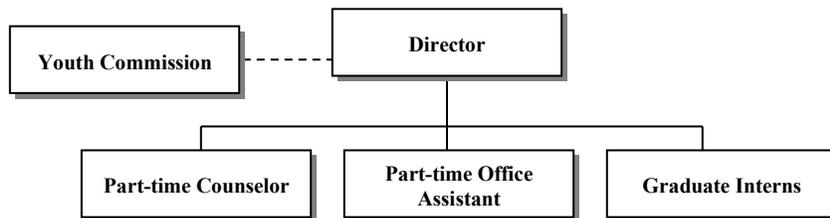
Family & Youth Services Departmental Statement

The mission of the Family & Youth Services (FYS) Department is to identify and respond to the Town’s human service needs to enhance the lives of Northborough youth, families and individuals of all ages. FYS services are shaped by community need and developed through ongoing collaboration with the Youth Commission, schools, police, fire and other Town departments and organizations.

Youth Commission

The Youth Commission consists of seven members appointed by the Board of Selectmen for three-year terms. The Commission investigates and conducts programs for the youth of the Town, and is responsible for the care, superintendence and management of such programs. The Commission also evaluates community needs and advocates for the development and support of resources for Northborough families. Student liaisons from the high school also participate in the monthly meetings.

Family & Youth Services Organizational Chart



*The Office Assistant and Counselor positions are part-time positions (19 hours per week).



Family & Youth Services FY2022 Initiatives and Accomplishments

1. FYS partnered with William James College's Interface Referral Service. Interface is a free, confidential service connecting residents and public-school students to mental health therapists. For more details about Interface service, please visit <http://interface.williamjames.edu/>. Interface referred over fifty cases in FY2022 and connected children and adults in need with counseling services.
2. Since 2012, the FYS Department has maintained a commitment to prevent and reduce underage drinking through our membership on local and regional coalitions. FYS continues to be a valuable member of the Northborough-Southborough Substance Abuse Prevention Coalition (NSSAPC), which is a community group with members from both Northborough and Southborough working to reduce substance abuse and provide information for those needing treatment. In FY2022, the NSSAPC began seeking funding for a consultant to assist the group with long-term strategic planning.
3. Northborough is a member of MassCALL3 (Massachusetts Collaborative for Action, Leadership, and Learning) which is a substance use prevention initiative. Northborough worked collaboratively with Ashland, Framingham, Marlborough, Natick, Southborough, Westborough and Hudson to acquire the \$125,000 annual grant, available for up to eight years.

Family & Youth Services FY2023 Goals and Initiatives

1. Work with the Health Department to conduct a Community Needs Assessment with the goal to ascertain and learn of current human service and mental health needs in Northborough.
2. Investigate alternative methods for advertising and recruiting for the part-time Counselor position. The shortage of mental health clinicians has been exacerbated by the pandemic and has made recruiting for this position challenging.
3. Continue to collaborate with other Town departments on the "BeWellNorthborough" initiative. BeWellNorthborough is a staff driven initiative aimed at combating the negative impacts of COVID-19. It is intended to aid residents in coping with the social, emotional, and physical effects of the COVID-19 pandemic by developing new programs and services that address specific community health and wellness needs. Residents will be connected through a community calendar and web page that centrally organizes new and existing programs, services, and outreach activities. BeWellNorthborough represents the coordinated effort of Town Departments to provide ongoing resources and reliable information about health and wellness topics beyond the pandemic.

Rather than seek individual funding requests by department, staff chose to pursue a coordinated effort using \$100,000 in American Rescue Plan Act (ARPA) funding to minimize overlap and maximize efficiencies. Staff will work through existing Town Boards and Committees to assess needs and gather feedback and suggestions.



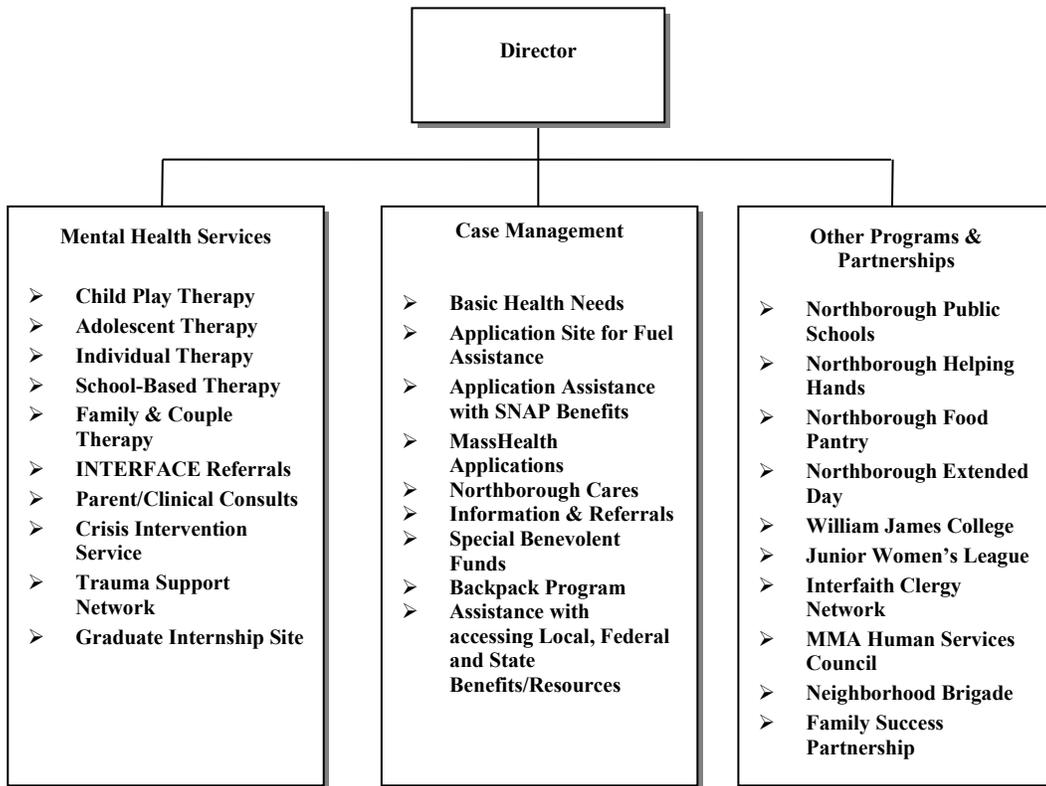
4. Maintain collaboration with all partnership programs and Town departments to safely and effectively provide essential services to support residents. If changes are necessary, meet with partnership programs to assist in planning for those modifications.
5. The partnership between Family & Youth Services and William James College also includes our department serving as a field placement site for their doctoral level graduate interns. It is our goal to continue to recruit interns from William James College.

Significant Budget Changes or Initiatives

The FY2023 Family and Youth Services Department budget is up \$395, or 0.23%, due to merit wage adjustments implemented in FY2022. The FYS Department will continue to manage the contract with William James College, a confidential referral service that connects Northborough residents and public school students to outpatient mental health providers. The service was paid for in FY2021 through trust funds on a trial basis and was added to the budget in FY2022 due to the positive feedback received. This resource continues to be a valuable tool in combating the effects that the Coronavirus has had on mental health. All FY2023 wage increases for both union and nonunion staff are budgeted centrally in the Personnel Board account.



Family & Youth Services Programs and Services





FAMILY & YOUTH SERVICES					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Director	1	1	1	1	1
Office Assistant*	.48	.48	.48	.48	.48
Counselor	.48	.48	.48	.48	.48
Total Full-time Equivalent	1.96	1.96	1.96	1.96	1.96

Personnel Explanation:

*The 19 hours per week (19hrs/40hrs = .48 FTE) Office Assistant position is partially funded through an agreement with Northborough Extended Day Program (NEDP), a private non-profit entity which shares office space with FYS.



Family & Youth Services

Section 5-23

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
FAMILY & YOUTH SERVICES						
Personnel Services						
51100 Director Salary	89,134	90,917	92,735	94,591	44,079	94,591
51120 Part-time Counselor	30,279	22,037	29,985	33,246	10,165	33,246
51140 Part-time Admin. Asst Wages	5,739	18,779	16,018	21,245	7,299	21,640
51410 Longevity Pay	350	350	350	350	350	350
SUBTOTAL	125,502	132,084	139,088	149,432	61,892	149,827
Expenses						
52800 Contractual Services	0	0	0	15,500	15,500	15,500
53080 Clinical Consultants	1,725	2,200	975	2,600	0	2,600
53190 Training	868	484	542	1,020	0	1,020
53580 Program Supplies	611	683	1,601	1,500	897	1,500
57110 Travel/Mileage	1,817	1,170	0	1,260	0	1,260
57320 Subscriptions	504	391	276	771	296	771
SUBTOTAL	5,525	4,927	3,394	22,651	16,693	22,651
TOTAL: FAMILY & YOUTH SERVICES	131,028	137,010	142,483	172,083	78,586	172,478



Cable Access TV Departmental Statement

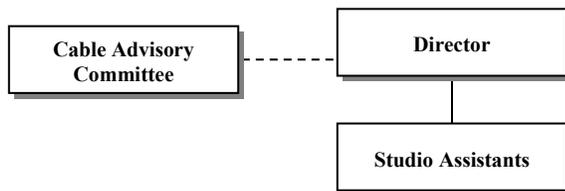
The Cable Access TV Department, under the direction of the Cable Access Director, is responsible for the operations of the three local access television stations, which are Public Access, Educational Access and Government Access Television (PEG). The Director is also responsible for overseeing the provisions of the Town’s Cable TV contracts with Charter Communications and Verizon.

Northborough Community Access Television is a public television cablecast forum to facilitate the non-commercial expression of its member community for educational, entertainment and informational use. It actively promotes and provides all necessary training and assistance to encourage the creation of diverse and unique local programming for Northborough cable television subscribers and the community as a whole.

Cable Advisory Committee

The Cable Advisory Committee consists of five to seven members appointed by the Board of Selectmen for three-year terms. The purpose of the Committee is to act on behalf of the issuing authority of the Town; to formulate and publish operating rules for the local access channels; and to promote the use of local access cable television within the Town.

Cable Access TV Department Organizational Chart





Cable Access TV Department FY2022 Initiatives and Accomplishments

1. Expanded the Algonquin Regional High School sports coverage during the pandemic, providing in-home viewing of events both on television for family viewing as well as YouTube live and replay broadcasts resulting in over 70,000 views of NCAT locally produced sporting events alone.
2. Continued expanded production assistance and playback of local church services.
3. Trained and produced informational Podcasts for local seniors.
4. Expanded replay television content for subscribers without streaming internet capabilities including meetings, services, exercise shows, school content, local community musical performances, financial, eldercare, health informational content and critical announcements regarding Covid vaccinations, health care and testing.
5. Added equipment and hotspots which allow for live coverage from any municipal location, including emergency broadcasting.
6. Over 80,000 views on the YouTube channel alone, not including Television views, streaming video and video on demand options available to viewers.

Cable Access TV Department FY2023 Goals and Initiatives

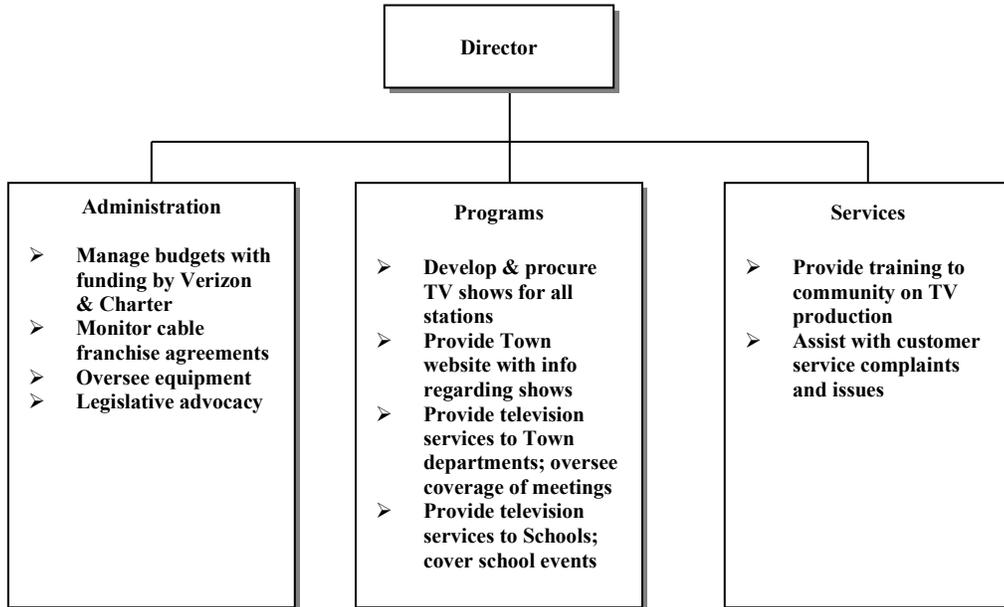
1. As Covid restrictions loosen, encourage expanded utilization of the training facilities and broadcast capabilities to a wider and more diverse variety of producers and potential programming.
2. Start a local news weekly broadcast, specializing in community information and interviews.
3. Work with the Chamber of Commerce and Rotary to showcase local businesses to encourage small business patronage and introduce new establishments to the community.
4. Outfit municipal and school meeting rooms with fully robotic capabilities to facilitate ease of use.

Significant Budget Changes or Initiatives

Overall, the FY2023 Cable Access Budget is increasing \$31,975 or 12.17%. This is largely attributable to the additional staffing needs associated with maintaining remote access to various town and school events, including the remote hosting of various board and committee meetings, as well as equipment upgrades to support hybrid and remote meeting environments. The Town is currently in negotiations with Verizon and Charter for cable contract renewals and as part of the negotiations the Town must balance the fees added to the cable bills with the desired level of services. One significant concern is that the cable industry continues to evolve, and an increasing number of people are cutting the cable cord, resulting in declining cable revenues. The Town is legally prohibited from adding fees to phone or internet services, so declining cable fees will continue to put pressure on PEG Access funding for the coming years.



Cable Access TV Department Programs and Services





CABLE ACCESS TV DEPARTMENT					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Director	1	1	1	1	1
Studio Assistants	1.38	1.38	1.38	1.53	1.91
Total Full-time Equivalent	2.38	2.38	2.38	2.53	2.91

*Personnel Explanation:

- There is one full-time Studio Assistant and three permanent part-time Studio Assistants, two budgeted at 15hrs/wk on average (.76 FTE) and one at 6hrs/wk on average at (.15FTE). An increase of 15hrs/wk (.38 FTE) is being added in FY2023 for ongoing remote meetings coverage.
- In addition to the two full-time positions and two permanent part-time positions, the Department also uses temporary, Seasonal Studio Assistants that work as needed to cover community events.
- All Cable Access Departmental personnel and benefit expenses are financed through Charter and Verizon Cable Contract fees with no funding coming directly from the General Fund (tax dollars).

Section 5-28

Cable Access TV



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
CABLE ACCESS TV						
Personnel Services						
51110 Director Salary	72,744	74,062	76,363	77,181	37,138	81,040
51120 Studio Assistants	64,087	68,039	68,904	87,668	32,586	113,202
51410 Longevity Pay	500	650	650	650	850	850
SUBTOTAL	137,330	142,751	145,917	165,499	70,573	195,092
Expenses						
51730 Town FICA Expense	0	2,232	2,321	2,400	2,400	2,400
51750 Town Health Insurance	32,998	32,998	36,513	37,609	37,609	37,397
52800 Contractual Services	4,730	4,267	3,632	2,500	1,076	2,500
53040 Computer Services	6,540	4,229	4,854	10,400	596	21,913
53410 Telephone	1,586	1,629	1,809	1,750	570	1,750
53720 Maintenance	0	519	0	1,000	0	1,400
54290 Office Supplies	1,595	2,682	1,202	2,000	591	1,000
54690 Studio Materials	8,351	8,915	8,704	9,500	239	9,500
56220 County Retirement Assessment	17,350	15,776	17,257	19,445	19,445	21,201
57110 Travel/Mileage	85	72	0	300	0	200
57310 Dues	375	375	375	350	200	375
58690 New Equipment/Capital	27,967	16,985	0	10,000	0	0
59990 Other Financing Uses	0	0	0	0	0	0
SUBTOTAL	101,575	90,678	76,667	97,254	62,726	99,636
TOTAL: CABLE ACCESS TV	238,905	233,429	222,584	262,753	133,300	294,728

Cable Access TV Special Revenue Fund Explanation:

The department's budget is within the Town's General Fund; however it is financed 100% by contractual payments from its two contracted providers, Charter Communications and Verizon. These revenues are held in reserve outside of the General Fund in a Special Revenue Fund. The funds are voted to be transferred in via the Town's annual budget article. In effect, there are no direct tax dollars used to support the department.

It should be noted that in prior years, the budgets and expenditures displayed in the table above were intended to be informational, because the department's expenses and revenues were carried within a Special Revenue Fund. However beginning in FY2017, state law¹ requires the expenses be brought explicitly into the General Fund, while the revenues continued to be received in the Special Revenue Fund. As in the current year, no tax dollars were used to support the department.

¹ Massachusetts General Law Chapter 44 §53F ¾



Veterans' Services Department

The Department of Veterans' Services program is established in accordance with Massachusetts General Law, Chapter 115. The purpose of the program is to provide information, advice and assistance regarding benefits to veterans, as well as their spouses and dependents.

On July 1, 2013, the Town of Northborough entered into an agreement with the Towns of Grafton, Shrewsbury and Westborough to form the Central Massachusetts Veterans' Services District. Oversight of the District is provided by the Secretary of the Commonwealth of Massachusetts Department of Veterans' Services and the District's Veteran's Advisory Board. The locally appointed Veterans' Agent works with veterans to obtain benefits including employment, vocational or other educational opportunities, hospitalization, medical care, burial and other veterans' benefits. The approved benefits paid to Northborough veterans are subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services. Administrative costs, including salary are not reimbursable and the reimbursement is received as State Aid revenue approximately twelve to fifteen months after the expenditure.

Veterans' Services FY2022 Accomplishments

1. Veterans' Services staff continued to host and participate in virtual community events designed to educate and inform Veterans, their families, and the community at large about the variety of programs and benefits that are available at the federal, state, and local levels.
2. During FY2022, began to reintroduce in-person Veteran recognition events, including the unveiling and dedication of the official Purple Heart Signs, designating Northborough as a "Purple Heart Town".
3. Served as a resource for various local businesses regarding the veteran community, most especially regarding various forms of military paperwork, employee veteran status, employment practices and transition assistance.
4. In FY2022, the Central Massachusetts Veterans Services District was renewed and recognized by the State of Massachusetts, for another three years.
5. Continue to support a high volume of claims to the Department of Veterans Affairs for medical care, disability, and survivor's pensions. Northborough residents received a combined total of \$1.8 million in annual VA benefits, up from \$1.7 million last year.

Veterans' Services FY2023 Goals and Objectives

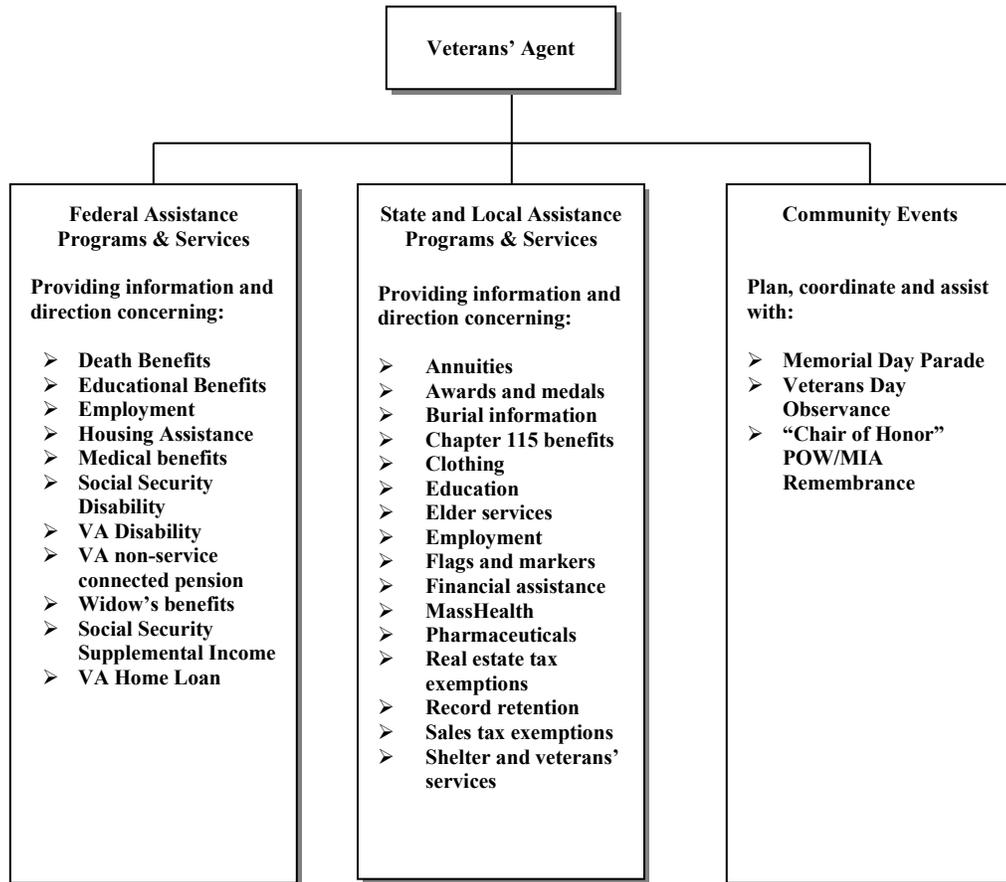
1. In FY2023, the Central Massachusetts Veterans Services District will undergo a Strategic Planning Process, to map out the future of the district, as Veteran needs continue to evolve.



Significant Budget Changes or Initiatives

Since the formation of the Central Massachusetts Veterans' District in FY2014 with the Towns of Grafton, Shrewsbury and Westborough, Northborough's share of the District budget has remained stable at 17% (\$23,445) of the overall administrative expenses in FY2023.¹ FY2023 is the first year reflecting the revised District allocation due to updated census numbers from 2020. Northborough's share of the District increased from 16% to 17% as a result of the updated census figures. Ordinary benefits for qualifying veterans and their families remain level funded at \$58,580 based upon historic needs. Although any approved benefits paid to Northborough veterans will eventually be subject to a 75% reimbursement from the Commonwealth's Department of Veterans' Services as part of the Town's state aid revenue, the Town is required to budget for the benefit payments in full in advance of the reimbursement. Overall, the FY2023 Veterans' Services budget is increasing by \$3,186, or 3.62%, primarily due to the shifting District allocation as a result of the census, as well as cost of living increases associated with staffing for the District.

Veterans' Services Programs and Services



¹ Under the District Agreement, Northborough is responsible for 17% of the administrative expenses of the District. This is proportionally equivalent to Northborough's population relative to the total District population.



VETERANS' SERVICES					
Personnel Summary					
Position	FY 2019 FTE	FY 2020 FTE	FY 2021 FTE	FY 2022 FTE	FY 2023 FTE
Veterans' Agent	District	District	District	District	District
Total Full-time Equivalent	0	0	0	0	0

*Personnel Explanation:

Effective in FY2014 the Town of Northborough shares a full-time Director and two part-time Agents with the Towns of Grafton, Shrewsbury and Westborough. District personnel are technically employees of the Town of Grafton, which serves as the host community for the District. Northborough is billed quarterly for its 17% share of administrative expenses, including personnel.

Section 5-32

Veterans' Services



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
VETERANS' SERVICES						
Personnel Services						
51130 Director Salary	0	0	0	0	0	0
SUBTOTAL	0	0	0	0	0	0
Expenses						
55030 Ordinary Benefits	43,860	47,236	47,168	58,580	14,556	58,580
55090 District Expenses	15,323	15,970	16,930	20,259	4,428	23,445
57810 Unclassified	2,354	1,465	2,845	9,200	547	9,200
SUBTOTAL	61,537	64,671	66,943	88,039	19,531	91,225
TOTAL: VETERANS' SERVICES	61,537	64,671	66,943	88,039	19,531	91,225



Cultural Council

The Cultural Council consists of seven members appointed by the Board of Selectmen for three-year terms. The Cultural Council plans, coordinates and monitors funding for community arts programs in the Town of Northborough. Funding, which is received on a limited basis from the State, is augmented through various fundraising events.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
CULTURAL COUNCIL						
Expenses						
57810 Unclassified	500	500	500	500	0	500
SUBTOTAL	500	500	500	500	0	500
TOTAL: CULTURAL COUNCIL	500	500	500	500	0	500



Historic District Commission

The Historic District Commission (MGL Ch. 40, Section 14) consists of seven members appointed by the Board of Selectmen for three-year terms. The Commission conducts research into places of historic value and seeks to coordinate the activities of unofficial bodies organized for similar purposes. The Commission may acquire by gift, purchase or otherwise, artifacts, books, paintings, and other materials of historic value and provide a proper place for the storage and display of any such materials. The Commission may recommend the certification of places of interest as historical landmarks to the Town Meeting for the purpose of protecting and preserving such places. The Commission may acquire in the name of the Town by gift, purchase, grant, bequest, devise, lease or otherwise the fee or lesser interest in real or personal property of significant historical value and may manage the same (MGL Ch. 40, Section 8D).

The Commission compiles and maintains an inventory of the Town's historic assets; initiates and encourages activities to educate and to broaden community awareness of Northborough's historical heritage; works with individuals, public and private groups to promote preservation; encourages and supports local historic districts; provides preservation information and guidance; maintains a close working relationship with the Northborough Historical Society; and solicits preservation funding from local, state and private agencies. Its mission is to identify, evaluate and preserve the historical heritage of the town of Northborough.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
HISTORIC DISTRICT COMMISSION						
Expenses						
52800 Contractual Services	0	0	0	0	0	0
53090 Advertising	0	0	0	0	0	0
53110 Printing	0	0	0	0	0	0
57340 Meetings	390	290	344	500	0	500
58690 New equipment	0	0	0	0	0	0
SUBTOTAL	390	290	344	500	0	500
TOTAL: HISTORICAL COMMISSION	390	290	344	500	0	500



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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.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	5,375,136	5,465,418	5,587,249	6,122,824	2,759,359	6,184,052
Transfer to OPEB Trust	500,000	550,000	0	0	0	300,000
Life Insurance	6,271	6,496	6,374	8,930	2,998	8,930
Other Benefits/FICA	420,621	467,415	441,067	489,904	208,510	516,097
Worcester Regional Retirement	1,790,753	2,047,554	2,275,596	2,470,601	2,470,601	2,725,650
Workers Comp	132,278	118,943	119,051	134,702	122,751	134,702
SUBTOTAL EMPLOYEE BENEFITS	8,225,059	8,655,826	8,429,337	9,226,961	5,564,219	9,869,431
Building & Liability Insurance	236,438	241,455	199,539	283,557	281,276	288,163
Debt Service	2,796,193	2,666,160	2,191,982	2,130,726	247,463	1,926,105
State Assessments	244,460	251,463	235,219	277,698	136,864	270,260
Reserve for Abatements¹	335,593	587,104	650,299	326,767	326,767	404,661
Cherry Sheet Offset Items²	23,088	23,612	23,994	29,977	29,977	27,022
Stabilization Fund Contribution	200,000	200,000	0	0	0	200,000
Reserve Fund³	0	0	0	175,000	0	175,000
Warrant Articles⁴	1,870,000	4,951,000	2,337,775	1,875,250	0	2,784,000
TOTAL: UNDISTRIBUTED EXPENSES	13,930,831	17,576,620	14,068,145	14,325,936	6,586,566	15,944,642

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 the next plan year. Due to favorable claims data along with the larger group afforded by the JPA, the new contract with HPHC results in a modest premium increase for FY2023. Through HPHC the Town will continue 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 four senior plans for Medicare eligible retirees: Fallon Senior, Tufts Complement, Tufts Preferred and MEDEX. As of March, 2022 a total of 297 active employees (93 Town and 204 K-8 School), and 135 retirees (45 Town and 90 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 FY2023:

Health Insurance Plan		7/1/2022 Renewal Monthly Rates	Town Employees				School Employees			
			7/1/2022 Town Monthly Expense		7/1/2022 Employee Monthly Expense		7/1/2022 Town Monthly Expense		7/1/2022 Employee Monthly Expense	
HPHC HMO	Ind	856.15	70%	599.31	30%	256.85	75%	642.11	25%	214.04
	Fam	2,225.99	70%	1,558.19	30%	667.80	75%	1,669.49	25%	556.50
HPHC FOCUS HMO	Ind	757.44	70%	530.21	30%	227.23	75%	568.08	25%	189.36
	Fam	1,969.33	70%	1,378.53	30%	590.80	75%	1,477.00	25%	492.33
HPHC PPO	Ind	1,027.38	50.0%	513.69	50.0%	513.69	50%	513.69	50.0%	513.69
	Fam	2,671.19	50.0%	1,335.60	50.00%	1,335.59	50%	1,335.60	50.00%	1,335.59



Undistributed Expenses

Section 6-3

In FY2023, 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 FY2023 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.

Health Insurance Plan		1/1/2022 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
				1/1/2022 Town Monthly Expense		1/1/2022 Retiree Monthly Expense
Fallon Senior	Ind	328.00	70%	229.60	30%	98.40
	Ind x2	656.00	70%	459.20	30%	196.80
Tufts Medicare	Ind	721.00	70%	504.70	30%	216.30
Complement	Ind x2	1,442.00	70%	1,009.40	30%	432.60
Tufts Medicare	Ind	364.00	70%	254.80	30%	109.20
Preferred	Ind x2	728.00	70%	509.60	30%	218.40
MEDEX 2	Ind	418.83	51%	213.60	49%	205.23
	Ind x2	837.66	51%	427.20	49%	410.46

* 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. 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 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.



Section 6-4 Undistributed Expenses

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 2.88% 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
- FY2023 Conducted RFP as part of JPA which resulted in a 1.0% 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%
Average	2.88%

For FY2023, HPHC's premiums reflect a relative increase of 2.42% over Fallon's for the HMO and PPO plans and 4.20% increase for the limited network HMO plan. However, the overall budget increases just 1%, or \$61,228, due to positive enrollment trends.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
HEALTH INSURANCE						
Expenses						
51750 Town Health Insurance	1,075,796	1,141,453	1,137,210	1,292,999	508,759	1,388,535
51755 Town Retiree Health Ins.	327,251	326,570	347,975	404,845	183,117	349,677
51800 School K-8 Health Insurance	3,261,912	3,324,354	3,403,998	3,602,222	1,686,990	3,675,230
51805 School K-8 Retiree Health Ins.	683,477	654,889	681,967	772,758	376,143	720,610
51850 Health Reimbursement Account	26,700	18,152	16,100	50,000	4,350	50,000
SUBTOTAL	5,375,136	5,465,418	5,587,249	6,122,824	2,759,359	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 \$41.11 million (Net OPEB Liability) under the new standards at the end of FY2021.

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 \$86.9 billion as of December 31, 2020, 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. 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.



Section 6-6 Undistributed Expenses

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, while the economy recovers the Town has brought the contribution back to \$300,000, with the intent of increasing the amount in future years.

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 \$3.05 million into the OPEB Trust Fund since FY2015, not including the \$300,000 contribution planned for FY2023. The Trust Fund balance as of 12/31/21 is \$5.2 million, which represents a funding ratio of 11%.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	500,000	550,000	0	0	0	300,000
SUBTOTAL	500,000	550,000	0	0	0	300,000

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.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	1,723	1,669	1,730	4,108	727	4,108
51745 School K-8 Life Insurance	4,548	4,828	4,643	4,822	2,270	4,822
SUBTOTAL	6,271	6,496	6,374	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 \$974/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. The Town continues to receive credits due to fraudulent claims filed during the pandemic, which is why actual costs in FY2022 appear low.

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.

Section 6-8

Undistributed Expenses



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	127,793	120,181	119,644	122,793	58,298	130,810
51733 FICA School Share	267,215	278,171	286,048	285,777	143,562	302,820
51735 Unemployment Compensation	12,354	55,446	18,366	60,000	1,481	60,000
55090 Miscellaneous Benefits	13,258	13,617	17,008	21,334	5,170	22,467
SUBTOTAL	420,621	467,415	441,067	489,904	208,510	516,097

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 FY2023 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 \$33,008,073 as of January 1, 2020. 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.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

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



Undistributed Expenses

Section 6-9

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, 2021, the Town recognized pension expense and intergovernmental revenue of \$7,580,725 for the Commonwealth's support of the system on behalf of the Town in its financial statements.

The total FY2023 Worcester Regional Retirement Assessment is \$2,812,709. The \$2,725,650 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$39,515), the Sewer Enterprise Fund (\$26,343) or the Cable Access TV budget (\$21,201)⁷.

The FY2023 General Fund increase of \$255,049 represents a significant 10.32% rise in costs, primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2036.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
WORCESTER REGIONAL RETIREMENT						
Expenses						
56220 Retirement Assessment	1,790,753	2,047,554	2,275,596	2,470,601	2,470,601	2,725,650
SUBTOTAL	1,790,753	2,047,554	2,275,596	2,470,601	2,470,601	2,725,650

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 FY2023. 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 FY2023.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	128,682	118,803	118,984	129,702	122,751	129,702
53080 Police/Fire Injured on Duty (IOD) Medical Payments	3,596	140	67	5,000	0	5,000
SUBTOTAL	132,278	118,943	119,051	134,702	122,751	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.



Undistributed Expenses

Section 6-11

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 1.62% budgetary increase for FY2023.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	236,438	241,455	199,539	283,557	281,276	288,163
SUBTOTAL	236,438	241,455	199,539	283,557	281,276	288,163



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 FY2023 and the various sources from which the debt will be paid.

	OUTSTANDING PRINCIPAL START OF YEAR	PRINCIPAL & PAYDOWNS PAYABLE	INTEREST & ISS COSTS PAYABLE	TOTAL DEBT SERVICE FY2023
General Fund	1,088,500	200,300	53,675	253,975
General Fund (Debt Excluded)	14,746,100	1,176,900	495,230	1,672,130
Subtotal General Fund	15,834,600	1,377,200	548,905	1,926,105
Water Enterprise	2,003,570	239,914	72,250	312,164
Sewer Enterprise	3,327,857	503,491	130,570	634,061
Community Preservation Act	895,000	150,000	35,800	185,800
Revolving Funds	100,000	100,000	5,000	105,000
Subtotal (Non General Fund)	6,326,427	993,405	243,620	1,237,025
TOTAL LONG & SHORT TERM DEBT	22,161,027	2,370,605	792,525	3,163,130

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 asset in accordance with the terms outlined in Massachusetts General Laws. This ensures that the debt burden remains manageable.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	2,048,532	1,996,500	1,600,548	1,543,000	0	1,377,200
59150 Interest/Long-term Debt	747,661	669,660	591,434	534,976	247,463	496,155
59270 Interest/Temporary Loans	0	0	0	42,200	0	42,200
59280 Issuance Costs	0	0		10,550	0	10,550
SUBTOTAL	2,796,193	2,666,160	2,191,982	2,130,726	247,463	1,926,105

For FY2023, the total Debt Service budget for the General Fund is \$1.93 million, a decrease of \$204,621. The largest component of the debt service budget in FY2023 is for the Lincoln Street School, which is \$998,675, 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

Section 6-13

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 FY2023:

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	\$ 67,650
	\$ 1,154,000	3.8864%	2002 & 2003 Water Articles	Water Enterprise	20	\$ 33,825
	\$ 675,000	4.0202%	2002 & 2003 Sewer Articles	Sewer Enterprise	20	\$ 33,825
10/15/2009	\$ 1,550,000	5.9191%	2004 STM Art 1 - Sewer Land Acq (Taxable)	Sewer Enterprise	15	\$ 115,900
4/15/2013	\$ 1,819,000	1.2393%	Various Projects		10	\$ 45,900
	\$ 267,750	1.5594%	2010 Art 21 - Middle School Roof	Gen Fund	10	\$ 25,500
	\$ 223,370	1.5438%	2009 Art 22 - Water Plant	Water Enterprise	10	\$ 20,400
6/17/2015	\$ 7,390,000	2.5504%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 505,675
1/21/2016	\$ 6,800,000	2.3927%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 493,000
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	\$ 251,900
	\$ 93,000	2.2455%	2014 Art 30 - Sewer Pump Station Design	Sewer Enterprise	5	\$ 15,750
	\$ 1,363,000	2.8223%	2015 Art 32 - Sewer Pump Station Const	Sewer Enterprise	15	\$ 132,150
	\$ 819,000	2.5482%	2014 Art 28 - Church Street Culvert	Gen Fund	10	\$ 104,000
5/26/2021	\$ 6,845,000	0.7646%	Various Projects		10	\$ 1,223,000
	\$ 80,075	0.5640%	2006 Art 56 - School Roof (Refunded 2009)	Gen Fund	6	\$ 16,520
	\$ 1,107,300	0.6558%	2000 Art 37 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	7	\$ 203,285
	\$ 45,300	0.4791%	2005 Art 23 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	5	\$ 10,805
	\$ 465,575	0.6559%	2007 Art 20 - Library Const (DE) (Refunded 2009)	Gen Fund (DE)	7	\$ 85,440
	\$ 10,050	0.4778%	2004 Art 23 - DPW Garage (Refunded 2009)	Gen Fund	5	\$ 2,165
	\$ 12,650	0.5466%	2006 Art 30 - Police Station Repairs (Refunded 2009)	Gen Fund	6	\$ 3,300
	\$ 12,650	0.5466%	2006 Art 31 - DPW Garage (Refunded 2009)	Gen Fund	6	\$ 3,300
	\$ 5,825	0.3118%	2006 Art 33 - Park Improvements (Refunded 2009)	Gen Fund	2	\$ 3,045
	\$ 260,950	0.7433%	2006 Art 24 - Water Wells (Refunded 2009)	Water Enterprise	8	\$ 44,740
	\$ 75,900	0.7522%	2006 Art 25 - Water Mains (Refunded 2009)	Water Enterprise	8	\$ 12,700
	\$ 75,900	0.7522%	2007 Art 23 - Water Tanks (Refunded 2009)	Water Enterprise	8	\$ 12,700
	\$ 441,400	0.7524%	2006 Art 27 - Sewer Const (Refunded 2009)	Sewer Enterprise	8	\$ 73,695
	\$ 82,800	0.7209%	2007 Art 24 - Sewer Const (Refunded 2009)	Sewer Enterprise	8	\$ 13,800
	\$ 1,949,750	0.7541%	2008 Art 20 - Senior Center (DE) (Refunded 2011)	Gen Fund (DE)	8	\$ 321,175
	\$ 561,750	0.7534%	2008 Art 21 - Environmental Remediation (Refunded 2011)	Gen Fund	8	\$ 96,145
	\$ 172,525	0.7557%	2008 Art 24 - Water Wells (Refunded 2011)	Water Enterprise	8	\$ 28,435
	\$ 353,800	0.9281%	2016 Art 27 - Sewer I&I	Sewer Enterprise	10	\$ 50,750
	\$ 259,000	0.9258%	2017 Art 31 - Sewer W Main Pump Stn	Sewer Enterprise	10	\$ 36,250
	\$ 666,800	0.9241%	2019 Art 12 - Water/Sewer Garage	W/S Enterprise**	10	\$ 99,750
	\$ 205,000	0.3123%	2020 Art 22 - Ambulance	Revolving	2	\$ 105,000
SUBTOTAL EXISTING LONG TERM DEBT						\$ 2,801,630
*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
2.5%	2019 Art 20 - Fire Station Land/Design (Paydown FY21)	Gen Fund (DE)	10	\$ 52,750
3.5%**	2016 Art 42 - White Cliffs BAN (Paydowns FY18-22)	CPA	10	\$ 185,800
2.5%	2020 Art 23 - Assabet Water Tank Rehab (FY2022 Paydown)	Water Enterprise	20	\$ 54,200
2.5%	2022 Art 17 - SCADA System (50%/50% W/S)	W/S Enterprise	10	\$ 62,500
2.5%	2022 Art 18 - Dam Compliance	Water Enterprise	10	\$ 6,250
SUBTOTAL EXISTING SHORT TERM DEBT				\$ 361,500
*.5% Added for estimated issuance costs				
** Taxable debt due to possibility that White Cliffs becomes designated for private use				

Therefore, the total long and short-term debt service to be payable in FY2023 equals the \$3,163,130 shown in the first table of this section.



Section 6-14 Undistributed Expenses

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 2020 EQV	\$3,297,006,900
Debt Limit (5% of EQV)	\$ 164,850,345

Northborough’s total issued short and long-term debt principal, both inside and outside the debt limit as of June 30, 2021, is \$24,186,632, 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 FY2023 General Fund debt service budget is well under the local debt policy limits, as Gross General Fund Debt is 3.8% of the proposed budget, which is well within the Town’s policy limits: \$1,926,105 plus \$783,073 in overlapping debt from the regional school districts divided by an expense budget of \$71,242,642. The Net General Fund debt represents the same amount, 3.8% of FY2023 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

Section 6-16

Undistributed Expenses



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
2023	253,975	1,672,130	185,800	105,000	312,164	634,061	3,163,130
2024	210,710	1,843,035	182,525	154,750	322,559	630,701	3,344,280
2025	203,195	1,788,105	175,820	150,150	310,154	607,576	3,235,000
2026	195,540	1,738,335	169,115	146,575	245,884	459,696	2,955,145
2027	186,850	1,675,220	162,410		190,499	446,336	2,661,315
2028	161,125	1,625,960	155,705		218,360	342,080	2,503,230
2029	73,920	1,359,090			168,675	265,040	1,866,725
2030		1,078,625			89,700	195,250	1,363,575
2031		1,052,975			86,850	188,250	1,328,075
2032		1,016,400			46,800	95,250	1,158,450
2033		999,825			17,200	87,550	1,104,575
2034		757,500			44,640	-	802,140
2035		736,350			43,560	-	779,910
2036		350,200			42,480	-	392,680
2037					41,400	-	41,400
2038					40,320	-	40,320
2039					39,240	-	39,240
2040					38,160	-	38,160
2041					37,080	-	37,080
2042					-	-	-
	1,285,315	17,693,750	1,031,375	556,475	2,335,725	3,951,792	26,854,432



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 FY2023 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 78% 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.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	59,379	64,273	64,306	65,990	33,000	67,643
56400 Air Pollution Assessment	5,367	5,418	5,522	5,585	2,796	5,785
56420 MBTA	74,866	77,530	79,010	82,996	41,502	82,418
56430 Regional transportation Ch 161 B	25,601	26,104	23,374	20,552	10,278	27,780
56450 Parking Surcharge Ch 90	157	7,296	192	200	102	7,980
56440 Special Education	7,960	0	10,380	10,380	4,230	0
56455 School Choice Sending Tuition	28,595	30,369	28,741	55,453	28,322	59,589
56460 Charter School Sending Tuition	42,535	40,473	23,694	36,542	16,634	19,065
SUBTOTAL	244,460	251,463	235,219	277,698	136,864	270,260



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 FY2023, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$404,661, which represents approximately 0.7% 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 FY2023 is \$27,022 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, 2021, the balance in the Stabilization Fund is \$5.13 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 FY2022 budget 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 has been restored for FY2023 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.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	200,000	200,000	0	0	0	200,000
SUBTOTAL	200,000	200,000	0	0	0	200,000
TOTAL: STABILIZATION FUND CONTR.	200,000	200,000	0	0	0	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 appropriation for FY2022 and FY2023 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.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 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 FY2023, these warrant articles include \$175,000 for the Reserve Fund and \$200,000 transfer to the Stabilization Fund both from Free Cash, and the FY2023 Capital Improvement Plan (CIP) which in total amounts to \$2,784,000. The funding sources for the CIP are \$2,024,000 from Free Cash, \$360,000 in Sewer Enterprise Fund Free Cash, and \$400,000 in borrowing with the debt service to be paid by the Fire Department's Revolving EMS Fund. Together with the other warrant articles the total budgeted comes to \$3,159,000.

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 FY2023 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 has been restored for FY2023. This transfer is funded from Free Cash.
- \$165,000 for Police Cruiser Replacements (CIP) — This request provides funds for the purchase of two replacement patrol vehicles and one replacement detective vehicle. Included in the funding request is the cost of outfitting the vehicles with the required ancillary equipment.
- \$400,000 for Fire Ambulance Replacement (CIP) — This request provides funds for the replacement of a 2013 ambulance. The debt service on the bonds for the ambulance will be paid from the EMS revolving account. The EMS revolving account is funded by the ambulance service fees and
- \$454,000 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.
- \$300,000 for Culvert and Drainage Replacement (CIP)—This request provides to replace/rehabilitate culverts and failing drainage systems, including anticipated replacement of the culvert on Lincoln Street.
- \$130,000 for One-Ton Dump Truck with Plow Replacement (CIP) —This request provides



Section 6-22

Undistributed Expenses

funds for the purchase of a one-ton dump truck with a plow to replace a 2012 one-ton dump truck that has surpassed its useful life. As part of this vehicle replacement, an existing similar vehicle will be repurposed to extend its useful life.

- \$340,000 20-Ton Dump Truck with Spreader and Plow Replacement (CIP)—This request provides funds for the purchase of a 20-ton dump truck with spreader and plow to replace a 2002 20-ton dump truck with spreader and plow that has surpassed its useful life. As part of this vehicle replacement, an existing similar vehicle will be repurposed to extend its useful life.
- \$290,000 DPW – Loader Replacement (CIP)— This request provides funds for the purchase of a loader to replace a 2006 loader that has surpassed its useful life. As part of this replacement, the 2014 model year loader will be refurbished to extend its useful life.
- \$195,000 DPW – Backhoe Replacement (CIP)— This request provides funds for the purchase of a backhoe to replace a 2005 backhoe that has surpassed its useful life. As part of this replacement, the 2015 model year backhoe will be refurbished to extend its useful life.
- \$150,000 Master Plan – Downtown Study (CIP)—This request provides funds for the preparation of a Downtown Vision Study. The 2020 Northborough Master Plan identified the need to conduct a design study of the Downtown to help focus ideas and develop a clear vision for the area. The study will engage Northborough residents, property owners, and business owners to define a vision for the Downtown that will be implemented incrementally over time.
- \$360,000 Sewer – Inflow & Infiltration (I/I) Mitigation (CIP)—This request provides funds to remove non-sanitary flows from the sewer system as mandated by MassDEP under 314 CMR 12.04. The Town has a comprehensive 15-year inflow and infiltration elimination plan and this is the second year of implementation. For each gallon of storm/groundwater that is removed from the sewer system, that is one less gallon that must be treated and one more gallon of capacity available for future use. This article will be funded with a transfer from the Sewer Enterprise Fund Free Cash.



Undistributed Expenses

Section 6-23

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING						
SPECIAL WARRANT ARTICLES						
Expenses						
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				
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		3,500,000			
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		

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)

FY2019 FY2020 FY2021 FY2022 FY2022 FY2023
 BUDGETED¹¹ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

**TOWN MEETING
SPECIAL WARRANT ARTICLES**

Expenses						
52311* Police Cruiser Replacements	87,000	145,000	50,000	150,000		165,000
52312 Fire Dept Ambulance						400,000
52313* DPW Road Improvements	300,000	300,000	300,000	310,000		454,000
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
SUBTOTAL	1,870,000	4,951,000	2,337,775	1,875,250		2,784,000
59810 Reserve Fund	175,000	175,000	375,000	175,000		175,000
59950 Stabilization Fund	200,000	200,000	0	0		200,000
TOTAL	2,245,000	5,326,000	2,712,775	2,050,250		3,159,000

*Multiple account numbers combined for display purposes

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.

Public Education

Section 7



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Northborough K-8 Public Schools

It is the mission of the Public Schools of Northborough to maximize academic achievement, social responsibility and lifelong learning by attending to the intellectual and developmental needs of individual students in supportive classroom environments.

The Northborough School Committee consists of five (5) members elected by the voters of the Town of Northborough. The Northborough Public School System serves children in grades Kindergarten through eighth. There are four elementary schools: the Fannie E. Proctor School, the Lincoln Street School, the Marion E. Zeh School, and the Marguerite E. Peaslee School. These four schools serve children from Kindergarten through grade five. There is also one middle school, the Robert E. Melican Middle School, which serves grades six through eight.

In FY2023, the proposed K-8 School budget is an increase of \$893,275 or 3.46%.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
NORTHBOROUGH K-8 SCHOOLS						
K-8 School Department	24,263,961	24,492,750	24,729,524	25,799,678	9,536,535	26,692,953
TOTAL	24,263,961	24,492,750	24,729,524	25,799,678	9,536,535	26,692,953

School	Grade	K	1	2	3	4	5	6	7	8	Totals
Lincoln		39	46	40	42	55	45				267
Peaslee		35	48	44	40	33	54				254
Proctor		39	40	52	41	42	42				256
Zeh		43	41	42	43	36	42				247
Melican								192	175	162	529
		156	175	178	166	166	183	192	175	162	1553

*Approximately 43 Northborough Pre-K students attend school in Southborough

****For detailed information regarding the Northborough K-8 Public School budget, initiatives and goals, please see the School Superintendent’s FY2023 budget.****



Northborough-Southborough Regional High School

The Northborough-Southborough Regional School Committee consists of five (5) members from Northborough and five (5) members from Southborough. The Northborough-Southborough Regional School District houses students from grades nine through twelve in Algonquin Regional High School. Algonquin is a comprehensive high school; that is, a school designed to meet the needs of a variety of students, including students preparing to enter a four-year college or university, students who will continue their education for a shorter period of time in a junior college, vocational or technical school, and students preparing to enter the workforce. Approximately 90% of Algonquin graduates enter post-secondary education institutions.

The Northborough-Southborough Regional High School budget is composed of an operating assessment and a debt assessment related to the completed renovation/addition project. The FY2023 operating assessment is \$12,893,497 which is a \$21,469 increase, or 0.17%. The debt for ARHS increases by \$16,804, or 2.64%, to \$653,069. Additionally, the debt exclusion will be reduced by approximately \$230,000 which is the amount of the estimated FY2023 settlement payment from the Town of Southborough as a result of the declaratory judgement for the renovation/addition project. The net effect of the combined operating and debt assessment is an overall budget increase of \$38,273, or 0.28%, to \$13,568,035.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022* BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
ALGONQUIN REGIONAL HIGH SCHOOL						
19981 Algonquin Regional Assessment	11,304,714	12,252,514	12,587,175	12,893,497	6,461,451	12,914,966
19981 Debt- Exclusion – Prop 2 1/2	610,774	621,442	632,229	636,265	323,923	653,069
19981 Debt – Not Excluded	0	0	0	0	0	0
TOTAL	11,915,488	12,873,955	13,219,404	13,529,762	6,785,374	13,568,035

*FY2022 figures above reflects assessment reduction by School Committee of \$122,952 after budget voted by Town Meeting

	Grade				
Town	9	10	11	12	Totals
Northborough	174	197	200	201	772
Southborough	122	118	116	136	492
Other	2	1	1	2	6
	298	316	317	339	1270

****For detailed information regarding the Northborough/Southborough Regional High School budget, initiatives and goals, please see the School Superintendent’s FY2023 budget.****



Assabet Valley Regional Technical High School

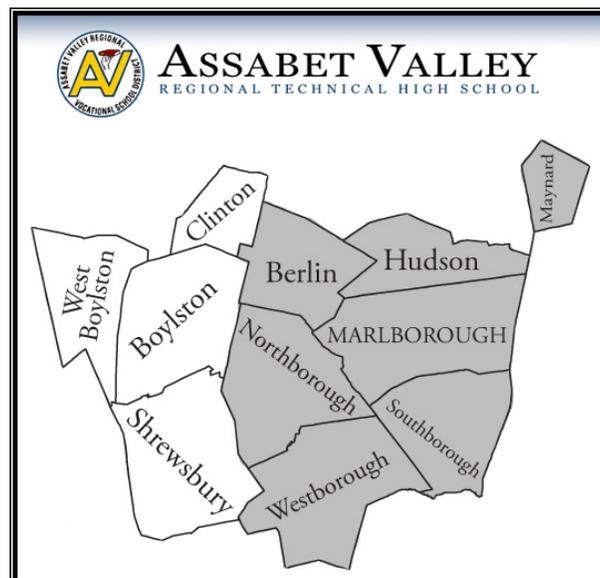
Assabet Valley Regional Technical High School is a vocational school composed of the member communities of Berlin, Hudson, Marlborough, Maynard, Northborough, Southborough and Westborough. Northborough’s assessment is based upon the number of students from Town attending the school. The total FY2023 budget is \$24,108,684 which is an increase of \$1,004,684, or 4.3%.

As of October 1, 2021, 68 Northborough students attend Assabet Valley, which results in an operating assessment of \$1,123,936. This is an enrollment increase of 9 students from the 59 Northborough students that attended Assabet Valley in the prior year. Northborough’s FY2023 share of the debt assessment from the completed building renovation project is \$130,004, which will continue to decline in subsequent years. The net effect of the combined operating assessment and new debt service is \$1,253,940 which is an increase of \$185,450, or 17.36%.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023* PROPOSED
ASSABET VALLEY REG TECH HIGH SCH						
53260 Assabet Regional Assessment	612,406	694,822	865,186	934,658	467,329	1,123,936
53265 Assabet Non-Excluded Debt	145,316	141,488	137,660	133,832	133,832	130,004
TOTAL	757,722	836,310	1,002,846	1,068,490	601,161	1,253,940

*FY2023 budget includes a mandatory reduction of \$64,620 due to excess FY2021 certified “Excess & Deficiency” (E&D) per state rules.

****For more information regarding the Assabet Valley Regional Technical High School budget, initiatives and goals, please see the Assabet Valley’s School Superintendent’s FY2023 budget.****





Norfolk County Agricultural High School

Norfolk County Agricultural High School (NCAHS) is a public high school located in Walpole that currently enrolls over 500 students from the 28 towns of Norfolk County as well as more than 40 out-of-county (tuition) towns.

In prior years Northborough has borne the expense of tuition and transportation to the NCAHS in the Town’s portion of the budget. This expense is borne by the Town because students have the freedom to seek admission to schools with state-approved vocational technical education programs pursuant to M.G.L. c. 74 603 CMR 4.00 and are known as Chapter 74 approved programs. Since the Town of Northborough did not offer the particular vocational technical education program in which the student was interested, either at the high school or the regional vocational technical high school to which the town belongs, the student then had the option to apply to any school which offered such a program.

Following several years of no NCAHS expenses, the Town was notified prior to FY2022 that a student applied for admission and was accepted, under the Chapter 74 non-resident option, to the NCAHS program. Once accepted the Town is required to bear the full cost of both tuition and transportation. The Town was notified that a second student was accepted for FY2023, so while the FY2022 cost for one student’s tuition and transportation was \$38,500, the cost for two students is budgeted to be \$69,934 for FY2023.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
NORFOLK AGRICULTURAL HIGH SCHOOL						
56470 Norfolk Agricultural Assessment	0	0	0	38,500	16,516	69,934
TOTAL	0	0	0	38,500	16,516	69,934

Enterprise Funds

Section 8



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Solid Waste Enterprise Fund Statement

On January 1, 2003 the Town began a fee-based solid waste program commonly referred to as “Pay-As-You-Throw” (PAYT). The PAYT program is overseen by the Town Engineer and requires residents to use Town of Northborough designated trash bags in order to have their trash and recycling collected at curbside by the Town’s contractor. The PAYT program is operated as an enterprise fund intended to generate fee revenue to cover a portion of the solid waste and recycling collection and disposal costs previously provided within the tax base.

An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community the option to recover total service costs through user fees. Enterprise accounting also enables communities to reserve as unrestricted the "surplus" or net assets generated by the operation of the enterprise rather than closing it out to the General Fund at year-end. Services that may be treated as enterprises include, but are not limited to, solid waste, water and sewer services.

Significant FY2023 Budget Changes or Initiatives

Recycling markets throughout the United States are going through a difficult and complicated transition. For many years China had been the primary market for our country’s recyclable materials. They offered the unique benefit of available shipping containers here in the United States that needed to go back to China, which had been loaded with recyclable materials. In early 2018 China revised their specifications for acceptance of recyclable materials to an unachievably low contamination standard, which eliminated the option of exporting these commodities to China. This has resulted in the need for a fast and drastic change to the market for recyclable materials here in the United States.

The impact to central Massachusetts is similar to that of the rest of our nation. In years past, the value of recyclable materials would offset the cost of collecting and sorting them, which is no longer the case. As an example, certain materials which are heavy and costly to process for recycling, such as glass, have no market value, while others have very limited value due to an overabundance of availability. It can be summarized simply that there is far too much supply with very little demand. Market instability is projected to continue until new material recovery facilities can be brought on-line here in the United States and in emerging countries around the world. The cost of this transition unfortunately is being borne by communities such as ours. MassDEP regulations prohibit recyclable materials from entering the solid waste stream; therefore, collection and processing is mandated.

In 2019, the Engineering Department issued an Invitation for Bids (IFB) for solid waste collection and recyclable materials collection and disposal. As part of the IFB, alternate prices were also sought for a collection contract which included the requirement for the contractor to deliver the recyclable materials to a recycling facility of the Town’s choice. Under this option, the Town would be responsible for all costs associated with the processing and marketing



Section 8-2 Solid Waste Enterprise Fund

materials as part of a separate contract between the Town and a recycling facility. This option was an attempt to control the future recycling costs being passed on to the Town. After significant review of the recycling market and the bids received, the Town decided not to exercise that option, but rather to enter into a new three (3) year contract with two (2) one-year extensions at the Town's option with our previous contractor, Republic Services. The new contract includes significant increases in the collection of both solid waste and recycling materials along with the disposal and marketing of the recyclable materials, as the previous contract had increased by only 4% over the previous 8 years. This new contract also includes an annual Recycling Net Processing Cost Adjustment, which will allow the Town to maintain costs associated with current recycling market trends and to minimize future significant increases. The options in years four and five also afford the Town the ability to go back out to bid for another collection contract should new opportunities for savings become available. In FY2023 the Town is exercising the contract extension for year four.

Overall, the Solid Waste and Recycling budget is increasing \$8,969, or 0.98%. The FY2023 fee revenues are projected to be \$470,000 and the FY2023 expenses are estimated at \$928,113 leaving a projected general fund subsidy of \$337,160 in addition to a transfer from the Solid Waste Fund Free Cash of \$120,953. In FY2023, the appropriation will again contain a \$10,000 Contingency Reserve account within the Solid Waste Fund to ensure adequate funding for the potential of an unforeseen event in the coming year.

As a result of the fees projected to be collected and the FY2023 expenses of \$928,113 a General Fund subsidy of \$337,160 is recommended in order to balance the Enterprise Fund. The following is a detailed explanation regarding projected revenues, overhead costs, disposal costs, projected tonnage for disposal and collection costs.

PAYT Revenues and Overhead Costs:

The Town continues to offer two sizes of bags and the bag fee was last revised in January of 2007 and remains set at \$3.00/large bag and \$1.50/small bag. Additional fees were also created to help reduce the shortfall between revenues and expenditures. A fee of \$10 per box was instituted for the disposal of hazardous waste at the annual Household Hazardous Waste Day event in September of 2005. In addition, a sticker fee of \$10 per item for the disposal of large/bulky items set out at the curb was instituted in March of 2006.

As can be seen in the Trash and Recycling Comparison Chart on page 8-5, trash and recycling disposal tonnage has been fairly constant for the last several years, although trash increased during the pandemic as more people were at home. Consistent trash tonnage and consistent bag prices have resulted in a stable revenue stream of approximately \$470,000 each of the last few years.

During FY2022, the Town received \$7,800 as part of the Department of Environmental Protection's Recycling Dividends Fund program which provides payments to municipalities that have implemented specific programs and policies proven to maximize reuse, recycling and waste reduction. This money will be used to offset the cost of purchasing recycling bins and to offset the cost of producing and mailing the recycling calendar to each household in June. Due to the possibility of future state budget cuts, the Solid Waste budget also includes \$7,000 to cover these costs in FY2023.



In an effort to minimize additional staff workload the Town now works W.B. Mason to warehouse and distribute trash bags and bulk item labels to the authorized retailers at a cost of \$.02 per bag or label. The total projected FY2023 overhead costs for the Pay-As-You-Throw program (purchase of bags, stickers, labels and their distribution) is estimated at \$90,000.

The Solid Waste budget also includes the cost of removing and disposing of the yard waste material (brush, leaves and grass) residents dispose of at the Highway Garage. The State Department of Environmental Protection banned yard waste, which includes grass and leaves, from the list of acceptable items that can be disposed of in landfills and incinerators/resource recovery facilities in 1991. The total cost for disposal of all yard waste is estimated to be \$100,000 for FY2023.

Disposal Costs and Projected Tip Fee:

In accordance with the Waste Disposal Agreement with Wheelabrator Millbury, Inc. as revised in 2014, the tip fee is to be adjusted each year on July 1st based upon the amount of change in the Consumer Price Index (CPI) for urban wage earners and clerical workers-Northeast Urban beginning on July 1, 2017. As outlined in the agreement, the current tip fee is \$71.07/ton and based upon the most recent information from the Bureau of Labor and Statistics and the formula in the agreement, the tip fee for FY2023 has been estimated at \$76.00/ton, which will apply to the amount of trash disposed of between 7/1/22 and 6/30/23.

Under the terms of the contract for solid waste/recyclable materials collection and disposal, the Town is also responsible for an annual Recycling Net Processing Cost Adjustment. In accordance with the terms of the contract and due to the improved quality of the recycling material being processed at the facility, the Recycling Net Processing Cost Adjustment has been set as a credit of \$80.26 per ton for the actual amount of recycling materials collected in calendar year 2021 (1043 tons), resulting in a disposal cost credit of \$83,751 for FY2023.

Projected Solid Waste Tonnage for FY2022:

Actual tonnage for the last 12 months (calendar year 2021) was 2,166 tons, which reflects a 3.3% increase from the previous 12 months. Based on the number of new building permits for single family homes (6) during the last 12 months, the growth rate was 0.123. The projected tonnage for FY2023 is approximately 2240 tons (2,166 X 1.033 X 1.0012). Therefore, using 2,300 tons of solid waste to be disposed, results in a FY2023 budget of \$174,800 based upon the projected tipping fee of \$76.00/ton.

Collection Costs:

On July 1, 2019 the Town entered into a new three-year agreement with Republic Services, Inc. for solid waste/recyclable materials collection and disposal, which will continue service to the Town through FY2023, as the Town opted to exercise the first of two one-year extensions. Under the contract, collection costs will increase by 3% in FY2023. The total FY2023 collection costs are \$602,714, which consists of \$281,159 for Trash Collection and \$321,555 for Recycling Collection and Disposal.

Section 8-4

Solid Waste Enterprise Fund



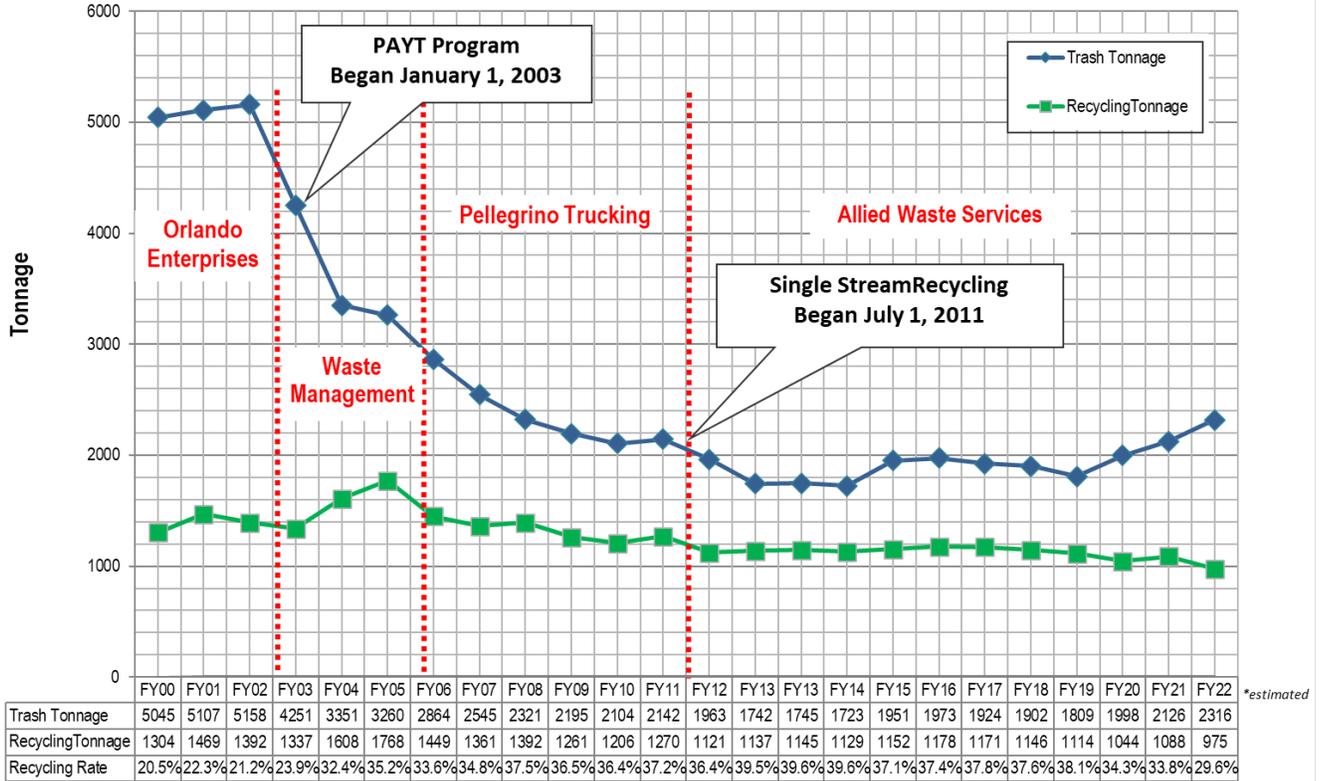
		FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
		ACTUAL	ACTUAL	ACTUAL	BUDGETED	6 MONTHS	PROPOSED
SOLID WASTE ENTERPRISE FUND							
Expenses	Services						
52810	Unclassified	100,993	133,434	143,284	167,350	115,247	224,350
52910	Collection	494,190	551,568	568,114	585,159	239,991	602,714
57810	Disposal	136,795	139,973	158,967	156,635	52,391	91,049
59810	Extra Ordinary & Unforeseen Exp.	0	0	0	10,000	0	10,000
	SUBTOTAL	731,978	824,976	870,365	919,144	407,628	928,113
TOTAL:	SOLID WASTE	731,978	824,976	870,365	919,144	407,628	928,113

Additional Solid Waste Budget Detail

Unclassified:	
Newsletter, training, bins and misc. supplies:	\$7,000
Disposal of illegal dumping:	\$7,000
Household Hazardous Waste Day:	\$20,000
Pay-As-You-Throw costs:	\$90,000
Disposal of Yard Waste	\$100,000
SWANA Membership	\$225
SWANA Meetings	<u>\$125</u>
Sub-total	\$224,350
Solid Waste & Recycling Collection:	
Trash Collection:	\$281,159
Recycling Collection:	<u>\$321,555</u>
Sub-total	\$602,714
Solid Waste & Recycling Disposal Adjustment:	
7/1/22 - 6/30/23: 2,300 tons x \$76.00/ton	\$174,800
7/1/22 - 6/30/23: 1,043 tons x (\$80.26) /ton	<u>(\$83,751)</u>
Sub-total	\$91,045
Contingency Reserve	
	<u>\$10,000</u>
Sub-total	\$10,000
Grand Total	\$928,113



Waste & Recycling Trends from FY2000 to FY2023



Since its inception on January 1, 2003 the PAYT program has provided significant incentive to participants to reduce waste and increase recycling. Trash went from a high of 5,158 tons in FY2002 steadily downward to 1,722 tons in FY2014 and has only recently started to increase. In addition, recycling rates have risen from 21% in FY2002 to approximately 39% in FY2014. The difference between the 5,158 tons of trash in FY2002 and the 2,300 tons of trash projected to be disposed in FY2023 is 2,858. In FY2023 that difference, multiplied by the projected disposal rate of \$76.00/ton, represents approximately \$217,208 in cost avoidance.



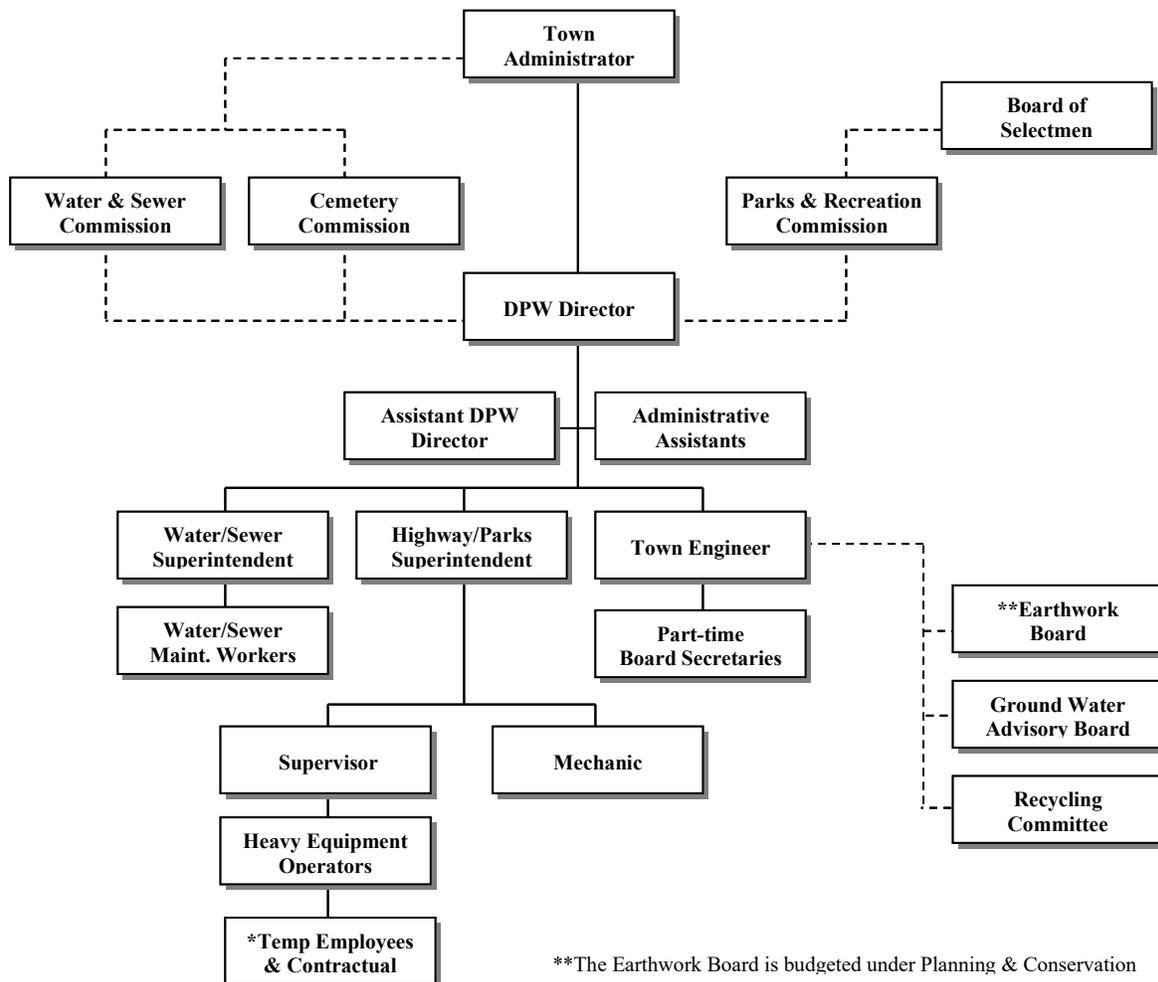
Water & Sewer Enterprise Funds

The Water and Sewer Divisions operate and maintain the Town’s public water and sewer systems and related facilities. The Water and Sewer Divisions are operated as enterprise funds. Briefly, an enterprise fund as authorized under MGL Ch. 44 §53F½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. For purposes of providing a departmental overview, personnel summary and goals/objectives, the Water & Sewer Divisions are included within Department of Public Works (DPW) Section 4 of the budget. The actual line-item budgets associated with the Water and Sewer enterprise funds are contained here in Section 8 of this budget document.

Water & Sewer Commission

In addition to the DPW staff, the Water & Sewer Commission provides advisory oversight to the enterprise funds. The Water & Sewer Commission consists of three members appointed by the Town Administrator for three-year terms. The Commission is responsible for the development of policies, fees, rules and regulations pertaining to the care, superintendence, development and management of the Town's water supply and facilities and the Town's sewerage system. The DPW Director serves as the staff liaison to the Water & Sewer Commission.

DPW Organizational Chart



**The Earthwork Board is budgeted under Planning & Conservation



Background on the Northborough Water System

Northborough's Water System was first authorized by the State Legislature in 1882. A small portion of Town was originally served from the Northborough Reservoir located in Shrewsbury and Boylston before it was taken out of service in 1955. The connection to what is now called the Massachusetts Water Resources Authority (MWRA)¹ was initiated in 1954. The Town's four wells came online later. The Brigham Street well was brought online in 1956; the Lyman Street well was brought online in 1964; the Crawford Street well was brought online in 1969; and the Howard Street well was brought online in 1994.

In the past, the Town operated its own wells and supplemented production from the wells with water purchased from the MWRA. The MWRA water was originally provided directly from the Wachusett Aqueduct. When the Wachusett Aqueduct was shut down for repair in 2000, the water provided by the MWRA to the Town came through a connection in Bartlett Street. This is connected to the new MWRA Carroll Water Treatment facility in Marlborough.

From 2000 to 2009, all the Town's water was being purchased from the MWRA because the well water was chemically incompatible with the water being provided by the MWRA. The Town well water has a pH of 6.5, and the new MWRA water source has a pH of 9. The higher pH in the MWRA water causes the Town's well water to drop the naturally occurring iron and manganese out of solution and turn the water red.

To address requirements of the Safe Drinking Water Act and to make the Town's water compatible, treatment alternatives were evaluated. The Town's consultant designed a new chemical addition facility at the Lyman Street well which the Town subsequently built. The Lyman Street well was reactivated in 2009 and produced approximately 225,000 gallons per day of the necessary 1 million gallons per day of average daily water usage in Northborough. Unfortunately, in June 2011, routine testing of the Lyman Street well indicated the presence of bacteria and the well was taken offline.

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

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

¹ The MWRA is a public authority established under Chapter 372 of the Acts of 1984. The MWRA is an independent authority that provides wholesale water and sewer services to its customer communities and funds its operations primarily through user assessments and charges.

Section 8-8 Water & Sewer Enterprise Funds

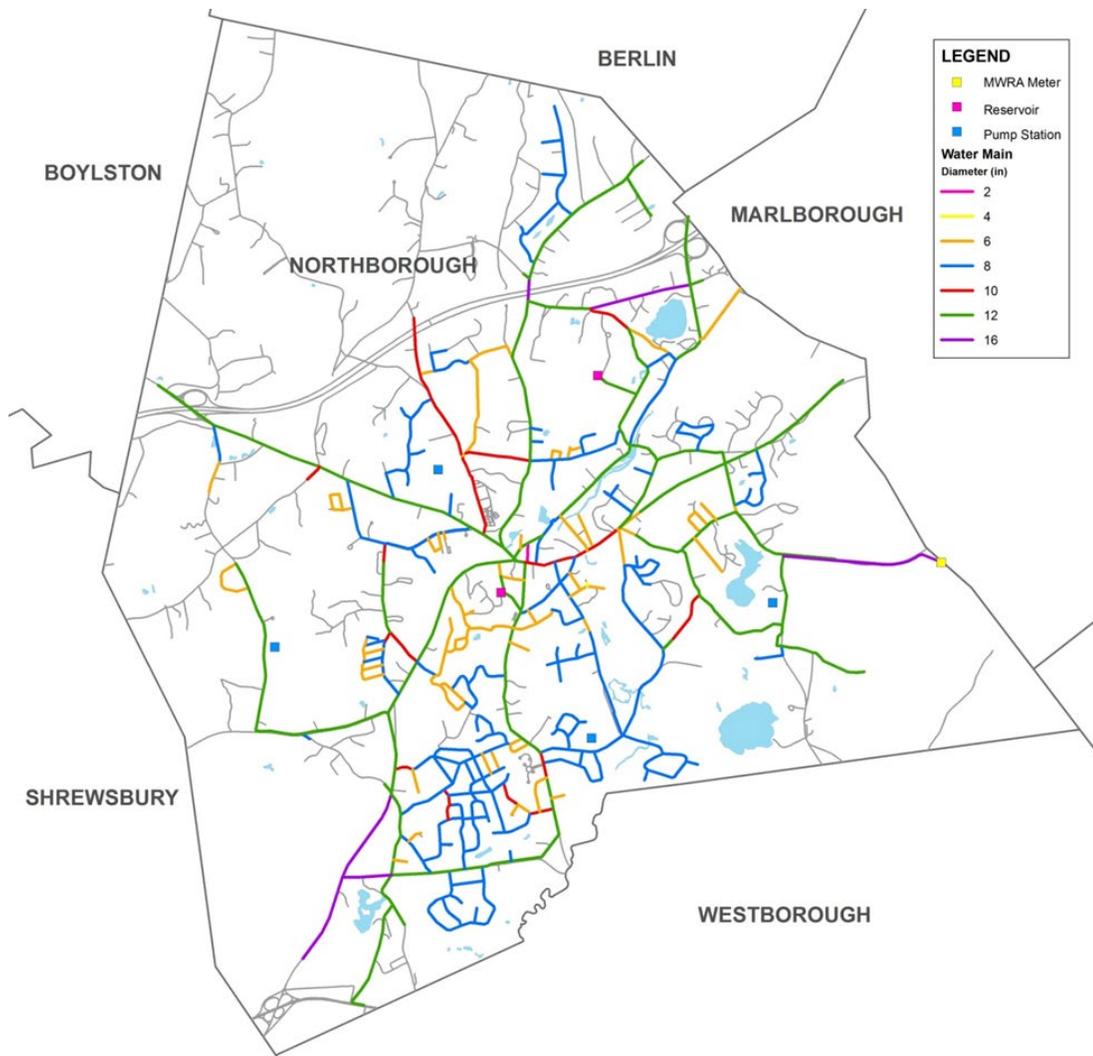


In order to fully determine which of the three options outlined above would be the best option for the Town, a water system master plan was prepared. The master plan focused on the entire potable water system and its ability to provide the Town with the most cost-effective method of delivering safe, clean potable water to the residents. The study included reviewing sustainable sources of water supply as well as evaluating the current distribution model, calibrating the model and calculating storage and system operating pressures.

The evaluation determined that while our distribution system is basically sound, the town-owned wells cannot supply the current water demand of an average of 0.87 million gallons per day (MGD) and a maximum or peak demand of 1.73 MGD. The Town is capable of pumping 1.02 MGD but it is limited by the Department of Environmental Protection to withdrawal of only 0.74 MGD from the aquifer. At present, the Town receives 100% of its water from the MWRA and the four wells remain off-line in an emergency only capacity.

Approximately 80% of the Town receives water from the public water supply system. The map below shows the water system service area.

Northborough Water System Map





Significant FY2023 Budget Changes or Initiatives

The FY2023 Water Enterprise Fund is budgeted at \$2,636,103 which is a decrease of \$317,871 or 10.8%. The decrease is attributable to two primary factors. The first is that the MWRA preliminary assessment was reduced by \$251,513 due to a shift in the share of the overall use from "bedroom communities" such as Northborough to Metro Boston as a result of businesses reopening after the initial effects of the pandemic. The opposite effect was experienced in FY2022 when Northborough's share of the total MWRA budget was disproportionately driven up by 24.3%. The second factor is that while the reduced MWRA assessment has a positive budgetary impact, the resulting loss in revenues due to reduced consumption resulted in a 10% reduction in revenue projections for FY2023. In addition, FY2022 was a wet year with a lot of precipitation, which drove consumption down even further. Since the FY2023 revenue projections must be based upon the prior year's actual, the FY2023 operating budget is further constrained. One way the revenue shortfall is being managed is through a one year pause to the hydrant replacement program for a budget reduction of \$65,000.

In the second quarter of FY2014, a base charge was added to each water account to recover a portion of fixed costs paid from the enterprise fund such as debt, meter reading, billing, and collection, regardless of the amount of water usage. Based upon formal rate studies, the water utility user rates are expected to increase approximately 4%-5% per year due to a combination of inflationary pressures (2-3% annually), annual water use fluctuations which trend downward between 0.5% and 1.0% due to mandated conservation measures, and the need to make regular infrastructure investments. The FY2023 user rates will be adjusted based upon a detailed rate study but are currently projected to increase between 3% and 4%. The base charge will also be evaluated as part of the rate study in an effort to maintain the appropriate ratio of fixed verse volumetric revenues.

Table with 7 columns: FY2019 ACTUAL, FY2020 ACTUAL, FY2021 ACTUAL, FY2022 BUDGETED, FY2022 SIX MONTHS, FY2023 PROPOSED. Section: WATER ENTERPRISE FUND, Personnel Services. Rows include Full-time Wages, Salary, Permanent wages, Commissioner Stipends, GIS Salary, Overtime, Longevity Pay, Stipends, Uniforms, and SUBTOTAL.

2 Line 51010 represents 60% of the Water/Sewer Supervisor salary and Water/Sewer Maintenance Workers' wages. The other 40% of these personnel expenses are included in the Sewer Enterprise Fund budget.

3 Line 51100 represents 30% (12 hrs/ week) of the DPW Director's salary. 20% is reflected in the Sewer Enterprise Fund Budget and the balance (50%) is included in the DPW budget Section 4 of this document.

4 Line 51120 represents 24 hours per week of an Administrative Assistant

5 Line 51130 represents the three Water & Sewer Commissioners who receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

6 Line 51135 represents 15% (6 hours per week) of the GIS Director's time supporting the Water Enterprise fund.

Section 8-10

Water & Sewer Enterprise Funds



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
WATER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation	13,174	13,438	12,180	12,180	11,005	11,076
51730 F.I.C.A.	3,785	4,806	5,037	5,037	5,037	5,037
51740 Life Insurance	88	88	88	88	88	63
51750 Health Insurance	53,307	49,481	48,751	49,124	49,124	49,022
52110 Utilities	15,722	16,101	16,227	17,300	5,290	19,500
52610 Building Maintenance	18,054	3,564	3,511	13,300	915	13,300
52620 Equipment Maintenance	9,317	6,160	11,195	18,000	1,386	18,000
52800 Contractual Services	71,117	162,498	121,087	170,974	34,722	178,134
52850 Audit	1,949	2,008	2,899	2,961	1,044	2,957
53020 Legal Services	0	833	273	5,000	0	10,000
53110 Printing	7,838	5,856	5,977	9,072	4,954	10,308
53170 Water Analysis	2,074	563	0	5,500	136	5,500
53190 Training	7,061	6,997	5,545	8,825	2,375	8,825
54290 Office Supplies	800	653	259	1,500	0	1,860
54350 Howard Street Well	0	0	0	0	0	0
54370 Private Work	0	0	0	0	0	0
54380 Brigham Street Well	0	0	0	0	0	0
54390 MWRA Assessment	1,271,058	1,312,356	1,422,346	1,767,929	880,114	1,508,715
54400 Lyman Street Well	0	0	0	0	0	0
54410 Crawford Street Well	0	0	0	0	0	0
54420 Materials & Supplies	103,158	95,040	89,364	132,900	8,891	67,900
54820 Gasoline	10,545	10,545	10,545	10,545	10,545.00	10,545
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	47,225	33,340	37,993	34,940	34,940	39,515
57110 Travel/Mileage	403	404	206	600	108	600
57410 Liability/Building Insurance	17,639	17,639.00	18,130	18,131	19,500	19,500
58530 Capital Outlay	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	25,000
SUBTOTAL	1,654,314	1,742,370	1,811,612	2,358,906	1,070,173	2,005,357



Water & Sewer Enterprise Funds

Section 8-11

FY2019 FY2020 FY2021 FY2022 FY2022 FY2023
ACTUAL ACTUAL ACTUAL BUDGETED SIX MONTHS PROPOSED

WATER ENTERPRISE FUND

Expenses (Debt Service)

59100 Principal / Long Term Debt	281,605	272,855	234,857	218,814	0	239,914
59150 Interest / Long Term Debt	52,924	46,117	39,181	33,576	25,783	47,550
59270 Interest / Temporary Loans	0	0	0	24,100	0	20,095
59280 Issuance Costs	0	0	0	7,275	0	4,605
SUBTOTAL	334,529	318,973	274,038	283,765	25,783	312,164

TOTAL: WATER ENTERPRISE FUND

2,287,872	2,371,565	2,394,848	2,961,675	1,250,715	2,636,103
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Section 8-12 Water & Sewer Enterprise Funds



Background on the Northborough Sewer System

The Town operates a collection system of sewer pipes that bring sewerage to the City of Marlborough's Westerly Wastewater Treatment Plant where it is treated and discharged into the Assabet River. When the sewer system was started in the mid 1960's it was designed to service only the central portion of Town. While sewer pipe installation did not start until the 1970's, in 1964 land was purchased for a Northborough sewage treatment plant on Boundary Street.

In the late 1960's when the Town of Northborough attempted to obtain approvals for a sewerage treatment plant from the Massachusetts Department of Public Health, the regulators told the Town that since Marlborough was building a plant across the roadway on Boundary Street, that they would not allow two plants across the street and side-by-side with each other on the river. As a result, the Town of Northborough was required to become a partner in the Marlborough Westerly Wastewater Treatment Plant by entering into an Intermunicipal Agreement with the City of Marlborough for sewerage treatment.

In 1970, the Town of Northborough entered into the first of two twenty-year agreements with Marlborough for 800,000 gallons per day. The Marlborough Westerly Plant has a design capacity of 2.89 million gallons per day (MGD). Therefore, Marlborough's portion is 2.09 MGD and Northborough's is 0.80 MGD. While our sewer pipe installation has continued into the present in accordance with a Master Plan initially generated in the early 1980's, the Town's sewer capacity at the Westerly Plant has not changed since the original 1970 agreement. It has remained at 0.80 MGD.

Sewer service area and future capacity needs

In the late 1970's the Town hired the engineering firm of Camp Dresser & McKee (CDM) to begin developing the sewer system and mapping out the sewer service area for the Town. It was estimated that the sewerage to be contributed by the users in the original sewer service area would use the full 0.80 MGD of sewer capacity. Therefore, as long as the Town's capacity at the treatment plant remains at 0.80 MGD, it cannot provide sewer to any other parts of Town currently outside of the sewer service area.

During 2000, CDM updated the sewer service area and determined that there was only 50,000 gallons per day of sewer capacity for development of the southeast and southwest industrial areas. The Avalon Bay/Northborough Crossing development discharges approximately 80,000 gallons per day. Not only does this use up the 50,000 gallons per day allocated for industrial development, but it also uses 30,000 gallons per day more of capacity previously targeted for existing residential areas in Town. Therefore, it is critical for the Town to pursue additional capacity at the Marlborough Westerly Wastewater Treatment Plant. Should the Town be unsuccessful in getting additional capacity, the amount of capacity previously designated for users within the sewer service area will need to be reduced by 30,000 gallons per day to stay within our 0.80 MGD.

Assabet Consortium Study

In 2000, Town Meeting authorized \$500,000 to study the Town's current sewer needs through the Assabet River Consortium Study. The Assabet Consortium Study is a collaboration of the six towns whose sewerage treatment plants discharge to the Assabet River; these include Northborough, Marlborough, Westborough, Shrewsbury, Hudson and Maynard. As part of the discharge permit for each sewerage treatment plant (there are four) each Town must produce a study that evaluates the effect of the treatment plant's discharge on the Assabet River. The



engineering firm of Fay, Spofford & Thorndike (FST), was hired to do the study for the Town of Northborough. FST inventoried the Board of Health records for septic system failures, excessive pumping, Building Department records for building construction, soils maps, zoning and other applicable files and information to calculate the sewer capacity necessary to service the entire Town of Northborough. They determined that the Town, including existing users, would need 1.25 MGD. This means that there is not enough capacity in the existing sewage treatment plant for the Town to provide sewer to every area that needs it. Marlborough's consultant determined that Marlborough also needed additional capacity. Between Northborough & Marlborough the total sewage treatment capacity needed is 4.15 MGD. With the plant capacity permitted for 2.89 MGD, the deficit is 1.26 MGD.

Through the Assabet Consortium Study process, the Department of Environmental Protection (DEP) and the Federal Environmental Protection Agency (EPA) originally informed the Town that no additional flows would be permitted into the Assabet River. Therefore, the additional 4.15 MGD of capacity necessary for Northborough and Marlborough must be handled by infiltrating it into the ground through subsurface discharge. Even though the effluent water is treated to just about drinkable standards, the DEP and EPA goal is to replenish the ground water rather than let it flow away down the river.

Haitsma Property Acquisition

At the August 10, 2004 Special Town Meeting the Town opted to purchase, through the Chapter 61A tax relief statute, the Haitsma farm at 455 Main Street. The primary purpose of this land was to serve future sewer utility expansion, thus allowing proper build-out and economic development of the Town. According to the Town's consultants, an additional 1.5 MGD of sewer capacity could be achieved through subsurface disposal on the Haitsma property, if needed. However, the cost would be significantly higher than discharging to the river. Consultants for Marlborough and Northborough proposed putting all the additional flows into the river because of the negative environmental impact of clearing all the land necessary to put the additional flows into the ground as well as the additional energy costs of the subsurface disposal. Further evaluation by the Town's consultant in 2018 determined that subsurface disposal of effluent at the Haitsma property would likely result in the discharge entering the Assabet River due to the local hydrogeologic conditions, calling into question the viability of subsurface disposal at that location.

Status of the Marlborough Westerly plant expansion

On November 16, 2009, after spending more than 8 years working with both the State DEP and Federal EPA, the National Pollutant Discharge Elimination System (NPDES) Permit modification for the Marlborough Westerly Treatment Plant was finally granted. This is the permit that allows the Westerly Treatment Plant additional flow into the Assabet River, instead of more expensive alternatives such as subsurface disposal on the Haitsma property. The NPDES permit modification also included significant and expensive upgrades to water treatment, particularly with regard to phosphorus discharge limits.

Unfortunately, after granting the increase in flow, the EPA abruptly and unexpectedly decided to rescind the NPDES permit on February 23, 2010. However, since the granting of the permit, Marlborough has completed the \$30 million expansion and upgrades to the plant and although the plant is seeing great results on the quality of the effluent, it is coming at a significant increase in operational costs. Under the proposed Intermunicipal Agreement, the Town of Northborough will owe 30% of the cost of construction. It remains to be seen how the issue of additional capacity will be resolved. The EPA has issued the new NPDES permit for the Marlborough

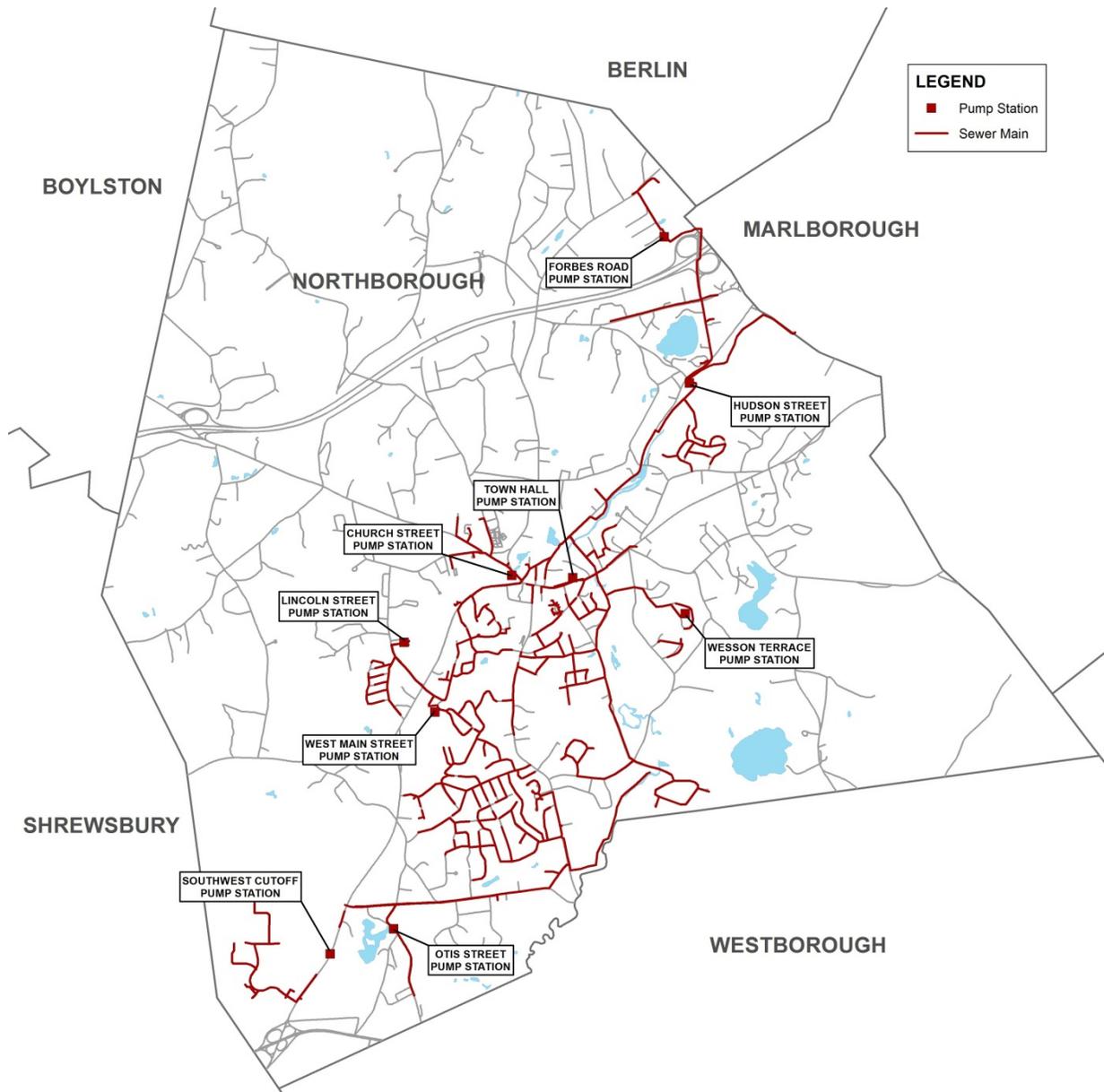
Section 8-14 Water & Sewer Enterprise Funds



Westerly Plant within which Northborough is a co-permittee. The new permit provides no additional capacity, and the City has indicated no willingness to appeal the permit issuance. The new permit does include additional operational requirements that will impact the sewer enterprise fund operating expenses in the coming years.

Approximately 30% of the Town has access to the sewer wastewater system. The map below shows the sewer system service area.

Northborough Sewer System Map





Significant FY2022 Budget Changes or Initiatives

The FY2023 Sewer Enterprise Fund is budgeted at \$2,397,488, which is an overall increase of \$24,028 or 1.0%. The budget reflects an estimated 10% or \$81,323 increase in the Marlborough use charge. This value, along with several other smaller increases, is substantially offset by a \$109,715 reduction in debt payments which are spread across several past debt issuances.

The critical issue facing the DPW Sewer Enterprise Fund continues to be negotiations for a new Intermunicipal Agreement with the City of Marlborough. The matter is currently in litigation, the outcome of which will establish our contribution to the operational expenses of the Westerly Wastewater Treatment Plan as well as Northborough’s share of the \$30 million plant improvement project. Sewer rates were increased significantly in the second quarters of FY2014, FY2016, FY2017, and FY2018 in anticipation of a large plant improvement payment to Marlborough. The sewer use charges will be evaluated as part of a comprehensive rate study. While final rate adjustments will be based upon the updated rate study, a modest increase is anticipated in FY2023.

	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
SEWER ENTERPRISE FUND						
Personnel Services						
51010 Full-time Wages	109,343	115,950	109,676	114,987	52,251	113,834
51100 Full-time Salary	23,793	24,754	25,754	26,532	12,363	26,545
51120 Full-time Permanent wages	23,853	24,515	24,950	25,404	11,839	25,371
⁷ 51130 W&S Commissioner Stipends	720	720	1,800	720	0	720
⁸ 51135 GIS Salary	9,553	9,840	10,266	10,472	10,472	10,786
51300 Overtime	29,412	27,943	31,585	31,252	14,297	31,874
51410 Longevity Pay	880	940	1,080	1,070	1,190	1,064
51970 Stipends	1,200	1,520	1,520	1,520	760	1,520
51920 Uniforms	1,000	1,000	0	1,000	0	1,000
SUBTOTAL	199,753	207,182	206,631	212,957	103,173	212,714

⁷ Line 51130 represents the three Water & Sewer Commissioners receive \$600 each per year, split 40% (\$720) Sewer Fund Budget and 60% (\$1,080) Water Fund Budget

⁸ Line 51135 represents 10% (4 hours per week) of the GIS Director’s time supporting the Sewer Enterprise fund.

Section 8-16 Water & Sewer Enterprise Funds



	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 BUDGETED	FY2022 SIX MONTHS	FY2023 PROPOSED
SEWER ENTERPRISE FUND						
Expenses						
51710 Workers' Compensation Ins.	8,234	8,399	8,120	8,120	7,337	7,384
51730 F.I.C.A.	2,523	3,210	3,364	3,364	3,364	3,364
51740 Life Insurance	59	59	59	59	59	42
51750 Health Insurance	35,538	32,988	32,501	32,749	32,749	32,682
52110 Utilities	52,910	51,165	51,941	57,518	19,693	60,000
52310 Marlborough Use Charge	400,000	400,000	400,000	813,232	300,000	894,555
52600 Building Maintenance	78,409	50,879	49,814	96,000	4,283	97,800
52620 Equipment Maintenance	10,685	6,795	20,459	35,000	764	41,000
52800 Contractual Services	78,205	156,605	65,923	207,934	103,552	179,611
52850 Audit	1,300	1,338	2,211	2,252	696	2,249
53020 Legal Services	18,351	37,362	85,152	50,000	8,569	50,000
53110 Printing	5,226	3,904	3,984	5,872	3,302	5,873
53170 Testing	1,935	8,151	1,644	4,900	822	4,900
53190 Training, Dues and Licenses	1,132	1,782	426	3,240	897	3,240
54290 Office Supplies	270	450	390	1,500	105	1,740
54420 Materials & Supplies	29,960	14,380	33,163	44,500	14,103	44,500
54820 Gasoline	7,030	7,030	7,030	7,030	7,030	7,030
55990 Chemicals	0	0	0	0	0	0
56220 Worcester Regional Retirement	31,486	22,227	25,329	23,293	23,293	26,343
57110 Mileage	269	269	137	400	72	400
57410 Liability/Building Insurance	11,759	11,759	12,087	12,088	13,000	13,000
58730 Capital Outlay	0	0	0	0	0	0
59810 Extraordinary and Unforeseen	0	0	0	75,000	0	75,000
SUBTOTAL	775,279	818,752	803,734	1,484,051	543,690	1,550,713



Water & Sewer Enterprise Funds

Section 8-17

FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

SEWER ENTERPRISE FUND

Expenses (Debt Service)

59100 Principal / Long Term Debt	473,516	514,370	530,183	590,791	150,000	503,491
59150 Interest /Long Term Debt	163,415	144,672	123,121	103,406	60,635	124,320
59270 Interest / Temporary Loans	24,681	19,377	10,234	20,250	0	5,125
59280 Issuance Costs	0	0	0	7,875	0	1,125
SUBTOTAL	661,612	678,419	663,539	722,322	210,635	634,061

TOTAL: SEWER ENTERPRISE FUND

1,636,645	1,704,353	1,673,903	2,419,330	857,497	2,397,488
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*Proposed
Capital Improvement Program*



2023 - 2028

Town of Northborough, Massachusetts

CAPITAL IMPROVEMENT PROGRAM

Table of Contents

Town Administrator’s Transmittal Letter	1
FY2023 Proposed Capital Budget	4
Introduction of Frequently Asked Questions	8
Capital Projects Flow Chart	13
Part I Capital Improvement Program FY2023-2028 Summary by Department	14
Part II Project Detail Sheets by Department	20
Fire/EMS Department	22-25
Police Department	26-30
Town Administration	31-32
Department of Public Works: Highway/Parks/Cemetery Divisions	33-52
Department of Public Works: Sewer Enterprise Fund	53
Department of Public Works: Water Enterprise Fund	54-58
Northborough K-8 Public Schools	59-65
Part III Financial Planning Committee Report	66



John W. Coderre
Town Administrator

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March 25, 2022

To: Board of Selectmen, Financial Planning Committee,
Appropriations Committee

It is my pleasure to submit herewith the Proposed FY2023-2028 Capital Improvement Program (CIP), the first year of which constitutes the requested FY2023 Capital Budget. Each year, Town Meeting reviews the Proposed Capital Budget and adopts it by voting to appropriate funds for each recommended capital project. The planned acquisition of capital associated with the annual appropriation is an important component of the Town's capital plan.

As in previous years, the CIP is incorporated in its entirety as Section 9 of the annual Operating Budget document. While the physical document continues to be refined, the main focus again in FY2023 is on the financing of the projects themselves, as the Town seeks to fund more projects using available funds such as Free Cash, without incurring debt.

The Free Cash Policy

The process of preparing the CIP and the FY2023 Capital Budget has remained essentially the same in recent years. However, the Board of Selectmen adopted a Free Cash Policy in November of 2010, which provides a recurring funding

source for projects, other than municipal bonds. Interested readers are encouraged to refer to the complete Free Cash Policy on page 2 of Appendix A of this budget document, which contains the Town's comprehensive financial policies.

In its most basic definition, Free Cash is the fiscal year-end combination of revenues that come in higher than estimated and expenditures that come in lower than budgeted. After the June 30th close of the fiscal year, the Town's Free Cash is certified by the State Department of Revenue and available for appropriation. Free Cash that was certified at the close of FY2021 (June 30, 2021) is available for use in the FY2023 Capital Budget.

The adopted Free Cash Policy attempts to align one-time revenues with appropriate one-time expenditures, thereby minimizing the level at which recurring expenses, such as personnel, are dependent upon this unpredictable revenue source. To that end, the following are explicitly authorized uses of Free Cash under the adopted policy:

1. Appropriation Committee’s Reserve Fund
2. Limited (\$500,000) Subsidy of the Operating Budget
3. Contribution to the Town’s Stabilization Fund
4. Fund Projects in the Capital Improvement Program
5. Extraordinary Deficits & Emergency Appropriations

Under the policy, one appropriate use of Free Cash is to fund capital projects that would otherwise incur borrowing costs associated with the issuance of debt. The financing of small capital projects or equipment is not considered a best practice for a community our size. Although perfectly legal, the Town has moved away from incurring debt for vehicles and small equipment purchases.

Bond rating agencies prefer to see Towns use a pay-as-you-go approach for smaller capital projects. The one-time nature of Free Cash makes it an excellent match for one-time capital expenditures. If for some reason sufficient Free Cash does not materialize in a given year, the Town may borrow for capital projects, or delay them, without causing immediate impact to the operating budget and related services.

The FY2023 Free Cash Plan

The Free Cash Policy represents the Town’s agreed upon and principled approach to how this unpredictable revenue source will be used. The policy guides our decision-making process based upon sound financial planning practices and sets realistic and sustainable goals. The Free Cash Plan is the annual implementation of how actual Free Cash will be used during the budget process in the context of our policy guidelines, including funding of any capital projects. As always, any use of Free Cash remains subject to Town Meeting approval and appropriation.

At the conclusion of FY2021, Free Cash was certified at approximately \$3.4 million. Of the total Free Cash, \$2,024,000 will be used to finance the FY2023 Capital Budget. Projects financed using Free Cash will not increase taxes or result in the payment of finance charges. The use of Free Cash is a significant funding source for FY2023 capital projects and will continue playing a significant role in funding future capital projects as well.

PROPOSED FY2023 FREE CASH PLAN			
	Free Cash Certification as of 7/1/2021	3,399,259	100%
FY2023	Appropriated Reserve	-175,000	5%
FY2023	Operating Budget	-500,000	15%
FY2023	Stabilization Fund	-200,000	6%
FY2023	Capital Projects	-2,024,000	60%
	Available Free Cash after FY2023 Plan	500,259	15%

Based upon the \$3.4 million in available Free Cash, the Town will be able to maintain an appropriation to the Reserve Account, continue to contribute the policy-targeted amount into the FY2023 Operating Budget, and once again pay cash for a portion of our upcoming capital needs.

Due to the budgeting constraints experienced during the pandemic the Town did not contribute to the Stabilization (rainy day) Fund in FY2021 or FY2022. The FY2023 Free Cash Plan proposes to restore the annual contribution to the Stabilization Fund at \$200,000. The Stabilization Fund is designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose in accordance with MGL Chapter 40, Section 5B. Communities may establish one or more stabilization funds for different purposes. Any interest shall be added to

and become a part of the funds. A two-thirds vote of Town Meeting is required to appropriate from a stabilization fund.

The Town currently maintains a Stabilization Fund for emergencies and unforeseen circumstances. As of June 30, 2021, the balance in the Town's Stabilization Fund is \$5.13 million. Historically the budget had provided for an annual appropriation of \$100,000 to be added to the Stabilization Fund. However, for several years during the last recession the appropriation was not possible due to financial constraints. During FY2016, the Stabilization Fund contribution was restored at \$200,000. However, due to economic concerns posed by the threat of COVID-19 in FY2021, a decision was made to increase the Appropriations Reserve Account by \$200,000, rather than transfer funds to the Stabilization Account. The Town also delayed several FY2021 capital projects to free up resources in case they were needed to manage the state of emergency. At the time, there were concerns that there would be an immediate need for funds for the Town or Schools to manage the pandemic. Support received from the State and Federal Governments in FY2021 allowed for the Town to keep the Appropriations Reserve Account whole. Those funds closed out to free cash at the end of the fiscal year and become available during the FY2023 budgeting process. Moving forward, the Town will need to continue updating the CIP and associated funding sources to address the temporary backlog of postponed projects.

Northborough's financial policy provides for reserves (stabilization fund plus unappropriated free cash) to average between 5% and 10% of the Town's operating budget. The proposed Free Cash Plan maintains the Town's financial reserves within the policy range. Prior to the close of FY2021, the Town's reserves were at 8.3%, or \$5.6 million. After the close of FY2021 the July 1, 2021 reserves increased to approximately 12.6%. Based on the proposed FY2023

Operating and Capital Budgets, reserves are projected to remain at 8%, well within the policy guidelines.

It is important to note that Northborough's Free Cash Policy has been a major success story for the Town. Since FY2012 the Town has invested \$18.6 million in pay-as-you-go capital investments with no additional tax impact. That includes \$12.9 million in Free Cash and approximately \$5.8 million in other funding sources, exclusive of the \$2,024,000 in Free Cash expenditures planned for FY2023. The clear result has been fewer tax dollars going to pay for interest on loans and a declining debt burden that has made room for debt associated with significant capital projects, such as the upcoming Fire Station and Town Offices building projects.

FY2023 Proposed Capital Budget

The table on the following page represents the FY2023 proposed capital requests of the General Government Department and the Northborough K-8 Schools. The table also provides a matrix of the various sources of funding for the proposed projects.

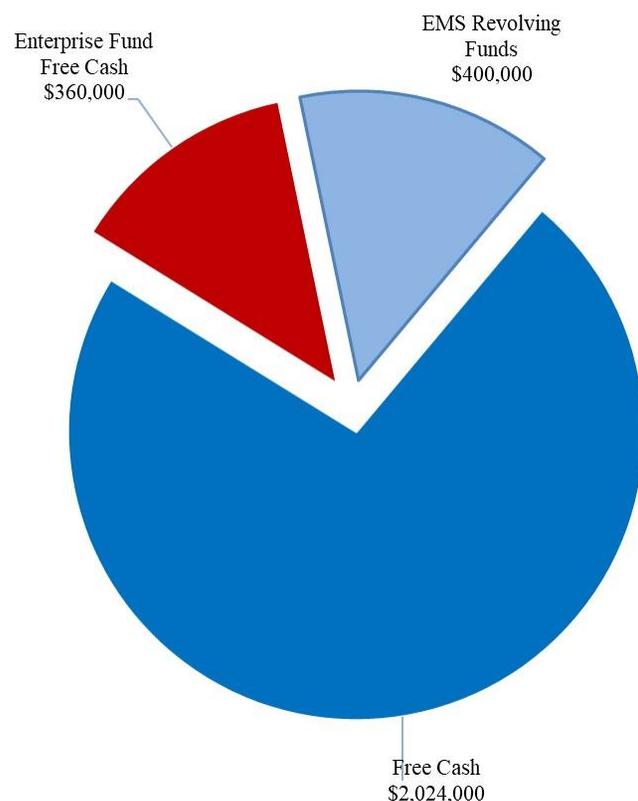
Although the detail for these proposed projects has been incorporated as Section 9 of the annual Operating Budget document, funding for all recommended FY2023 projects requires Town Meeting approval of specific Articles contained in the April 2022 Annual Warrant. The adoption of the Capital Budget and any associated borrowing is done strictly in accordance with the Town Charter and Massachusetts General Laws.

The proposed FY2023 Capital Budget totals \$2,784,000 with \$2,024,000 from Free Cash, \$400,000 from the EMS Revolving Fund, and \$360,000 from the Sewer Enterprise Fund. A breakdown of the proposed funding sources can be found on the subsequent pages.

FY2023 Proposed Capital Budget & Funding Sources

PROJECTS BY DEPARTMENT	EXPENDITURE	FUNDING SOURCES				
		Free Cash	Enterprise Fund Free Cash	Enterprise Fund Bonds	EMS Revolving Funds	ARPA
Police						
Police Cruiser Replacements (3)	165,000	165,000				
Police Subtotal		\$165,000				
Fire						
Ambulance Replacement	400,000				400,000	
Engine Replacement	0					TBD
Fire Subtotal		\$400,000				
Town Administration						
Downtown Master Plan	150,000	150,000				
Town Administration Subtotal		\$150,000				
DPW: Highway Division						
Roadway Improvements/Maintenance	454,000	454,000				
One-Ton Dump Truck w/Plow Replacement	130,000	130,000				
Culvert & Drainage Replacement Program	300,000	300,000				
Loader Replacement	290,000	290,000				
20-Ton Dump Truck w/Spreader & Plow	340,000	340,000				
Backhoe Replacement	195,000	195,000				
Highway Garage Tight Tank	0					TBD
Sidewalk Management Plan Phase 1	0					TBD
Highway Subtotal		\$1,709,000				
DPW: Sewer Enterprise Funds						
Inflow & Outflow (I&I) Mitigation Repairs	360,000		360,000			
Sewer Enterprise Fund Subtotal		\$360,000				
TOTAL FY2023 CAPITAL BUDGET		\$2,784,000	\$2,024,000	\$360,000	\$400,000	\$0

FY2023 Capital Funding Sources



Fire Station Building Project Update

- A warrant article at the April 2019 Town Meeting appropriated \$3.5 million for design and land acquisition to move forward with the project; of which \$1.38 million will be repurposed bond proceeds remaining from the completed Lincoln Street Building Project (no additional tax impact).
- Although funding for the land acquisition and design were approved at the April 2019 Town Meeting, required site remediation work performed by the seller delayed closing on the property. Final ground water testing is scheduled for July of 2022, at which time the Town will close on the property. In the interim, the Town will begin the selection process for an owner's project manager and architect.
- The project expects to be before Annual Town Meeting in April of 2023 with a construction funding request for a new fire station.

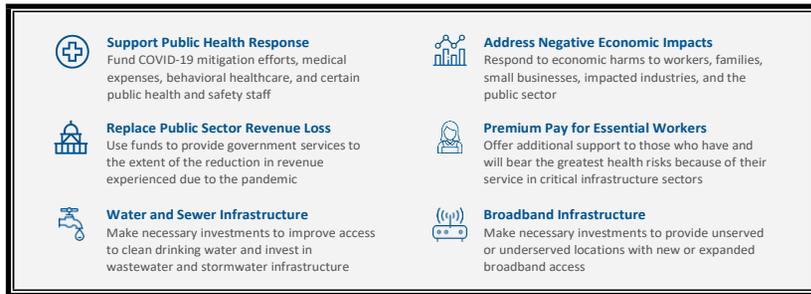
Town Offices Feasibility Study Project Update

- In April of 2020, the Town allocated funding to conduct a feasibility study to determine the future location of the Town Administrative Offices.
- The feasibility study was delayed due to the pandemic and the process is set to begin in the Spring of 2022.
- Once a determination is made on a path forward for the future of the Town Administrative Offices, a request for design funding in the Spring of 2023 will be put forth, followed by a request for construction funds in 2024.

American Rescue Plan Act (ARPA)

On March 11, 2021, U.S. President Joe Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. ARPA provides local governments with resources through the Coronavirus Local Fiscal Recovery Fund (CLFRF), to respond to the public health emergency caused by the COVID-19 pandemic. The funds are administered by the U.S. Treasury Department, which announced that the Town of Northborough will receive \$4,516,183 in grant funding.

ARPA Funding Categories



On January 6, 2022, the US Treasury issued its Final Rule, which details how and for what purposes ARPA funding may be used. Since Northborough is receiving less than \$10 million in ARPA funds, its \$4.5 million grant may be used for any “general government services.” The new rule greatly simplifies the compliance reporting process and allows the Town to essentially claim the entirety of its grant award under the revenue loss category, which provides substantial flexibility. In term of timing, funding must be obligated by December 31, 2024 and be spent by December 31, 2026, which means expenditures will likely span FY2023 and FY2024.

Since ARPA funds are non-recurring, their use should be applied primarily to non-recurring expenditures and care

should be taken to avoid creating new programs or add-ons to existing programs that require an ongoing financial commitment. Investment in critical infrastructure is a particularly well-suited use of ARPA funds because it is a non-recurring expenditure that can be targeted to strategically important long-term assets that provide benefits over many years. As part of the initial review of community needs it was proposed that some portion of ARPA funding be used to support the CIP. The following projects were discussed as potential candidates for ARPA funding:

- Fire Engine Replacement for \$800,000
- Sidewalk Management Plan Phase 1 \$400,000
- Proctor School Roof Replacement (net of MSBA State Grant) \$880,000
- DPW Garage MA-DEP Required Tight Tank \$400,000

If these projects are not funded using the ARPA grant, they will most likely require the issuance of approximately \$2.48 million in debt, with principal and interest payments impacting future operating budgets for the next 10-20 years. The new debt will also be incurred at a time when the Town is contemplating the building of a new fire station and a town office building project. Unfortunately, the limited amount of annual pay-as-you-go capital funding will not be able to absorb these projects given their relative expense. At the time of this writing, the Board of Selectmen is still reviewing how best to use the ARPA funds, and a community input session is planned for June of 2022.

For additional information regarding the potential ARPA capital projects above, as well as each of the proposed FY2023 Capital Budget projects, please refer to the Project Detail Sheets in Part II of this document. Project Detail Sheets are also included for every project contained in the Six- Year CIP.

It should be clearly noted that projects listed in the Capital Improvement Program for years other than FY2023 will not be authorized at the 2022 Annual Town Meeting. Projects in these “out years” serve mainly as a guide for future planning and are subject to further review before incorporation into a future capital budget.

Both the Capital Improvement Program (CIP) and the Capital Budget are developed annually in accordance with Section 6-4 of the Northborough Home Rule Charter. One of the primary goals of the Financial Planning Committee is to continue funding small capital items with available funds, such as Free Cash, and avoid the expenses associated with incurring debt for smaller capital items. FY2023 is the twelfth year such an approach is being followed since adoption of the Free Cash Policy in 2010.

As a reminder, Part III of this CIP document contains the Financial Planning Committee’s evaluation and recommendation of the proposed capital projects. The report is an excellent reference for citizens reviewing the CIP and provides additional detail regarding how projects are prioritized. Interested readers are strongly encouraged to review the report.

Closing Comments

In closing, it is obvious that the Town continues to make positive strides towards maintaining its physical assets through the Capital Improvement Program. The attached Capital Budget continues to recognize the Town’s ongoing responsibility to maintain its capital facilities, equipment and infrastructure, and to make the capital investments necessary to meet the evolving service demands of our community. The Capital Improvement Program also recognizes the Town’s

responsibility to limit such undertakings to a sustainable level that will preserve the fiscal integrity of the Town.

I wish to extend my sincere thanks to the Financial Planning Committee, School Superintendent, Department Heads and staff for their assistance in the preparation of this document.

Respectfully submitted,

John W. Coderre
Town Administrator

CAPITAL IMPROVEMENT PROGRAM

INTRODUCTION

In a continuing effort to provide “user friendly” documents to our citizens, the Town has endeavored to provide a straight forward introductory section that answers the most commonly asked questions regarding capital planning in Northborough. The following questions and answers define terms, describe processes, and detail the needs and benefits of Northborough’s capital planning activities.

I. What is the Capital Improvement Program?

The Capital Improvement Program (CIP) is a multi-year plan used to coordinate the financing and timing of major public improvements for the Town of Northborough. It contains a list of capital projects proposed for the Town within the next six years and reflects the recommendations of citizens, boards, commissions, and staff from each of the Town departments. The CIP identifies each proposed project and presents a summary description, estimate of cost, method of financing, and a schedule of implementation. The Capital Improvement Program constitutes a rational plan for preserving, as well as adding to the capital assets of the Town.

II. What are Capital Assets and Capital Projects?

A capital asset is a new or rehabilitated physical asset that is of a non-recurring nature, has a useful life of at least five years, and is of significant value. Capital projects are undertaken to acquire capital assets and are differentiated from ordinary repairs or maintenance of a recurring nature. Examples of capital projects include land acquisitions, construction or major improvements to public buildings, road construction, and the acquisition of large equipment. For our purposes, projects submitted must exceed \$25,000 in value for FY2023 to qualify for inclusion in the *Town of Northborough’s Capital Improvement Program*.

III. What is the difference between the Capital Improvement Program and the Capital Budget?

The first year of the CIP is the proposed Capital Budget. The Capital Budget consists of those capital projects which, through the Town Meeting process and in accordance with the Town Charter, are annually approved and funded. However, projects slated for subsequent years in the CIP serve on a planning basis only, and do not receive ultimate spending authority until they are incorporated into a capital budget and approved by Town Meeting.

CAPITAL IMPROVEMENT PROGRAM

IV. How is the Operating Budget Related to the Capital Budget?

The Town of Northborough prepares a Capital Budget separate from the Operating Budget, yet the two are closely linked. The annual Operating Budget provides for general municipal service delivery, including personnel service costs, supplies and other contractual services, and certain capital equipment. Revenues for the Operating Budget are derived primarily from recurring taxes, intergovernmental sources, and user fees. Appropriations to the annual Operating Budget are for a single fiscal year.

In contrast, the Capital Budget is a multi-year budget designed to expend monies which add to the physical assets of the Town. Capital projects typically require expenditures which take place beyond a single fiscal year; funding with debt because of significant costs to be shared by current and future beneficiaries; systematic acquisition over an extended period of time in order to implement major operating systems or programs; and scheduled replacement or maintenance of specific elements of physical assets. Revenues for capital projects are most often derived from the sale of municipal bonds (borrowing), State & Federal Grants (when available) or can be supported by one-time funding sources, such as donations and free cash.

Notwithstanding the differences between the two, the Operating and Capital Budgets are closely interwoven inasmuch as operating costs related to capital projects need to be estimated and provided for in the Operating Budget. Many capital projects, such as the Library Renovation/Expansion Project or Senior Center, have an impact on the operating costs of those facilities once reopened. Town practice is to attempt to project the net effect a capital project will have on the operating budget. Maintenance and repair costs may be lower in a new facility, but it may cost more to run the larger facility as well. In addition, since most large capital projects are financed through municipal debt, repayment of that debt becomes part of the operating budget as well as the Town's fiscal forecasting models. The necessity to incur some degree of debt in order to finance the Capital Improvement Program carries with it the burden to effectively manage that debt within the Town's financial resources.

V. Why do we need a CIP?

The CIP provides a means of coordinating and centralizing the capital project requests of various departments and agencies, thus eliminating wasteful overlap, duplication, and delay. It focuses attention on Northborough's goals and financial capability by comprehensively considering not only what capital projects Northborough needs, but equally as important, what it can afford. Additionally, the formalized process allows more time for the study of projects, encourages public discussion of proposed undertakings, and allows Town citizens the opportunity to provide input, advice and recommendations with respect to proposed projects and expenditures.

CAPITAL IMPROVEMENT PROGRAM

VI. How does Capital Programming save the Town money?

Investors and bond rating agencies stress the value of a CIP for a municipality seeking to borrow funds. In fact, the six-year capital plan is referenced in every Offering Statement for Town of Northborough bonds. The absence of a rational, long-term planning instrument would weigh against the bond rating assigned to Northborough by rating agencies and the result would be higher interest rates on bond issues and more tax dollars going to pay for the interest on loans. Northborough currently enjoys a superior credit rating of Aa1 by Moody's Investor Service. This places Northborough within the same rating tier and just slightly below obligations of the United States Government. Thus, very real and tangible cost savings result from the use of our Capital Improvement Program.

Another financial benefit from the capital programming process is the avoidance of poorly timed projects. Good planning can ensure that capital improvement efforts are coordinated and costly duplication is avoided. In addition, significant savings can accrue to taxpayers when major capital financing is coordinated so that bond issues are sold infrequently, but at good times during the economic cycle to take advantage of low interest rates. The development of a Capital Improvement Program ensures sound fiscal and capital planning.

VII. How are Capital Projects financed?

An annual appropriation is typically included in the Operating Budget for capital expenditures as one of several funding sources to finance select capital projects. Other financing sources for Northborough's capital projects include state and federal grants, corporate donations, free cash, and debt. The single largest source of financing for capital projects is borrowing through the issuance of general obligation bonds. Much like mortgaging a house, borrowing allows the Town of Northborough to purchase expensive capital assets and spread the costs over the useful life of the asset, thus eliminating the need to temporarily raise taxes every time a large capital asset is acquired. In addition, debt allows current and future beneficiaries to share the cost of long-term capital improvements such as new schools, libraries or roads. All borrowing is done strictly in accordance with the Town Charter and Massachusetts General Laws (MGLs).

CAPITAL IMPROVEMENT PROGRAM

VIII. How is the CIP developed?

The process for preparing the FY2023-2028 Capital Improvement Program and its associated FY2023 Capital Budget is essentially the same as in past years. It involves active participation by Department Heads working in conjunction with the Financial (Capital) Planning Committee. The Capital Budget is prepared in the context of a six-year determination of need by Departments, in conjunction with the Town's overall financial capacity to affordably accommodate the required debt service payments. Projected debt service payments and budgetary impacts are forecast annually to help ensure affordability and sustainability of the Capital Improvement Program. Preparation for the FY2023 Capital and Operating Budget was slightly delayed this year due to setbacks originating at the state level, as the state continues to manage the ongoing Coronavirus Pandemic and its effect on the state and local economy. Despite these delays, we were still able to collaboratively assemble this CIP for consideration at the Spring Town Meeting.

Proposed projects are reviewed and prioritized based upon commonly used criteria such as health and safety factors, legal obligations and mandates, fiscal impact, environmental impact, community economic effects, and aesthetic and social effects on the quality of life experienced by Northborough residents. Projects are also examined in terms of their relationship to other projects, the Master Plan of Development, and their compatibility with Town-wide goals and objectives.

The process can be described as an iterative cycle with several distinct procedural steps. These steps and the approximate time frame in which they typically occur are described below. The process is also graphically illustrated in the Capital Projects Flow Chart following this introduction.

- *Autumn*—Following Town Meeting after the approval of that year's Capital Budget, Departments are provided with their previously submitted six-year requests for review, update and the addition of the next sixth year. While requests generally remain the same as in the initial request, there are occasionally changed circumstances which necessitate alterations to the requests. This information is returned to the Town Administrator for General Government projects and to the School Superintendent for initial review.
- *Early Winter* —The Financial Planning Committee meets to receive the compiled information and begin scheduling meetings with the various Departments to evaluate the projects. The Financial Planning Committee and the Town Administrator meet to review the requests of specific Departments and the needs of the overall Town organization. The preliminary debt schedules are updated and various financial forecasts completed in order to provide context to the Capital Budget as well as the six-year Capital Improvement Program.
- *February/March*—The Capital Budget is finalized within the parameters of the established funding target plus any available funds such as free cash or previously approved but unexpended bond proceeds. In making final decisions, the

CAPITAL IMPROVEMENT PROGRAM

process includes a determination of actual needs and the prioritization of need based upon legal mandate, public safety, and the effect of deferral. Projects not approved for funding are typically deferred into the next budget year.

- *March/April*—The Proposed Capital Budget is presented to the Board of Selectmen and Appropriations Committee.
- *April*—The Capital Budget is presented to Town Meeting for approval; and the process begins again.

Throughout the ensuing fiscal year, Town staff monitors all the approved projects and the following fall the Financial Planning Committee reconvenes to update the CIP all over again.

IX. Why must the CIP be continually updated?

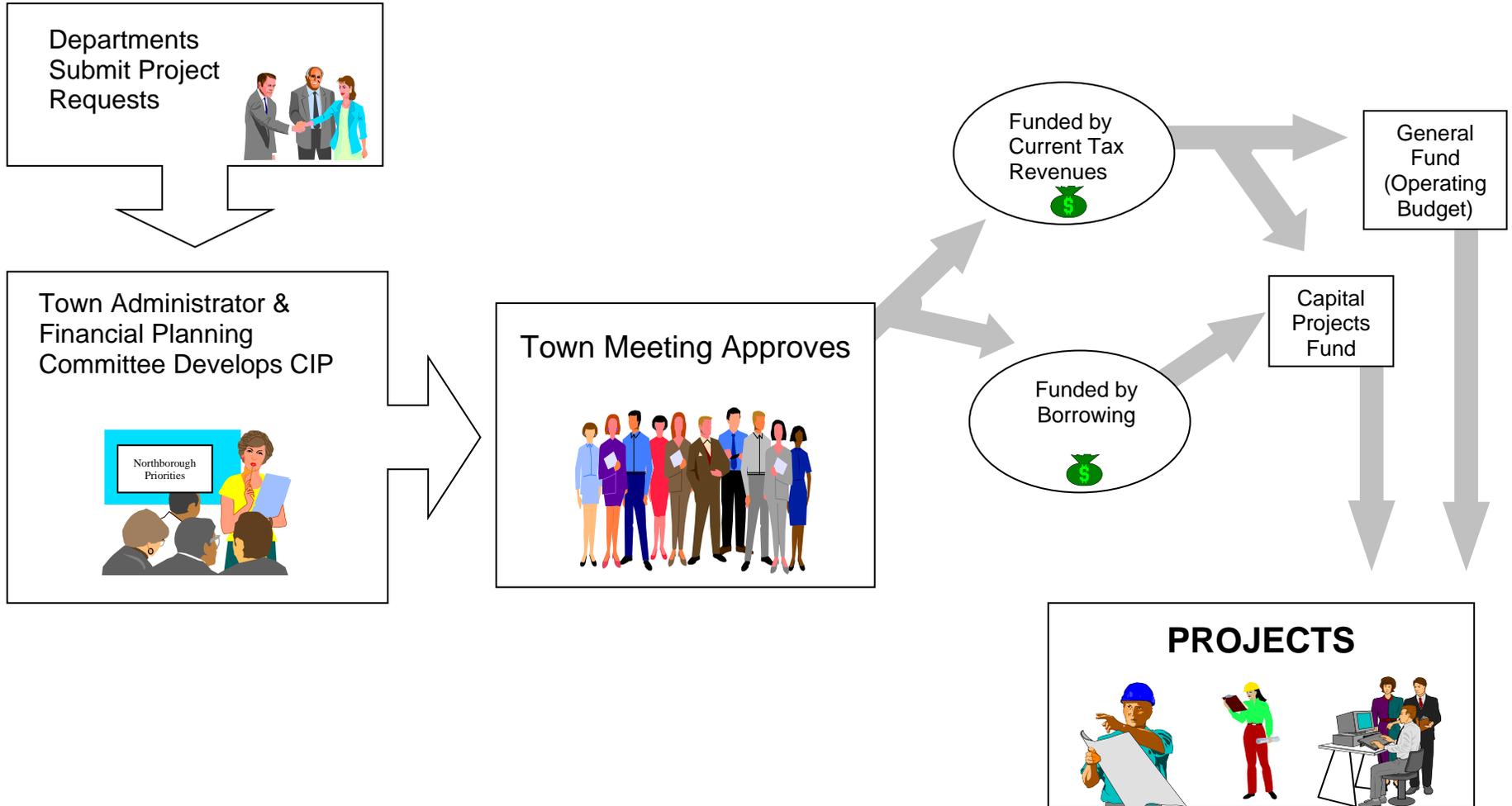
The CIP must be reviewed annually by Town departments and citizens to ensure its effectiveness as a flexible, mid-range strategic plan that links the annual budget with our multi-year financial forecasts and the more static long-range Master Plan of Development. Each year, Town Meeting reviews the capital projects recommended by the Financial Planning Committee and the Town Administrator through the CIP development process and approves a Capital Budget. Unfunded projects and those slated for subsequent years in the plan are acknowledged on a planning basis only and do not receive ultimate expenditure authority until they are incorporated into a Capital Budget and approved by Town Meeting. In this respect, the CIP can be thought of as a “rolling” process because unfunded projects and those farther out in years typically move up after each year of review. However, it is important to note that each project contained in the CIP must be recommended every subsequent year and as priorities and monetary constraints change, projects may be moved up, moved back, or even eliminated from the plan. This comprehensive annual review is critical to maintaining fiscal responsibility as well as ensuring the future education, safety, and welfare of Northborough residents.

CAPITAL PROJECTS FLOW CHART

DEVELOPMENT

REVIEW & APPROVAL

IMPLEMENTATION



Part I

Capital Improvement Program Summary Fiscal Years 2023-2028

CAPITAL IMPROVEMENT PROGRAM



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**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2023-2028**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Fire									
Ambulance Replacement	22	5	815,000	400,000			415,000		
Engine 1 Replacement	23	2/6	800,000		800,000				
Fire Station Addition/Renovation	24	2	16,000,000		16,000,000				
Rescue 1 Replacement	25	2/6	800,000			800,000			
			0						
Fire Subtotal			\$18,415,000	\$400,000	\$16,800,000	\$800,000	\$415,000	\$0	\$0
Police									
Police Cruiser Replacements	26	6	910,000	165,000	165,000	115,000	170,000	125,000	170,000
Police Station Painting	27	6	50,000		50,000				
Emergency Generator Replacement	28	6	80,000			80,000			
Communications Center Upgrades	29	6	70,000			70,000			
Multi-Band Portable Radio Replacement	30	6	145,000				145,000		
Police Subtotal			\$1,255,000	\$165,000	\$215,000	\$265,000	\$315,000	\$125,000	\$170,000
Town Administration									
Downtown Master Plan Study	31	2/6	150,000	150,000					
Town Offices Building Project	32	2/6	0		TBD	TBD			
Town Administration Subtotal			\$150,000	\$150,000	\$0	\$0	\$0	\$0	\$0

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2023-2028**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
DPW: Highway/Parks/Cemetery Division									
Roadway Improvements/Maintenance	33	6	2,114,000	454,000	320,000	330,000	330,000	340,000	340,000
One-Ton Dump Truck w/Plow	34	6	470,000	130,000		200,000		140,000	
Culvert & Drainage Replacement Program	35	2/6	800,000	300,000		250,000		250,000	
Loader	36	6	610,000	290,000					320,000
20-Ton Dump Truck w/ Spreader & Plow	37	6	1,300,000	340,000	335,000		300,000		325,000
Backhoe	38	6	195,000	195,000					
Highway Garage Tight Tank Installation	39	2/6	400,000		400,000				
One-Ton Pick Up Truck w/Plow	40	6	230,000		110,000			120,000	
Bucket Truck	41	2/6	395,000		395,000				
Street Sweeper	42	2/6	280,000			280,000			
Cemetery Niches	43	6	100,000			100,000			
Memorial Field Pedestrian & Parking Improvement:	44	6	TBD			TBD			
Sidewalk Plow	45	2/6	225,000			225,000			
One-Ton Box Truck	46	6	140,000				140,000		
Stump Grinder	47	6	75,000				75,000		
Dog Park Feasibility & Construction	48	6	TBD				TBD		
Utility Tractor	49	6	100,000				100,000		
Brush Disposal Area	50	6	100,000					100,000	
Roadside Mower	51	6	125,000					125,000	
Mini-Excavator	52	6	125,000					125,000	
Highway/Parks/Cemetery Subtotal			\$7,784,000	\$1,709,000	\$1,560,000	\$1,385,000	\$945,000	\$1,200,000	\$985,000

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2023-2028**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
DPW: Sewer Enterprise Fund									
Inflow & Infiltration (I&I) Mitigation	53	7	1,165,000	360,000		380,000		425,000	
One-ton Utility Body Truck w/Plow	54	7/8	100,000				100,000		
Sewer Enterprise Fund Subtotal			\$1,265,000	\$360,000	\$0	\$380,000	\$100,000	\$425,000	\$0
DPW: Water Enterprise Fund									
15-Ton Dump Truck	55	7/8	175,000		175,000				
Reservoir Dam Compliance	56	6/8	800,000		800,000				
One Ton Utility Truck w/Plow	57	7/8	250,000			120,000			130,000
Repair/Replace Water Mains and Services	58	8	450,000				50,000	400,000	
Water Enterprise Fund Subtotal			\$1,675,000	\$0	\$975,000	\$120,000	\$50,000	\$400,000	\$130,000
TOTAL GENERAL GOVERNMENT (NON-SCHOOL)									
Fire Subtotal			\$18,415,000	\$400,000	\$16,800,000	\$800,000	\$415,000	\$0	\$0
Police Subtotal			\$1,255,000	\$165,000	\$215,000	\$265,000	\$315,000	\$125,000	\$170,000
Town Offices Subtotal			\$150,000	\$150,000	\$0	\$0	\$0	\$0	\$0
DPW: Highway/Parks/Cemetery Subtotal			\$7,784,000	\$1,709,000	\$1,560,000	\$1,385,000	\$945,000	\$1,200,000	\$985,000
DPW: Sewer Enterprise Fund Subtotal			\$1,265,000	\$360,000	\$0	\$380,000	\$100,000	\$425,000	\$0
DPW: Water Enterprise Fund Subtotal			\$1,675,000	\$0	\$975,000	\$120,000	\$50,000	\$400,000	\$130,000
TOTAL GENERAL GOVERNMENT			\$30,544,000	\$2,784,000	\$19,550,000	\$2,950,000	\$1,825,000	\$2,150,000	\$1,285,000

**Town of Northborough
Capital Improvement Program Summary
Fiscal Years 2023-2028**

PROJECTS BY DEPARTMENT	Page #	Source of Funds	Six-Year Total	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Northborough K-8 Public Schools Summary of School projects									
Proctor Elementary Flat Roof Area Replacement	59	2/3/6	1,550,000		1,550,000				
Zeh Elementary Pitched Roof Area Replacement	61	2/3/6	2,000,000			2,000,000			
Peaslee Elementary Feasibility Study	64	2/3	800,000			800,000			
Architectural Fees & Construction	64	2/3	30,000,000					30,000,000	
**Parking Lot/Walkway Paving	62	2/6	400,000				400,000		
**Design / Fire & Sprinkler Systems	63	2/3	0				TBD		
Melican Middle School Tennis Court Resurfacing/Fencing	60	6	225,000		225,000				
Feasibility Study	65	2/3	800,000						800,000
Architect Fees/Renovation (TBD)	65	2/3	0						
Northborough K-8 Public Schools Subtotal			\$35,775,000	\$0	\$1,775,000	\$2,800,000	\$400,000	\$30,000,000	\$800,000

**If Peaslee School renovation projects does not move forward, these projects will need to be included in the capital plan for funding.

Source of Funds Legend			
(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund	(7) Sewer Enterprise Fund
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund

Part II

Projects Detail Sheets by Department
FY2023-2028

CAPITAL IMPROVEMENT PROGRAM



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PROJECT DETAIL SHEET

Project Title: AMBULANCE REPLACEMENT	
Department: Fire	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>The Town operates an Advanced Life Support (ALS) ambulance service, which is physically housed at the Fire Station at 11 Pierce Street. There are three ambulances associated with this service, a front line ambulance, a second due ambulance and a back-up ambulance. Current call volume necessitates having two ambulances available for response whenever possible. The newest ambulance operates as the front-line unit and the older ambulance serves as the second due. The oldest ambulance serves as a back-up for when one of the two primary units are out of service. This request seeks to replace the 2013 ambulance in FY2023, at which time the 2019 ambulance would become the second due and the 2016 would become the back-up. In 2026, the 2023 will be placed as second due, the 2019 becomes the backup and the 2016 will be replaced. Purchase of new ambulances are funded entirely by EMS user fees. The planned, regularly scheduled replacement of emergency ambulances is critical to ensuring public safety.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	5	815,000	400,000			415,000		
G. Contingency								
H. Other								
TOTAL		\$815,000	\$400,000			\$415,000		

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: **ENGINE 1 REPLACEMENT**

Department: **Fire**

Category: **Equipment Replacement**

Description and Justification:

This request seeks to replace a 2005 Engine 1. 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. The Insurance Services Office (ISO) requires Northborough to maintain 3 pumping apparatus in order to sustain its current ISO rating, which residential and commercial fire insurance rates are based upon. Engine 1 is currently the back-up reserve pumper. The 2016 Engine 2 will become the reserve back-up pumper once the new replacement is purchased and takes over as the new front-line pumper. Engine 1 was originally in the capital plan for replacement in FY2025; however, it is being proposed that this apparatus be replaced in FY2023 using funding from the American Rescue Plan Act (ARPA) due to ongoing maintenance and mechanical issues.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	\$800,000	\$800,000					
G. Contingency								
H. Other								
TOTAL		\$800,000	\$800,000					

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: RESCUE 1 REPLACEMENT	
Department: Fire	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request seeks to replace a 2004 Rescue Pumper. This is a multi-purpose vehicle, designed and equipped to respond to motor vehicle accidents, hazardous materials calls, building fires, water rescues, technical rescues and other service calls. At the time of replacement this vehicle will be beyond its expected useful life for front-line service.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	800,000			800,000			
G. Contingency								
H. Other								
TOTAL		\$800,000			\$800,000			

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: POLICE CRUISER REPLACEMENTS	
Department: Police	Category: Equipment Replacement
Description and Justification: <p>This request seeks to replace police vehicles on the following schedule: 2 patrol vehicles and 1 detective vehicle in FY2023; 2 patrol vehicles and 1 detective vehicle in FY2024; 2 patrol vehicles and 1 detective vehicle in FY2025; 3 patrol vehicles in FY2026; 2 patrol vehicles in FY2027; and 3 vehicles in FY2028. Patrol vehicles are typically used for four years/100,000 miles, while detective and administrative vehicles have about a six to eight year/ 100,000 expected useful life. Included in the funding request is the cost of outfitting the vehicles with equipment, including radar, emergency warning lights, prisoner transport cages and radio consoles. Whenever possible, emergency equipment is moved from the old vehicles to the new ones.</p>	



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	910,000	165,000	165,000	115,000	170,000	125,000	170,000
G. Contingency								
H. Other								
TOTAL		\$910,000	\$165,000	\$165,000	\$115,000	\$170,000	\$125,000	\$170,000

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: POLICE STATION PAINTING	
Department: Police	Category: Facility Maintenance
Description and Justification:	
<p>This project consists of painting (staining) and minor repairs and carpentry, as necessary, to the exterior of the Northborough Police Station, located at 211 Main Street. The last time the exterior was painted was approximately 10 years ago through the Worcester County Sheriff's Inmate Community Service Program (ICSP), which provides free labor to municipalities and nonprofit organizations by nonviolent, non-sex offender inmates. Unfortunately, due to the pandemic the ICSP has been suspended indefinitely. If the Town is unable to obtain services through the ICSP the project will need to be publicly bid out at prevailing wage rates. The estimated cost is based upon 2022 prevailing wage quotes.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	50,000		50,000				
G. Contingency								
H. Other								
TOTAL		\$50,000		\$50,000				

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: **COMMUNICATIONS CENTER UPGRADES**

Department: **Police** Category: **Equipment Replacement**

Description and Justification:
 The previously approved communication center radio upgrade was completed in 2016. This project seeks to replace the original 1980s vintage console and cabinets with streamlined, ergonomic modern consoles. This includes replacement of the thirty years worth of add-on equipment and computers necessary for handling next generation 911 technologies and equipment. The current console is a patchwork of old and new technology. Dispatchers must manage and monitor six computer screens, the communications screen and 911 monitors, which are scattered over the length of the console. This project will reduce inefficiencies and enhance the ability of staff to effectively manage the multitasking required of today's modern dispatch center.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	70,000			70,000			
G. Contingency								
H. Other								
TOTAL		\$70,000			\$70,000			

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: **MULTI-BAND PORTABLE RADIO REPLACEMENT**

Department: **Police** | Category: **Equipment Replacement**

Description and Justification:
 This project proposes to replace 23 existing single band radios with multi-band APX 8000 radio capabilities. Currently officers are restricted to portable radio communication with Northborough and Shrewsbury as both agencies are on the VHF High band. Area communities and the State Police operate on UHF and 800 MHz bands. The new portable radios will allow our officers to communicate with surrounding communities, the State Police and will provide for statewide interoperability wherever our officers go. It will also facilitate communications with area mutual aid departments that respond to Northborough to assist us. This project greatly enhances communications capabilities as well as officer safety as they are also capable of GPS location and officer down alarms.



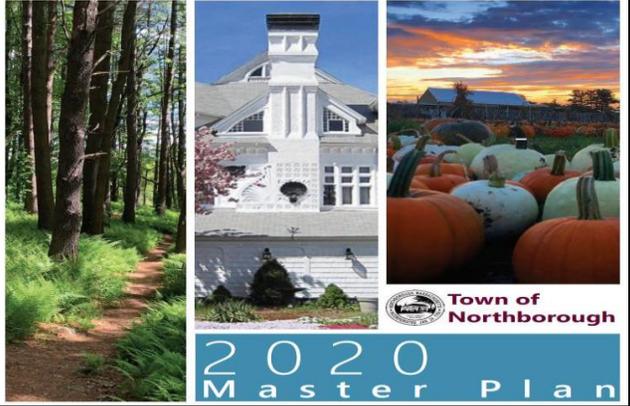
RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	145,000				145,000		
G. Contingency								
H. Other								
TOTAL		\$145,000				\$145,000		

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: Downtown Master Plan Study	
Department: Town Administrator	Category: Design
Description and Justification:	
<p>The Town finalized its Master Plan Update in 2020 after nearly a year long process which included extensive public participation and review. The Master Plan includes a comprehensive baseline assessment describing the Town's existing resources and conditions, and projects future needs and goals of the community. In the Fall of 2020, the Board of Selectmen established a Master Plan Implementation Committee that is charged with the evaluation and prioritization of the various goals and tasks set forth in the Master Plan document. The Master Plan Implementation Committee formally voted to make downtown revitalization its top priority and developed a scope of work for a Downtown Master Plan Study to be funded in FY2023 using Free Cash. Additional projects will likely be added to the capital plan once the study is completed.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study	6	150,000	150,000					
B. Design								
C. Land Acquisition	6			TBD				
D. Construction	6			TBD	TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD	\$150,000					

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: **TOWN OFFICES BUILDING FEASIBILITY STUDY**

Department: **Town Administrator** Category: **Facility Improvements**

Description and Justification:
 Previous architectural and engineering studies of the Town Offices building noted many deficiencies, some of which have been addressed over the years. At this point in time, it is appropriate to determine if significant resources should be invested into the existing building at 63 Main Street, or if it would be more advantageous to relocate or build new. Options include moving back to the old Town Offices building at 4 West Main Street, which returns to the Town in 2022, or building a new facility at the recently acquired White Cliffs site. In addition, the existing Fire Station located at 11 Pierce Street will become available upon construction of a new station. This request is for a feasibility study that will evaluate the programmatic space needs of the Town Offices operation and assess the pros and cons of the various options, including the possible sale or reuse of existing facilities.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design	2/6			TBD				
C. Land Acquisition								
D. Construction	2/6				TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL								

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ROADWAY IMPROVEMENTS/MAINTENANCE								
Department: DPW - Highway				Category: Infrastructure Improvement				
<p><u>Description and Justification:</u></p> <p>The Town's initial pavement management plan inventory and assessment was first completed in 2013 which measured an average Town-wide Pavement Condition Index (PCI) of 71. In FY2015 the Legislature authorized a \$300 million Chapter 90 program; however, subsequent years' funding levels have been reduced to \$200 million. Annual spending of \$1.1 million is necessary to maintain or slightly improve our current pavement conditions. Under that standard, the Town's Annual Chapter 90 allocation of approximately \$500,000 plus a local appropriation of \$300,000 results in a \$300,000 funding gap, which would be filled if the statewide Chapter 90 funding were released at \$300 million. Our recent update to the pavement management assessment completed in 2020 found that since 2019, our estimated RSR has dropped 0.7 points. This is due to the reduction in buying power and increasing market costs for roadway infrastructure work.</p>								
RECOMMENDED FINANCING								
	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	2,114,000	454,000	320,000	330,000	330,000	340,000	340,000
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$2,114,000	\$454,000	\$320,000	\$330,000	\$330,000	\$340,000	\$340,000
<u>Source of Funds Legend</u>								
(1) Operating Revenues		(3) State Aid		(5) EMS Revolving Fund Fees		(7) Sewer Enterprise Fund Fees		
(2) Municipal GO Bonds		(4) Trust Funds		(6) Free Cash / Other		(8) Water Enterprise Fund Fees		

PROJECT DETAIL SHEET

Project Title: **ONE-TON DUMP TRUCK WITH PLOW**

Department: **DPW - Highway** Category: **Equipment Replacement**

Description and Justification:
 This request seeks to replace a 2012 F350 in FY2023 and 2012 F550 in FY2025, and one 2016 F550 in FY2027 with F600 model trucks. As part of each capital item, an existing vehicle will be repurposed to extend its useful life. The FY2023 request allocates approximately \$20,000 toward repurposing an existing vehicle. Public Works employees use these versatile vehicles to perform their everyday tasks including moving materials and equipment that is carried and towed. These trucks are also paired with 20-ton trucks to perform snow removal operations in the winter months. The useful life of these vehicles is 10 to 12 years. At the time of replacement, the existing trucks will have reached the end of their useful lives. The Town currently has 7 one-ton dump body trucks in service and has a program to replace one every other year. To the right is a similar model pickup truck to be replaced.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	470,000	130,000		200,000		140,000	
G. Contingency								
H. Other								
TOTAL		\$470,000	\$130,000		\$200,000		\$140,000	

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: CULVERT REPLACEMENT PROGRAM	
Department: DPW - Highway	Category: Infrastructure Improvement
<p><u>Description and Justification:</u></p> <p>In 2019, the Town completed a culvert inventory and condition assessment of approximately 75 culverts town-wide. Several culverts have been found to be in need of replacement due to deteriorated pipes and end treatments. Drainage systems in town are aging and many have surpassed their functional life. The Town video inspects those systems where repeated repairs have been needed to identify and prioritize the replacement projects. The FY2023 request will fund drainage repair which may include replacement of the failed Lincoln Street culvert in conjunction with grant funds, or other urgent drainage needs in Town. This request seeks funds to systematically replace/rehabilitate culverts and failing drainage systems on an ongoing basis with regular investment. The Town actively seeks appropriate grants through a variety of programs to assist with funding this critical infrastructure work. The picture to the right depicts the failed Lincoln Street culvert.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	800,000	300,000		250,000		250,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$800,000	\$300,000		\$250,000		\$250,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: LOADER	
Department: DPW - Highway	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>The Town has two front end loaders, a 2006 model and a 2014 model. This request is to replace the 2006 John Deere loader in FY2023 and the 2014 in FY2028. At the Public Works Garage, the loader is regularly used to transfer materials, rotate the compost piles and load the spreaders with salt for snow removal operations. Off-site, it is used throughout town on various construction projects as well as during snow removal operations. The loader is exposed to many different environments including corrosive materials which cause disintegration of the equipment. As the equipment ages, it requires additional mechanical and body work to keep it operational. The project costs are net of the trade-in and include approximately \$14,000 to refurbish the 2014 model year loader to extend its useful life. The picture to the right represents an example of a new replacement loader.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	610,000	290,000					320,000
G. Contingency								
H. Other								
TOTAL		\$610,000	\$290,000					\$320,000

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: 20-TON DUMP TRUCK WITH SPREADER & PLOW	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification:	
<p>This request will replace a 2002 truck in FY2023 with a wing plow truck, a 1999 in FY2024 with one that includes a catch basin attachment, and a 2007 in FY2026. All new trucks will come with plows and spreaders. As part of each capital item, an existing vehicle will be repurposed to extend its useful life. These trucks have useful life expectancy of between 15 and 20 years. Due to the caustic nature of the salt and chemical additives used in snow removal operations, the metal bodies of these vehicles disintegrate much sooner than the total number of hours or miles would typically indicate, in spite of being washed after every salting event. Not only are these trucks used for snow removal operations but also for hauling materials during the construction season. The picture to the right represents an example of a similar 6-wheel dump truck. The Town currently has ten 20-ton trucks in service and has a schedule to replace one every other year, resulting in a 20-year replacement cycle.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	1,300,000	340,000	335,000		300,000		325,000
G. Contingency								
H. Other								
TOTAL		\$1,300,000	\$340,000	\$335,000		\$300,000		\$325,000

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: BACKHOE REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request is to replace a 2005 model backhoe that is used by the Highway Division. As part of this capital request, the 2015 backhoe will have body repair and paint work completed to extend its useful life. This backhoe is used for drainage and roadway repairs, plowing of streets throughout Town and digging graves in the cemeteries. The long reach of a backhoe is necessary to properly excavate (repair, maintain and install) drain pipes and structures (catch basins, manholes, culverts, swales, etc.) throughout Town. The useful life of these vehicles is 10 to 12 years, the existing backhoe is a 2005 model year and will be at least 17 years old when it is replaced. The project costs are net of the trade-in and include approximately \$10,000 to refurbish the 2015 model year backhoe to extend its useful life. The picture to the right represents an example of new similar model backhoe.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	195,000	195,000					
G. Contingency								
H. Other								
TOTAL		\$195,000	\$195,000					

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: HIGHWAY GARAGE TIGHT TANK INSTALLATION	
Department: DPW - Highway	Category: Facility Improvements
<p><u>Description and Justification:</u></p> <p>This request seeks to fund installation of a tight tank system 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 water. In accordance with MassDEP requirements, an underground holding tank is required for this wastewater. This requires interior plumbing changes as well as locating the tank in such a manner that it does preclude future building expansion/reconfiguration.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	400,000		400,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000		\$400,000				

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ONE TON PICKUP TRUCK WITH PLOW	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification:	
<p>This request adds a new F350 to the fleet in FY2024 to aid the work of a facilities operator and a 2016 F350 in FY2027 with similar models. As part of each capital item an existing pickup truck will be repurposed to further its useful life. Pickup trucks are the most used equipment in the fleet. The Public Works employees use these vehicles to perform their everyday tasks including moving materials and equipment that is carried and towed by these vehicles. These trucks are also responsible for snow removal at the municipal buildings during the winter months. The useful life of these vehicles is 10 to 12 years.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	230,000		110,000			120,000	
G. Contingency								
H. Other								
TOTAL		\$230,000		\$110,000			\$120,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: BUCKET TRUCK REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request is to fund replacement of a 2010 model 30,000 pound GVW bucket truck that is used by the Highway Division. As part of this capital item the existing vehicle chassis will be repurposed to extend its useful life. This vehicle is used for trimming and removal of hazardous town trees, as well as a variety of other aerial tasks. The useful life of these vehicles is 10 to 12 years. The picture to the right is the existing vehicle when new.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	395,000		395,000				
G. Contingency								
H. Other								
TOTAL		\$395,000		\$395,000				

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: STREET SWEEPER	
Department: DPW - Highway	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request is to replace the existing 2011 Elgin Pelican street sweeper. The useful life of a sweeper is approximately 10-12 years. As it ages, the repairs become more costly. Using the department's two sweepers, it takes staff approximately 10 weeks to sweep the entire Town between early March and late June. If one sweeper were to go down, it would take the remaining sweeper into Fall to do it alone. Renting sweepers has not been feasible because every town needs to sweep at the same time. Additionally, the new National Pollutant Discharge Elimination Systems (NPDES) permit requires two town-wide sweeping cycles per year.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	280,000			280,000			
G. Contingency								
H. Other								
TOTAL		\$280,000			\$280,000			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: CEMETERY NICHES	
Department: DPW - Cemetery	Category: Facility Improvement
<u>Description and Justification:</u> A cemetery (cremation) niche is an above-ground burial space, in which a decedent’s urn, containing their cremated remains, is placed and sealed. Similar to a mausoleum, there is structure with recessed compartments for placing cremation urns permanently. This request is to fund design and construction of the Town's first cemetery niche. Municipal cemetery space is a limited supply and the addition of cemetery niches is an affordable way to extend the supply of accommodations without additional land acquisition.	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design	6	20,000			20,000			
C. Land Acquisition								
D. Construction	6	80,000			80,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$100,000			\$100,000			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: MEMORIAL FIELD PEDESTRIAN AND PARKING IMPROVEMENTS

Department: DPW - Parks

Category: Facility Improvement

Description and Justification:
 This request seeks to fund the design and construction of improvements to the parking and pedestrian circulation for both upper and lower Memorial Field. Work will include new parking configuration, spectator viewing areas, and pedestrian circulation to both fields as well as the recently renovated field building. This project is a good candidate for potential funding using Community Preservation Act Funds and will be submitted to the Committee for consideration once the project scope is better defined.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	TBD			TBD			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD			TBD			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: SIDEWALK PLOW REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification:	
<p>This request is to replace an existing 2012 sidewalk machine. As part of this capital item the 2016 sidewalk machine will have body repair and paint work completed. This vehicle will supplement the Town's other (2016) sidewalk machine. These vehicles are used to clear snow from various sidewalks throughout Town. This machine will be purchased with a flail mower attachment to assist with vegetation management. The sidewalk machine is exposed to many different environments including corrosive materials which cause disintegration of the Public Works equipment. As the equipment ages, it requires additional mechanical and body work to keep it operational. Sidewalk machines are expected to last approximately 10 years.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	2/6	225,000			225,000			
G. Contingency								
H. Other								
TOTAL		\$225,000			\$225,000			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ONE TON BOX TRUCK	
Department: DPW - HIGHWAY	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request seeks to purchase a new fleet vehicle. The needs of the Department are shifting to include more general building maintenance at the parks, cemetery, and public buildings. This requires the use of a more extensive set of skills and tools including but not limited to: carpentry, piping, roofing, HVAC, and general repairs. This vehicle will allow staff to have the ability to mobilize with the required tools, equipment, and materials which are protected from the environment, similar to that of a small general contractor. The useful life of this vehicle is 12-14 years and the one proposed will be similar to the image shown here.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	140,000				140,000		
G. Contingency								
H. Other								
TOTAL		\$140,000				\$140,000		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: STUMP GRINDER	
Department: DPW - Highway	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request is to replace the Department's 1996 Vermeer stump grinder. This piece of equipment is used to grind the stumps flush after tree removal. The picture to the right represents an example of a new replacement stump grinder. The estimated cost to contract for these services is approximately \$200 per stump which represents an annual cost of approximately \$12,000, an equipment payback period of less than 6-years.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	75,000				75,000		
G. Contingency								
H. Other								
TOTAL		\$75,000				\$75,000		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: DOG PARK

Department: DPW - Parks

Category: Facility Improvement

Description and Justification:
 The community has expressed interest through both the Master Plan and the Open Space Plan in development of a municipal dog park in Northborough. Planning and design for a facility such as a dog park is an extensive and thorough process. The Town has requested CPA funding for preliminary design and siting of the dog park. FY2026 will fund final design and construction including applicable grant applications which may impact the timing of this project. The graphic to the right is a sample dog park with parking.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6					TBD		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL						TBD		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: UTILITY TRACTOR	
Department: DPW - Highway	Category: Equipment Replacement
Description and Justification:	
<p>This request is for a compact tractor to be used by the DPW at the cemetery for backfilling of graves and general clean-up that is inaccessible by the larger machines. It will also be used to mow the large areas in town that are only done 2-3 times a year (conservation areas, easements, etc.) The tractor will also be used by the Northborough K-8 schools. This tractor will replace the existing 2014 all purpose tractor that has exceeded its useful life. The picture to the right is an example of the new tractor to be purchased.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	100,000				100,000		
G. Contingency								
H. Other								
TOTAL		\$100,000				\$100,000		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: BRUSH DISPOSAL AREA	
Department: DPW - Highway	Category: Facility Improvement
Description and Justification:	
<p>The current brush and lawn debris area is located at the Highway Garage and is approximately 7,500 square feet in area. The small size requires the material to be trucked away no less than two times per year at an annual cost of between \$80,000 and \$100,000. The typical size for this type of facility in a similar size municipality is between 3 and 5 acres and allows for on-site processing. This request is to fund design, permitting, and preparation of a town brush and lawn debris disposal site adequately sized for on-site processing and available for use by the residents of Northborough.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design	6	100,000						100,000
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$100,000						\$100,000

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: ROADSIDE MOWER REPLACEMENT	
Department: DPW - Highway	Category: Equipment Replacement
<u>Description and Justification:</u> This request will replace the existing 2015 John Deere tractor with a side boom mower and articulating arm. This mower is used to cut back brush along the edges of the roadway. The useful life of this equipment is 10-15 years. As part of this capital item the existing tractor will be repurposed to extend its useful life. The picture to the right represents a similar new model.	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	125,000					125,000	
G. Contingency								
H. Other								
TOTAL		\$125,000					\$125,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: MINI-EXCAVATOR	
Department: DPW - HIGHWAY	Category: Equipment Replacement
<p><u>Description and Justification:</u></p> <p>This request is to replace the 2015 mini excavator which is used by the DPW crews at the cemetery and for various road projects (e.g. drainage projects) throughout Town. As more of the cemetery land is being used, it becomes difficult to maneuver the larger backhoe between the graves. The mini excavator is also useful to the highway division staff in dealing with maintaining and installing drains (catch basins, manholes, culverts, swales, etc.) that are inaccessible by the larger machines (backhoes). The picture to the right represents an example of a new mini-excavator.</p>	
	

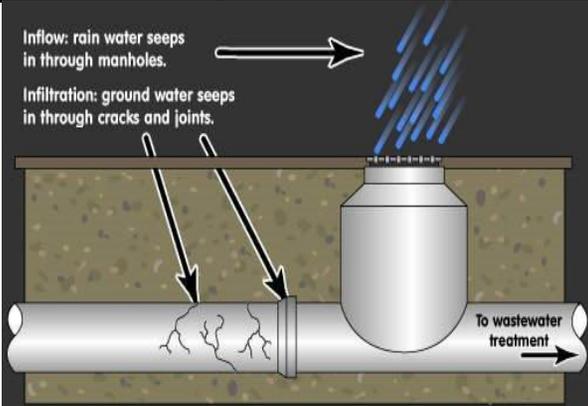
RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	6	125,000					125,000	
G. Contingency								
H. Other								
TOTAL		\$125,000					\$125,000	

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: INFLOW AND INFILTRATION (I&I) MITIGATION	
Department: Sewer Enterprise	Category: Infrastructure Improvement
<p><u>Description and Justification:</u></p> <p>This request is to continue the implementation of our detailed Operations and Maintenance (O&M) Plan to mitigate inflow and infiltration into the Town's sanitary sewer system. Inflow is from stormwater making its way into manhole covers and from illicit connections. Infiltration is the seeping of groundwater into the system through pipe connections, cracks in the manholes or other small openings in the system. Mitigating I&I greatly reduces the volumes of 'clean' water sent to the wastewater treatment plant for processing. As required by State mandate (314 CMR 12.04) municipalities need to implement a detailed O&M Plan to address I&I.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	7	1,165,000	360,000		380,000		425,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$1,165,000	\$360,000		\$380,000		\$425,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ONE TON UTILITY BODY TRUCK WITH PLOW	
Department: WATER ENTERPRISE	Category: Equipment Replacement
Description and Justification:	
<p>This request is to replace a 2016 pick up truck. This vehicle is used daily to perform the regular inspections and general maintenance of the Town's water and sewer system. It is a general response vehicle to all calls throughout the water and sewer division. The new truck will also be used as a plow vehicle throughout Town. The useful life of these vehicles is 10-12 years. The picture to the right represents an example of a replacement truck. Cost for this vehicle will be divided 60% Water and 40% Sewer.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	100,000				100,000		
G. Contingency								
H. Other								
TOTAL		\$100,000				\$100,000		

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: 15-TON DUMP TRUCK	
Department: Water Enterprise	Category: Equipment Replacement
Description and Justification:	
<p>This request is to purchase a 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 tow the department excavator and will alleviate the need to use the highway department large dump truck when needed to move equipment and materials. Cost for this vehicle will be divided 60% Water and 40% Sewer.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	175,000		175,000				
G. Contingency								
H. Other								
TOTAL		\$175,000		\$175,000				

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: RESERVOIR DAM COMPLIANCE	
Department: Water Enterprise	Category: Infrastructure Improvement
<p><u>Description and Justification:</u></p> <p>Reservoir Dam is owned by Northborough and located between Shrewsbury and Boylston. This structure is a significant hazard, poor condition dam. The Office of Dam Safety has ordered Northborough to either bring the dam into compliance or permanently breach the dam. This request is for construction in FY2024 to permanently breach the dam. The Town received a grant to fund 75% (\$150,000) of the design and permitting, and will again seek grant funding to support the construction phase of the project.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6/8	800,000		800,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$800,000		\$800,000				

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: ONE TON UTILITY BODY TRUCK WITH PLOW	
Department: WATER ENTERPRISE	Category: Equipment Replacement
Description and Justification:	
<p>This request replaces an existing 2014 model year in FY2025 and 2016 model year in FY2028. As part of the FY2025 capital item, the existing utility truck will be repurposed to further its useful life. Pickup trucks are the most used equipment in the fleet. The Water and Sewer employees use these vehicles to perform their everyday tasks including moving materials and equipment that is carried and towed by these vehicles including the replacement utility trailer. These trucks are also responsible for snow removal at the municipal pump stations and assist with the municipal buildings during the winter months. The useful life of these vehicles is 10 to 12 years. The cost for these vehicles will be divided 60% Water and 40% Sewer.</p>	

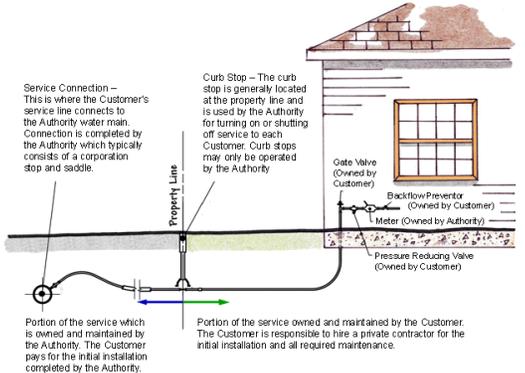
RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment	7/8	250,000			120,000			130,000
G. Contingency								
H. Other								
TOTAL		\$250,000			\$120,000			\$130,000

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: WATER MAIN & SERVICE LINE REPAIR REPLACEMENT PROGRAM	
Department: Water Enterprise	Category: Infrastructure Improvement
<p>Description and Justification:</p> <p>This request is to fund a Water Main and Service Replacement Program as part of an ongoing commitment to provide quality water services to the residents of Northborough. This project focuses on replacing old undersized mains and services with reliable new materials which will significantly improve reliability, flow and fire protection while reducing the likelihood of breaks or leaks in the system. The 2025/2026 improvements are specifically to eliminate system restrictions and dead ends.</p>	
 <p style="font-size: small;"> Service Connection – This is where the Customer's service line connects to the Authority water main. Connection is completed by the Authority which typically consists of a corporation stop and saddle. Curb Stop – The curb stop is generally located at the property line and is used by the Authority for turning on or shutting off service to each Customer. Curb stops may only be operated by the Authority. Gate Valve (Owned by Customer) Backflow Preventer (Owned by Customer) Meter (Owned by Authority) Pressure Reducing Valve (Owned by Customer) Property Line Portion of the service which is owned and maintained by the Authority. The Customer pays for the initial installation completed by the Authority. Portion of the service owned and maintained by the Customer. The Customer is responsible to hire a private contractor for the initial installation and all required maintenance. </p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design	8	50,000				50,000		
C. Land Acquisition								
D. Construction	8	400,000					400,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$450,000				\$50,000	\$400,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

Town of Northborough K-8 Schools

Project Detail Sheets

PROJECT DETAIL SHEET

Project Title: Flat Roof Area Replacement - Proctor Elementary	
Department: Northborough Public Schools	Category: Facility Improvements
Description and Justification:	
<p>This project entails the replacement of a portion of the flat roof at Proctor Elementary. Two recent roof evaluations recommend replacement of the main flat roof section at Proctor Elementary. It is estimated, that based on the current state of the roof, there are approximately 2-4 years of service life remaining and therefore this project is budgeted for FY2024.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/3/6	1,550,000		1,550,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$1,550,000		\$1,550,000				

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: TENNIS COURT RESURFACING & FENCING - MELICAN MIDDLE SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
Description and Justification:	
<p>This project seeks funding to resurface the tennis courts at the Melican Middle School, repair or replace the nets as needed and to install new fencing around the courts. The tennis courts were last milled and resurfaced in 1996 and are in need of a planned resurfacing to ensure continued safe usage.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	6	\$225,000		\$225,000				
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$225,000		\$225,000				

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ROOF REPAIRS - ZEH SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
<p><u>Description and Justification:</u></p> <p>This project entails the replacement of the pitched asphalt shingled roof at the Zeh School. The existing roof is approximately 20 years old and has experienced multiple repairs over the past several years due to high wind events and quality of current shingles. The shingles are also beginning to display thermal cracking. This project is slated for FY2025 and represents the replacement of approximately 20,000 square feet of shingle pitched roof with a metal roofing system carrying a warranty of 30 years and a projected lifespan of 50 years.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/3/6	2,000,000			2,000,000			
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$2,000,000			2,000,000			

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: **PARKING LOT/WALKWAY PAVING - PEASLEE SCHOOL**

Department: **Northborough Public Schools** Category: **Facility Improvements**

Description and Justification:
 This request seeks funding to repave the parking lot and asphalt walkways at the Peaslee Elementary School. The asphalt has been patched and crack sealed multiple times in recent years and is nearing the end of its useful life. The estimated cost is \$400,000. However, the decision to repave must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project. If a comprehensive project is undertaken, it is inevitable that significant reconfiguration of the building parking lot and circulation would occur. The Town plans to request MSBA's assistance with this important project, but limited funding at the State level will impact how quickly grant funding is approved and the Town may need to take action if State assistance is delayed too long.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design								
C. Land Acquisition								
D. Construction	2/6	400,000				400,000		
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$400,000				\$400,000		

Source of Funds Legend

(1) Operating Revenues	(3) State Aid	(5) EMS Revolving Fund Fees	(7) Sewer Enterprise Fund Fees
(2) Municipal GO Bonds	(4) Trust Funds	(6) Free Cash / Other	(8) Water Enterprise Fund Fees

PROJECT DETAIL SHEET

Project Title: FIRE/SPRINKLER SYSTEM - PEASLEE SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
<p><u>Description and Justification:</u></p> <p>In the event that the Peaslee School renovation project does not take place, the district should be proactive in building safety systems. This project would fund the design and installation of a new fire alarm and sprinkler system for the Peaslee School as recommended by the Fire Department. However, the decision to replace the systems must be weighed against the likelihood that the Massachusetts School Building Authority (MSBA) may approve a cost-sharing grant for the comprehensive renovation/addition of the school in the coming years, similar to the Lincoln Street Elementary School project.</p>	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study								
B. Design	2/3	TBD				TBD		
C. Land Acquisition								
D. Construction								
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		TBD				TBD		

- Source of Funds Legend
- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: ADDITION/RENOVATION PROJECT - PEASLEE SCHOOL	
Department: Northborough Public Schools	Category: Facility Improvements
<p><u>Description and Justification:</u></p> <p>This project entails the feasibility study, design and construction for an renovation/addition of the Peaslee Elementary School. The goal of the project is to modernize and expand Peaslee School to a condition that rectifies current deficiencies and satisfies projected future requirements for educational programs and student enrollment. A Statement of Interest (SOI) for this project will be submitted to the Massachusetts School Building Authority (MSBA) at the appropriate time. To qualify for funding, the district must follow MSBA statutes and regulations which require MSBA collaboration and approval at each step of the process.</p>	
	

RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
A. Feasibility Study	2/3	500,000				500,000		
B. Design								
C. Land Acquisition								
D. Construction	2/3	28,700,000					28,700,000	
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$29,200,000				\$500,000	\$28,700,000	

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

PROJECT DETAIL SHEET

Project Title: **ADDITION/RENOVATION PROJECT - MELICAN MIDDLE SCHOOL**

Department: **Northborough Public Schools** Category: **Facility Improvements**

Description and Justification:
 This project entails the feasibility study, design and construction for an addition/renovation of the Melican Middle School. The goal of the project is to modernize and expand Melican Middle School to a condition that rectifies current deficiencies and satisfies projected future requirements for educational programs and student enrollment. A Statement of Interest (SOI) for this project will be submitted to the Massachusetts School Building Authority (MSBA) at the appropriate time. To qualify for funding, the district must follow MSBA statutes and regulations which require MSBA collaboration and approval at each step of the process. While a placeholder for this project has been included in FY2027, were the MSBA to move forward with the Peaslee School addition/renovation feasibility study project proposed in FY2025, the Melican Middle School project would likely be pushed out.



RECOMMENDED FINANCING

	Source of Funds	Total Six -Year Cost	Estimated Expenditures by Fiscal Year					FY 2028
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
A. Feasibility Study	2/3	\$800,000						\$800,000
B. Design								
C. Land Acquisition								
D. Construction	2/3	TBD						TBD
E. Furnishings/Equipment								
F. Departmental Equipment								
G. Contingency								
H. Other								
TOTAL		\$800,000						\$800,000

Source of Funds Legend

- | | | | |
|------------------------|-----------------|-----------------------------|--------------------------------|
| (1) Operating Revenues | (3) State Aid | (5) EMS Revolving Fund Fees | (7) Sewer Enterprise Fund Fees |
| (2) Municipal GO Bonds | (4) Trust Funds | (6) Free Cash / Other | (8) Water Enterprise Fund Fees |

Part III

Report of the Financial Planning Committee
FY2023-2028

Report of the Financial Planning Committee

The Financial Planning Committee consists of six members. Three members are appointed by the Town Moderator, and one each by the Northborough School Committee, the Appropriations Committee and the Planning Board. The role of the Financial Planning Committee is to serve in a research, study and advisory capacity to the Board of Selectmen, the Appropriations Committee and the Annual Town Meeting on short and long-range financial planning matters, and to assist in the development of a Capital Improvement Program. During Fiscal Year 2022 the Committee was composed of the following members:

Member	Appointed By	Term Expires
David DeVries, Chair	Town Moderator	April 2023
Michael Hodge, Vice-Chair	Town Moderator	April 2022
John Rapa	Town Moderator	April 2023
William Peterson, Jr.	Northborough K-8 School Committee	April 2024
Thomas Spataro	Planning Board	April 2022

Committee Activities

Meeting Date	Meeting Topics
12/20/2021	Joint Meeting with Board of Selectmen, Financial Planning Committee, Appropriations Committee and K-8 School Committee; Financial Trend Monitoring System Presentation and Five-Year Financial Projections
03/02/2022	CIP Instruction Manual; Preliminary Free Cash Plan; Review of Preliminary ARPA Information; Preliminary Budget Update; DPW Project Updates; Review of Meeting Schedule and Town Meeting Calendar
03/09/2022	Review of FY2023 Preliminary Capital Budget; FY2023 Police Department Capital Requests; FY2023 Fire Department Capital Requests
03/16/2022	Review of FY2023 DPW, Water & Sewer Capital Requests; FY2023 K-8 Schools and ARHS Capital Requests.
03/23/2022	Election of Officers; Review of FY2023 Community Preservation Committee Project Requests; Final Review of FY2023 Capital Budget; Review of Draft Town Meeting Warrant; Discussion regarding American Rescue Plan Act (ARPA) Presentation; Discussion of Recommendations and Draft Report
03/28/2022	Board of Selectmen – Budget Hearing (Charter 6-5) (FPC Optional)
03/30/2021	Review and Approval of Committee Report to Town Meeting
4/14/2022	Joint ARPA Meeting

Similar to FY2022, preparation for the FY2023 budget was heavily influence by the ongoing COVID-19 pandemic. Even with the prevalence of vaccines, and reduced case numbers, budgets were delayed due to the ongoing management of the pandemic and the impact of federal and state funding through the Coronavirus Aid, Relief and Economic Security Act (CARES) Act and The American Rescue Plan Act (ARPA). However, the Committee was able to fulfill its duties as required by the Charter and have made its recommendations on each of the capital projects presented for funding in FY2023. Town Meeting is the Legislative Body of the Town of Northborough; and the final decision of approval or disapproval of each warrant article is ultimately up to you, the voters.

The Committee extends its appreciation to Town Administrator John Coderre and his Financial Team -- Assistant Town Administrator Becca Meekins and Finance Director Jason Little -- for their input and assistance throughout the Committee's process. Special thanks to Diane Wackell and Lynda LePoer for their capable administrative support.

Committee General Comments

The major role of the Financial Planning Committee is to review all submitted projects included in the Capital Improvement Program, comment upon their viability and make its final recommendations, which includes consideration of the guidelines set forth under the Debt Policy adopted by the Board of Selectmen in September 2000. These guidelines were developed to assist the Town in determining how much debt can safely be incurred, and are consistent with those recommended by the Massachusetts Department of Revenue, namely:

- Determine debt that can be incurred without jeopardizing credit standing and causing financial hardship;
- Incorporate affordability guidelines for expenditures;
- Include review of the Capital Improvement Program; and
- Indicate appropriate uses for and acceptable amounts of debt.

The Committee has reviewed the projects included in the six-year Capital Improvement Program at meetings held with the various departments proposing these projects. At these meetings, department heads presented information and data to justify the need, cost, and implementation timeframe for the projects. It is the strong opinion of the Committee that in order for the Capital Improvement Program to be an effective tool for managing the Town's capital investment, department heads must have confidence that their submitted projects will be implemented within the timeframe planned in the Program. The Committee recognizes that the municipal and school administrations have worked hard to anticipate capital needs, submit projects into the Plan, and distribute those projects over the six-year planning period so as to comply with the constraints of the Town's Debt Policy.

At this writing, debt service projections and metrics were not yet finalized and available to the Committee, but conservative preliminary estimates prepared by the Town Administrator indicate that the program will be well within the guidelines set forth in the Debt Policy both for Credit Standing and Affordability. The FY2023 debt service budget is just 2.69% of the overall operating budget, which is actually below the Town's Debt Policy guidelines of 5-10%, and the proposed FY2023 budget will see debt levels reduced even further. The Town is well positioned to take on some of the large upcoming building projects contained in the Capital Improvement Program (CIP), including the Fire Station and Town Offices projects. Subject to comments and recommendations made

herein for specific capital projects proposed for FY2023, the Committee is pleased to recommend this CIP as an effective tool for managing the Town's finances with respect to Capital Projects for the next six years.

Communication, Transparency, and Best Practices in Town Finance

The Town continues to participate in the Government Finance Officers Association's (GFOA) Distinguished Budget Award program. To be recognized, the budget document must satisfy demanding criteria which evaluate it as a policy document, a financial plan, an operations guide, and a communications tool. Further, GFOA raises the bar by requiring past award winners to demonstrate ever greater clarity and completeness in their budget document. To repeat as a GFOA award winner reflects the continuing efforts of the Financial Team to improve communication and transparency in Town finance and apply best practices to municipal budgeting. Due to the delays in the budget process in FY2021, the Town was unable to apply for the GFOA award for the budget year beginning July 1, 2020. In FY2022, the Town was able to apply for the GFOA Distinguished Budget Award and is still awaiting notice of the award. The Town plans to submit its FY2023 budget as well.

Free Cash Policy

The FY2023 budget year marks the twelfth implementation of the Town's Free Cash Policy. Under this policy, one defined use of available Free Cash is to pay for capital projects. Examples of suitable projects include DPW and Public Safety vehicles and equipment; building infrastructure components (heating, cooling, electrical, plumbing, etc.); office and technology equipment; and capital project design fees, feasibility studies, and needs analyses. In the past, the Town funded projects of this scale with debt, a practice discouraged by bond rating agencies. Under the Free Cash Policy, such capital items are now primarily funded from Free Cash and other available one-time revenues. Debt capacity is reserved for larger projects such as building construction and renovation, major roadway construction and repair, water/sewer infrastructure, and land acquisition for municipal use or to preserve open space. Following the constrained budget surpluses and decision to postpone capital expenditures during FY2021, the Town is now able to address some of the capital backlog that was incurred to balance the budget in the wake of COVID-19. Due to the state and federal financial support provided directly to the Town through the CARES Act and FEMA reimbursements, the Town was able to realize a significant Free Cash certification in preparation for the FY2023 budget. As a result, this FY2023 capital plan addresses many of the previously delayed capital projects in FY2021 and FY2022. Additional discussions will occur throughout the remainder of FY2022 and FY2023 to determine how ARPA funding will be spent, and whether a portion of those funds can go toward additional large capital items that would otherwise require financing. Current capital projects under consideration include \$800,000 for a new Fire Engine, \$880,000 for the Proctor School Roof replacement, \$400,000 for sidewalk repairs, and \$400,000 for installation of a tight tank at the DPW Garage to comply with DEP regulations. The Committee strongly encourages the use of one-time ARPA funding to address capital needs which will improve the Town's long term Finance Conditions.

From the \$3,399,259 certified free cash balance, \$2,024,000 is allocated under the Capital Budget to finance the FY2023 pay-as-you-go capital investments with no additional tax impact. Assuming this year's Capital Budget is approved, \$14.88 million of capital expenditures will have been accomplished with Free Cash over the twelve-year period FY2012-2023, which otherwise would have been financed with debt.

Capital Projects for FY2023

The Committee has reviewed and prioritized the projects in the Capital Improvement Program for Fiscal Year 2023 as follows:

Priority	Description
1	Projects that involve correcting a current Safety or Health issue, and/or to meet a Federal or State legal requirement.
2	Projects that are necessary to maintain the Town's current buildings, equipment and infrastructure: <i>Buildings</i> - Projects necessary to maintain existing Town buildings, not including projects to expand or modernize facilities. <i>Equipment</i> - Projects necessary to replace old existing equipment, which is no longer cost effective to repair with similar equipment.
3	Projects that are required to increase capacity of existing facilities in order to accommodate the increase in growth of the Town.
4	Projects that are designed to modernize and upgrade existing Town facilities.

The Committee considers all the proposed capital projects, which have been in the Capital Improvement Plan for many years. From those proposals, the Committee recommends the capital projects below be included in this year's FY2023 Capital Budget warrant articles. The Committee votes are shown in parentheses. Numerical votes are shown in Yes-No-Abstain order relative to a motion to recommend approval. Fewer than six total votes reflect the absence of one or more members at the time of the vote. Planned sources of funding are noted in the comments for each project.

Some of the FY2023 proposed capital expenditures consist of planned equipment replacements that were postponed from the FY2021 and FY2022 Capital Budget due to the financial impacts of the Covid-19 Pandemic. These projects have been placed back on the annual capital replacement scheduled in FY2023 with funding from Free Cash, which results in no additional tax impact.

Municipal Departments

Article	Sponsor	Cost	Priority	Recommend Approval?
Article 11	Police	\$165,000	2	Unanimously Yes
<ul style="list-style-type: none"> Requested funding of \$165,000 for the purchase of three new police vehicles. This article supports the continued annual replacement of police cruisers on an established schedule. Funded from Free Cash with no additional tax impact. 				
Article 12	Fire	\$400,000	2	Unanimously Yes
<ul style="list-style-type: none"> This request seeks to replace a 2013 ambulance, pushing the 2019 ambulance to the second due, and the 2016 being the backup ambulance. 				

- Funded by EMS Revolving Funds with no additional tax impact or fee impact.

Article 13	Sponsor	Cost	Priority	Recommend Approval?
Road Improvements & Maintenance	Public Works - Highway	\$454,000	2	Unanimously Yes
<ul style="list-style-type: none"> ▪ Funds needed to supplement the Pavement Management Plan due to limited State Chapter 90 Transportation Funding. The Town's Pavement Management Plan requires a minimum spending level of \$1.1 million annually to maintain pavement conditions. ▪ Funded from Free Cash with no additional impact to tax rate. 				

Article 14	Sponsor	Cost	Priority	Recommend Approval?
Culvert and Drainage Replacement	Public Works – Highway	\$300,000	2	Unanimously Yes
<ul style="list-style-type: none"> ▪ Request to fund drainage repairs which may include replacement of the failed Lincoln Street culvert in conjunction with grant funds, or other urgent drainage needs in Town. In 2019, a culvert inventory and assessment was completed indicating that the town had a backlog of drainage work. ▪ Funded from Free Cash with no additional tax impact. 				

Article 15	Sponsor	Cost	Priority	Recommended Approval?
One-Ton Dump Truck with Plow	Public Works - Highway	\$130,000	2	Unanimously Yes
<ul style="list-style-type: none"> ▪ Request to replace a 2012 F350 which will be past its useful life at the time of replacement. ▪ Funded from Free Cash with no additional tax impact. 				

Article 16	Sponsor	Cost	Priority	Recommended Approval?
20-Ton Dump Truck with Plow	Public Works – Highway	\$340,000	2	Unanimously Yes
<ul style="list-style-type: none"> ▪ Request to replace a 2002 truck used for salting and sanding during snow events. These trucks have a useful life of between 15 and 20 years. ▪ Funded from Free Cash with no additional tax impact. 				

Article 17	Sponsor	Cost	Priority	Recommend Approval?
Loader Replacement	Public Works – Highway	\$290,000	2	Unanimously Yes
<ul style="list-style-type: none"> ▪ Request to replace a 2006 John Deere loader used for various construction projects throughout town as well as during snow removal operations. ▪ Funded from Free Cash with no additional tax impact. 				

Article 18	Sponsor	Cost	Priority	Recommend Approval?
Backhoe Replacement	Public Works – Highway	\$195,000	2	Unanimously Yes

- Request to replace a 2005 model backhoe used by the Highway Division used for drainage and roadway repairs, plowing of streets, and digging graves in the cemeteries. Useful life is approximately 10 to 12 years. This equipment will be 17 years old when it is replaced.
- Funded from Free Cash with no additional tax impact.

Article 19	Sponsor	Cost	Priority	Recommend Approval?
Downtown Master Plan Study	Master Plan Implementation Committee	\$150,000	4	Unanimously Yes
<ul style="list-style-type: none"> ▪ Following the finalization of the Master Plan in 2020, the Master Plan Implementation Committee formally voted to make downtown revitalization its top priority and developed a scope of work for Downtown Master Plan Study. ▪ Funded from Free Cash with no additional tax impact. 				

Article 20	Sponsor	Cost	Priority	Recommend Approval?
Sewer Inflow & Infiltration	Sewer Commission	\$360,000	4	Unanimously Yes
<ul style="list-style-type: none"> ▪ Funds to complete the second year of inflow and infiltration elimination from the sanitary sewer system as mandated by MassDEP under 314 CMR 12.04. ▪ Funded from Sewer Enterprise Funds with no additional tax impact. Costs for the project are part of the existing fee structure. 				

Community Preservation Act Projects

Certain projects to be funded with Community Preservation Act monies may be presented at Town Meeting. Although often capital in nature, these projects are not necessarily incorporated into the Capital Improvement Plan. Nevertheless, the Financial Planning Committee, in its financial advisory capacity, strives to review projects approved by the CPC and offer its recommendations at Town Meeting. Because CPA projects do not compete for funding with Capital Improvement Plan projects, no Priority is assigned. The Committee has decided not to review or make recommendations on projects not meeting the \$25,000 minimum definition of a Capital Project for purposes of the Capital Improvement Plan.

Article 23	Sponsor	Cost	Priority	Recommend Approval?
Housing Authority – 8 Affordable Units	Northborough Affordable Housing Corporation	\$1,340,000	N/A	Unanimously Yes
<ul style="list-style-type: none"> ▪ The Northborough Housing Authority, the Northborough Affordable Housing Corporation, and the MA Department of Housing and Community Development will be developing eight senior rental apartments. The Town is proposing contributing One Hundred Thousand Dollars (\$100,000) separately from ARPA funds to supplement the funds appropriated in this article, and transfer of funds will be contingent on grant funding to the Authority from the State and funds supplemented from the Authority for a total anticipated project cost of Two Million Four Hundred Forty Thousand (\$2,440,000). 				

Article 28	Sponsor	Cost	Priority	Recommend Approval?
Design and Project Management for Dog Park	Northborough Recreation Department	\$35,500	N/A	Unanimously Yes

- Funds for the first phase of a three-phase project to determine a location for a community dog park.

Article 29	Sponsor	Cost	Priority	Recommend Approval?
Design of ADA Accessible Trail located at Senior Center	Northborough Trails Committee	\$28,500	N/A	Unanimously Yes

- Design funds to upgrade to ADA standards and expand the existing trail located at the Senior Center.

Article 30	Sponsor	Cost	Priority	Recommend Approval?
Preliminary Design of Pedestrian Access Over the Assabet River Bridge	Northborough Trails Committee	\$133,658	N/A	Unanimously Yes

- Funds for the analysis and preliminary design for pedestrian access over the Assabet River Aqueduct Bridge.

Article 31	Sponsor	Cost	Priority	Recommend Approval?
White Cliffs Debt Service	Community Preservation Committee	\$185,800	N/A	Unanimously Yes

- Fund the fifth debt service payment associated with the purchase of the White Cliffs facility at 167 Main Street.

Respectfully submitted,

Northborough Financial Planning Committee
 March 30, 2022

Financial Planning Committee Revised Recommendations for FY2023 Capital Project Warrant Articles
Northborough Annual Town Meeting April 25, 2022

Article	Project	Amount	Funding Source	Priority	Vote *	Recommend Approval?
11	Police: Cruiser Replacement	\$165,000	Free Cash	2	(5-0-0)	YES
12	Fire: Ambulance Replacement	\$400,000	EMS Revolving Funds	2	(5-0-0)	YES
13	DPW: Road Improvements & Maintenance	\$454,000	Free Cash	2	(5-0-0)	YES
14	DPW: Culvert & Drainage Replacement	\$300,000	Free Cash	2	(5-0-0)	YES
15	DPW: One-Ton Dump Truck with Plow	\$130,000	Free Cash	2	(5-0-0)	YES
16	DPW: 20-Ton Pickup Truck with Plow & Spreader	\$340,000	Free Cash	2	(5-0-0)	YES
17	DPW: Loader Replacement	\$290,000	Free Cash	2	(5-0-0)	YES
18	DPW: Backhoe Replacement	\$195,000	Free Cash	2	(5-0-0)	YES
19	MPIC: Downtown Master Plan Study	\$150,000	Free Cash	4	(5-0-0)	YES
20	Water/Sewer: Inflow & Infiltration Mitigation	\$360,000	Sewer Enterprise Fund	4	(5-0-0)	YES
23	CPC: Housing Authority – 8 Affordable Units	\$1,340,000	CPA Fund	**	(5-0-0)	YES
28	CPC: Dog Park Design	\$35,500	CPA Fund	**	(5-0-0)	YES
29	CPC: ADA Accessible Train	\$28,500	CPA Fund	**	(5-0-0)	YES
30	CPC: Assabet Aqueduct Bridge Access Design	\$133,658	CPA Fund	**	(5-0-0)	YES
31	CPC: White Cliffs Debt	\$185,500	CPA Fund	**	(5-0-0)	YES

* Numerical votes shown in Yes-No-Abstain order relative to a motion to recommend approval. Fewer than five total votes reflects absence of one or more members.

** No capital project priority is assigned to CPA-funded projects.

APPENDIX A

FINANCIAL POLICIES AND OBJECTIVES

Originally adopted by Board of Selectmen on November 23, 2009
Revised November 8, 2010 (Free Cash Policy Added)

TOWN OF NORTHBOROUGH FINANCIAL MANAGEMENT POLICIES

I. OVERVIEW

It is the policy of the Town of Northborough that financial management is conducted with the objectives of providing municipal service in an efficient, effective and consistent manner that aligns with public policy goals as set forth by the Board of Selectmen.

To help ensure the Town's financial stewardship, an established program of managing the Town's finances is essential. To this end, the Board of Selectmen promulgates policies and procedures that are financially prudent and in the Town's best economic interest.

In adherence to this policy, the Town shall pursue the following objectives:

- To set forth operational principles that minimize the cost of government to the extent consistent with services desired by the public and that minimize financial risk;
- To continue effective financial management within the Town that conforms to generally accepted accounting principles;
- To simplify, clarify and modernize the financial systems of the Town as the need occurs;
- To provide increased public confidence in public financial management;
- To protect and enhance the Town's credit rating and prevent default on any municipal debts;
- And to provide safeguards to ensure the quality and integrity of the financial systems.

In order to attain the above objectives, the Board of Selectmen adopts the following policies.

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. The Town will utilize accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Government Accounting Standards Board (GASB), including compliance with GASB Statements 34, 40 and 45.
- B. An annual audit will be performed by an independent public accounting firm.
- C. A Management Letter shall be provided by the independent public accounting firm as a companion document to the annual audit.

III. GENERAL FUND

- A. Budget Goals and Objectives shall be determined annually by the Board of Selectmen in consultation with the Town Administrator. However, the annual operating budget as submitted to the Town must be balanced with the estimate of proposed expenditures for a given period less than or equal to the proposed means of financing these expenditures

(from various sources of funds or revenues). In short, for a budget to be balanced, proposed expenditures shall not exceed projected resources for the given period.

- B. The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. An average collection rate of at least 95% of current levy shall be maintained.
- C. Charges for services and other revenues shall be reviewed on a regular on-going basis at least every three years. Charges shall be adjusted as necessary to respond to changes in the cost of providing services. The Board of Selectmen may set specific cost recovery goals for individual departments or services as appropriate.
 - 1. Recreation Department—Recreational user charges and fees will be set to recover approximately 100% of the total direct costs associated with recreational programs.
- D. Reserves reflect a community's ability to react to unforeseen circumstances and to minimize or avoid borrowing for capital expenditures. Reserves should normally average between 5% and 10% of the Town's General Fund (operating budget) Expenditures. The Town will endeavor to continue its policy of maintaining reserves at 10% of General Fund Expenditures. Reserves are defined to include the Town's Stabilization Fund and Free Cash.

The Stabilization Fund is the Town's main reserve fund designed to provide financial stability for the Town while improving the Town's credit worthiness and flexibility. The provisions of this fund are dictated by Massachusetts General Law, Chapter 40, Section 5B. The Stabilization Fund may be appropriated for any lawful purpose. However, at no time can an appropriation placed into the fund exceed 10% of the previous year's real property tax levy, nor can the fund itself exceed 10% of the equalized value of the Town.

Free Cash reserves are the remaining, unrestricted funds from operations of the previous fiscal year; these include unexpended Free Cash from the previous year, actual receipts in excess of revenue estimates and unspent amounts in budget line-items. Once certified, monies held in this reserve may be appropriated during the current budget year and may also be used as a source of revenues for the ensuing budget year.

The Town has historically used some portion of its Free Cash to subsidize the ensuing year's annual operating budget. However, it is the Town's goal to limit the amount of Free Cash used in the operating budget to a sustainable level and to use these available funds for non-recurring one-time expenses, such as capital items.

For purposes of this policy, the following are deemed to be appropriate uses of Free Cash:

- Appropriated Reserve – an amount to provide for extraordinary or unforeseen expenditures as authorized by MGL Chapter 40, Section 6.

- Operating Budget – in order to pursue a gradual transition from using Free Cash to fund recurring operational expenses, the Town will reduce its annual appropriation by \$100,000 each year until such time as the annual appropriation from Free Cash for the operating budget is lowered to \$500,000.
- Stabilization Fund – to fund or replenish the Stabilization Fund.
- Capital Improvement Program – to fund capital projects that would otherwise incur borrowing costs associated with the issuance of debt.
- Special Use – to augment the trust funds related to fringe benefits and unfunded liabilities related to employee fringe benefits.
- Extraordinary Deficits – to fund any potential deficits that would otherwise be carried over to the following fiscal year.
- Emergency Appropriations – to allow for fiscal flexibility.

The overall level of Financial Reserves is critical to maintaining the Town’s Bond Rating and ensuring sufficient funds to manage unanticipated needs. Funds shall be allocated from Reserves only after an analysis has been prepared by the Town Administrator and presented to the Board of Selectmen. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources and provide sufficient cash balance for daily financial needs.

IV. CAPITAL IMPROVEMENTS

- A. The Town shall continue to prepare a six-year Capital Improvement Program (CIP) updated on an annual basis.
- B. Definitions of Capital Improvement Program/Project:
 1. Capital Improvement Program: A comprehensive list of major public improvement projects that are proposed for the Town’s expenditure within the next six years. The CIP shall be reviewed annually.
 2. Capital Improvement Project: Items included within the Capital Improvement Program will involve the improvement or betterment of the physical plant of the Town of a non-recurring nature as differentiated from ordinary repairs or maintenance of a recurring nature. Projects include acquisition of land, improvement of facilities and the replacement/purchase of equipment with a useful life of at least five (5) years and a cost of \$25,000 or more.

V. DEBT MANAGEMENT

- A. A critical measure for bond rating agencies is the ratio of debt service payments to total expenditures. The Town recognizes that maintaining debt levels within industry standards allows the Town to more easily maintain its credit standing. Bond rating agencies consider individual community needs and circumstances (including emergencies) when evaluating the fiscal health of a community. Thus, while exceeding such limits could translate into a decrease in bond rating, such a decrease is not necessarily a totally negative factor in every case in a particular community. The Town's consideration of doing so, however, should be reserved for extraordinary or unforeseeable circumstances.
- B. The Town will endeavor to manage debt so as not to exceed the following ratios, which are reflective of municipal bonding standards:
- | | |
|--|---------|
| 1. Gross General Fund debt service/General Fund expenditures | 15% |
| and | |
| 2. Net General Fund debt service/General Fund expenditures | 8 – 10% |
- C. Definitions of Gross/Net Debt Service:
1. General Fund Gross Debt Service: Annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions. Excluded are Water and Sewer Utility Funds.
 2. General Fund Net Debt Service: After State reimbursement and State aid, the annual debt payments (principal and interest) for which the Town is held accountable; inclusive of assessments from Regional School Districts, Town and K-8 School appropriations and debt exclusions (i.e., Gross Debt Service less reimbursements/aid). Excluded are Water and Sewer Utility Funds.
- D. When considering the use of debt, the Town shall be guided by the following:
1. Borrowing versus Cash—The Town will endeavor to finance Capital Improvement Projects with a total cost of less than \$50,000 through cash appropriation rather than borrowing.
 2. Useful Life—When borrowing, the Town will ensure that the term of bonds issued will not exceed the useful life of the project.
 3. Capital Expenditure versus Capital Improvement Project—Capital expenditures not meeting the definition of “Capital Improvement Projects” should be financed through inclusion within operating budgets.
- E. When considering debt financing strategies, the Town shall be guided by the following:

Exclusions from Proposition 2-1/2 Limits

The maximum amount a community can collect in taxes in a given year is its levy limit. Proposition 2½ (Massachusetts General Laws, Chapter 59, Section 21C) restricts growth in the levy limit from one year to the next by limiting the growth to an increase of not more than 2½% over the prior fiscal year plus any increase in valuation due to new growth in the community.

There are provisions that allow a community to exceed the limits of Proposition 2½. The “debt exclusion” option is a temporary tax increase used to raise additional taxes to fund capital projects for which the community may borrow as defined in Massachusetts General Laws, Chapter 44, Sections 7 and 8. The additional amount is added to the levy limit only during the life of the debt.

A community may also temporarily exceed the levy limit by raising additional taxes for a capital improvement in order to finance the purchase with cash. Such a “capital outlay expenditure exclusion” is used for the year in which the capital item is acquired.

The Town will continue its policy to raise appropriations for large projects, such as school or municipal buildings, outside the limits of Proposition 2½, in order to retain budget capacity within the limits of Proposition 2½.

State, Federal and Other Sources of Funding

State, Federal and other sources of funding including grants and reimbursements, will be aggressively sought for eligible Town and School capital projects.

VI. ENTERPRISE FUND MANAGEMENT

Enterprise funds (Water, Sewer and Solid Waste) should be fully self-sufficient operationally with user charges and fees set to recover all costs associated with the activities of these funds including capital expenditures. Enterprise Funds are governed by Massachusetts General Law, Ch. 44 §53F½.

VII. GIFTS AND GRANTS

- A. All grants shall be managed to comply with the laws, regulations and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.
- B. All gifts and grants shall be evaluated for suitability and consistency with Town policies. They shall be formally accepted by the Board of Selectmen after review and recommendation by the Town Administrator. Gifts and grants of funds are governed by Massachusetts General Law Ch. 44 §53A. Gifts of tangible property are governed by Massachusetts General Law Ch. 44 §53A½.

VIII. TRUST FUND MANAGEMENT

Trust Fund management shall be consistent with the legal requirements and spirit of each respective trust document and, to the maximum extent possible, realize the purpose the trusts were intended to achieve. All Trust Funds shall be invested in accordance with Section X of these policies.

IX. INVESTMENT POLICY FOR GENERAL FUNDS, SPECIAL REVENUE FUNDS, ENTERPRISE FUNDS AND CAPITAL PROJECTS FUNDS

- A. **Scope**—Section IX of this policy applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. Section X will deal with trust funds and any other funds with special circumstances such as stabilization funds. Massachusetts Teachers Retirement Board and the Worcester Regional Retirement Board are responsible for the investment of the pension funds.
- B. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
 - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
 - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.

3. *Yield* is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

C. Investment Instruments—Public investments in Massachusetts are not protected through provisions in State law. Therefore, they are largely uncollateralized. Many banking institutions are willing to put up collateral, albeit at a cost to the entity of a lower interest rate. The Treasurer negotiates for the highest rates possible, consistent with safety principles. **The Treasurer may legally invest in the following instruments:**

1. *Massachusetts State Pooled Fund: Unlimited amounts (Pool is liquid)*—The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer and currently managed by Fidelity Investments. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos) and U.S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the C.D.'s and takes delivery on the Repos and Treasuries.
2. *U. S. Treasuries* that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
3. *U.S. Agency obligations* that will be held to maturity: Unlimited amounts (Up to one year maturity from date of purchase).
4. *Bank accounts or Certificates of Deposit*, hitherto termed C.D.'s. (Up to one year) which are fully collateralized through a third party agreement: Unlimited amounts.
5. *Bank accounts and C.D.'s* (Up to one year) insured by F.D.I.C. up to at present a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage. In some cases banking institutions carry additional insurance, Depository Insurance Fund of Massachusetts (D.I.F.M).
6. *Unsecured bank deposits* of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.

- D. **Authorization**—The Treasurer has authority to invest municipal funds, subject to the statutes of the Commonwealth Massachusetts General Law Chapter 44 Section 55, 55A, & 55B.
- E. **Restrictions**—Chapter 44, Section 55 set forth the several restrictions that the Treasurer must be aware of when making investment selections for short term operating funds.
1. A Treasurer shall not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of such bank or trust company, or banking company, unless satisfactory security is given to it by such bank or trust company, or banking company for such excess.
 2. The Treasurer shall not make a deposit in any bank, trust company or banking company that he is associated with as an officer or employee or has been the same for any time during the three years immediately preceding the date of any such deposit.
 3. All securities shall have a maturity from date of purchase of one year or less.
 4. Purchases under an agreement with a trust company, national bank or banking company for repurchase at not less than original purchase price of said securities on a fixed date, for a term that shall not exceed ninety days.

X. INVESTMENT POLICY FOR TRUST FUNDS, STABILIZATION FUNDS AND COMMUNITY PRESERVATION ACT

- A. **Scope**—Section X of this policy applies to funds that could be invested long term and includes accounts that are designated as Trust Funds, Stabilization Funds, Conservation Fund and Community Preservation Funds. These funds include all accounts that are received as scholarships and perpetual care receipts.

All accounts will be maintained separately receiving their proportionate interest allocation and any realized and unrealized gains or losses. The account will be established as a pooled investment portfolio unless otherwise stated. Any additional amounts added to such accounts will be maintained in this same manner.

- B. **Authorization**—Massachusetts General Law Chapter 44, Section 54 pertains to the investment of Trust Funds. All trust funds shall fall under the control of the Treasurer unless otherwise provided or directed by the donor.
- C. **Objectives**—Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds except those required to be kept uninvested for purposes of immediate distribution.

This section also requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking into account safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with the safety of principal while meeting the daily cash requirements for the operation of the Town's business.

1. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. These risks shall be mitigated by the diversification and prudent selection of investment instruments, and choice of depository.
 - i. Credit risk is the risk of loss due to the failure of the security issuer or backer.
 - ii. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
2. Liquidity is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the Treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.
3. Yield is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

D. **Investment Instruments**—Massachusetts General Laws, Chapter 44 Section 54 states that money should be deposited into savings banks, trust companies incorporated under the laws of the commonwealth, banking companies incorporated under the laws of the commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under Chapter 29, Section 38A, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the Commonwealth.

Additionally the Treasurer may invest such funds in securities, other than mortgages or collateralized loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth; provided, that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company. **The Treasurer may invest in the following instruments:**

1. U. S. Treasuries that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).

2. U.S. Agency obligations that may be sold prior to maturity: Unlimited amounts (With no limit to the length of maturity from date of purchase).
3. Bank accounts or Certificates of Deposit, hitherto termed C.D.'s: Unlimited amounts (With no limit to the length of maturity from date of purchase), which is fully collateralized through a third party agreement.
4. Bank accounts and C.D.'s (With no limit to the length of maturity from date of purchase), fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.M) presently with a \$250,000 limit. All bank accounts and C.D.'s in one institution are considered in the aggregate to receive the \$250,000 insurance coverage.
5. Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: No more than 5% of an institution's assets and no more than 25% of a municipality's cash may be composed of unsecured bank deposits. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the Town in the near future. These payments may be for such items as debt service payment or regional school assessments. They will be diversified as much as possible.
6. Common and preferred stocks that are listed in the List of Legal Investments. Massachusetts General Law Chapter 44 Section 54 sets forth that Treasurers may invest in instruments that are legal for savings banks. This list of investments is included in the Commonwealth of Massachusetts List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
7. Investment Funds that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.
8. List of Legal Investments—All other items not separately identified here that are listed in the List of Legal Investments, Massachusetts General Law, Chapter 167 Section 15A.

Trust Funds may be co-mingled and invested in any instruments allowed by the Commonwealth of Massachusetts List of Legal Investments issued by the Banking Commissioner each July. Each Trust Fund must be accounted for separately.

XI. INVESTMENT POLICY—OVERALL PROVISIONS

- A. **Diversification**—Diversification should be interpreted in two ways: 1) in terms of maturity, and 2) in terms of instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities, as well as

concentration in a specific institution, with the exception of U.S. Treasury obligations and agencies or investments fully collateralized.

- B. **Ethics**—The Treasurer and Assistant Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Town Administrator any material financial interest they may have in financial institutions that do business with the Town. They shall also disclose any large personal financial investment positions or loans that they have which could be related to the performance of the Town's investments. All municipal employees shall comply with the State Conflict of Interest Law, Massachusetts General Laws, Chapter 268A.
- C. **Standards of Care**—The standard of prudence to be used by the Treasurer shall be the “prudent person” standard set forth in Massachusetts General Laws Chapter 203C and shall be applied in the context of managing an overall portfolio. The Treasurer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well the probable income to be derived.”

- D. **Reporting Requirements**—On an annual basis, a report containing the following information will be prepared by the Treasurer and distributed to the Town Administrator. The report will include as a minimum requirement, the following information:
1. A listing of the individual accounts and individual securities held at the end of the reporting period.
 2. A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this Investment Policy.
 3. A summary of the income earned on a monthly basis and on a year to date basis.
 4. The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the Town's cash position.
 5. The report should demonstrate the degree of compliance with the tenets set forth in the Investment Policy.

APPENDIX B

FUND DESCRIPTIONS & BALANCES

Fund Descriptions

The financial operations of the Town are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the Town are accounted for through one of the funds or account groups listed below.

Governmental Funds

Most Town functions are financed through what are called Governmental Funds. These are the activities generally supported by “non-exchange” revenue, such as taxes. There are four types of governmental funds maintained by the Town: General Fund, Special Revenue Funds, Permanent Funds, and Capital Project Funds.

General Fund: The General Fund is the major operating fund of the Town government and it encompasses a majority of Town operations, and it is defined as covering all resources that are not required to be accounted for elsewhere. The General Fund is supported by revenues from real estate & personal property taxes, state aid, excise taxes, investment income, fines & forfeitures, and fees & charges. Most of the Town’s departments including the Schools are supported in whole or in part by the General Fund.

Special Revenue Funds: Special Revenue Funds are used to account for revenues that are legally restricted to specific purposes, with the exception of major capital projects and permanent funds. These revenues must be accounted for separately from the General Fund for a variety of reasons, and often span multiple fiscal years. The Town’s Special Revenue Funds are grouped into five categories:

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific program and use those revenues to support the program without appropriation. Revolving Funds are established by statute or by-law and may require reauthorization each year at Town Meeting. The Town maintains revolving funds for a number of purposes including Council on Aging, Family and Youth Services Department, Fire Department, Recreation Department, Library Lost Books, School Department Student Activities, and the School Lunch Program.
2. **Receipts Reserved for Appropriation:** The funds in this grouping are restricted to a specific use by statute and also require appropriation by Town Meeting. These funds include property insurance claims greater than \$100,000, monies from Cemetery sale of lots and graves, Net Premiums on Debt, Conservation Wetland Protection fees, and Cable Access Television.
3. **School Grants:** The School Grant Funds account for specially financed education programs using revenue from grants received from the Federal or State government. These include the State Special Education Revolving Fund (Circuit Breaker), and Federal Title I grants.

4. **Other Intergovernmental Funds:** These funds account for revenues received by the Town from the Federal or State government for specific purposes other than education. These include a variety of grants such as the Chapter 90 Highway Program, State Election Grants, State Library Aid, and the Elderly Formula Grant.
5. **Other Special Revenue Funds:** These funds account for any other miscellaneous special revenues not included in the previous categories. These include private donations for specific purposes, such as grants received from private or non-profit foundations, and gifts made to specific departments. This category also includes the Community Preservation Fund and the Conservation Fund.

Permanent Funds: Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the government and its citizens. Many times such funds are referred to as ‘Trust’ funds, and the acceptance of such funds generally involves acceptance by Town Meeting for each fund’s individual requirements. There are two accounts associated with each permanent fund, the expendable income, and the non-expendable principal.

1. **Expendable Trust Funds:** This heading accounts for the expendable income portion of the permanent funds. This heading is also used to account for funds received by the Town in a trustee capacity where both the principal and earnings of the fund may be expended on a restricted basis for the benefit of the Town or its Citizens. This includes the Scholarship Tax Check-off Fund and the Elderly/Disabled Fund.
2. **Non-expendable Trust Funds:** are used to account for trusts where the principal must remain intact. Generally, income earned on the non-expendable trust principal may be expended in accordance with the conditions of a trust instrument or statute and is accounted for in the previous category. An example is the Cemetery Department’s Perpetual Care Trust.

Capital Project Funds: The Capital Project Funds are used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by other dedicated funds, such as the Community Preservation Act Fund or Chapter 90 Highway Funds. In addition to “projects,” the Town’s Capital Project Funds also account for capital outlay for items purchased pursuant to the town’s capital plan, such as Departmental Equipment. The source of funding for these funds are primarily proceeds from the Town’s issuance of bonds, but may also be derived from private sources, grants, or transfers from other Town funds.

Proprietary (Enterprise) Funds

Proprietary Funds cover the town's "business-type" activities and are referred to as such in the financial statements. These statements comprise the Water and Sewer Enterprise Funds of the Town. All direct and indirect costs including overhead of each service are intended to be captured by user fees and/or general fund subsidies. These funds account for their own fixed assets and long-term liabilities. Although the long-term debt of the funds is ultimately the legal obligation of the general fund, it is budgeted and paid for by the Enterprise Fund for which the project was approved. Town Meeting has approved the use of the Enterprise Fund accounting for the Water, Sewer, and Solid Waste utilities. However, for the purposes of the financial statements only the Water and Sewer Funds are considered "business-type" activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town is the trustee, or fiduciary, and the government and its citizenry do not benefit directly from such funds. This means that the Town is responsible for assets in a purely custodial manner that can be used only for the trust beneficiaries and Agency Funds. Under this heading the Town maintains only Agency Funds, such funds for "special detail" for overtime labor billed to outside parties, collection of Deputy Fees payable to the Deputy Collector, firearms licenses payable to the Commonwealth, and fees derived from and expenses related to the use of school facilities by outside parties.

Account Groups

The last category of fund account entities maintained by the Town is the Account Groups. For which there are two, the General Long-term Debt Account Group and the General Fixed Assets Account Group.

The first of these groups is the General Long-term Debt Account Group which accounts for the balances due on long-term debt that the Town has approved. The liabilities accounted for in this fund extend to future years, versus those that affect the current year alone shown in other funds. When borrowing is approved the liability is increased in this fund, and when debt is paid down or rescinded the liability is reduced.

The second of these groups is the General Fixed Asset Account Group. As infrastructure is developed, construction completed, and capital outlays are made, the Town's inventory of Fixed Assets is increased. The value of these assets is then depreciated on a fixed schedule annually.

Basis of Accounting

By necessity the Town produces financial reports that have different bases of accounting. Since the goal of financial reporting is to provide useful information to its users, the measurement focuses of reporting must change with respect to the needs of the audience.

The day to day method of accounting used by the Town is UMAS, the Commonwealth of Massachusetts' Universal Municipal Accounting System. This accounting system is prescribed by the Commonwealth of Massachusetts Department of Revenue and is intended to demonstrate compliance with state statutes and local near-term decisions (e.g. budget). This system prescribes the use of the modified accrual basis of accounting, which is the basis used by all governmental fund types. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers that property taxes are available if they are collected within 60 days after year-end. Expenditures are recorded when the liability is incurred. Principal and interest on general long-term debt are recorded as liabilities in the fiscal years that the payments are due.

The full accrual basis of accounting is used for the Town's financial statements, which are produced based on generally accepted accounting principles (GAAP). The statements report information about the Town with a broad overview. The statements use accounting methods most similar to those used by a private-sector business and are typically used to demonstrate the long-term financial position of the Town. The users of this information are often bond rating agencies and others seeking information consistent with entities in other states. The Government Accounting Standards Board (GASB) issues guidance for how GAAP based financial statements should be prepared for government entities. The accrual basis of accounting is utilized by the proprietary and agency funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgeting

An annual budget is adopted for the Town's General and Enterprise Funds. Although legislative approval is required for capital projects, borrowing authorizations, and other warrant articles, annual budgets are not prepared for any other fund. Note however that although there are informational budgets presented for capital spending with regard to the Capital Improvement Plan and also by the Community Preservation Committee for spending from the Community Preservation Act Fund, the related spending for such purposes is approved article by article versus the adoption of an annual consolidated budget.

The Town's annual budget is adopted on a statutory basis, specific to the Commonwealth of Massachusetts, and it differs in some respects from GAAP. The major differences between the budget and GAAP basis are that:

1. Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
2. For the budget, encumbrances are treated as expenditures in the year the commitment is made. Also, certain appropriations, known as special articles, do not lapse and are treated as budgetary expenditures in the year they are authorized as opposed to when the liability is actually incurred (GAAP).
3. The depreciation of Fixed Assets is not recognized as a current expense on a budgetary basis, except to the extent that actual maintenance costs are included in departmental budgets.

Following are three tables which are excerpted from the Town's financial statements prepared on a GAAP basis. These tables display the results of operations for the fiscal year ending June 30, 2021. There's one table for Governmental Funds and one for Proprietary Funds. Since Fiduciary funds do not involve the measurement of operations, there is no corresponding table for that grouping. For reference, you may access a complete version of the Town's audited financial statements online at: http://www.town.northborough.ma.us/Pages/NorthboroughMA_Accounting Hardcopies of the financial statements from each year are filed with the Town Clerk's office.

Under GASB Statement 34, and further by Statement 54, "Major Funds" are defined as individual funds that have a reached a significant threshold with respect to total fund balance and have dedicated revenue sources. "Major Funds" must be shown separately from the general fund. The remaining individual funds are aggregated in the "Nonmajor" category for the purposes of the financial statements. The third and final table displayed is the statement for the "Nonmajor" Governmental Funds.

**TOWN OF NORTHBOROUGH, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Fire Station Design and Land Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 54,032,801	\$ -	\$ 653,423	\$ 54,686,224
Intergovernmental	5,651,258	-	4,074,147	9,725,405
Excise and Other Taxes	2,940,935	-	-	2,940,935
Charges for Services	-	-	2,820,830	2,820,830
Licenses, Permits, Fees	1,392,327	-	-	1,392,327
Interest and Penalties on Taxes	203,828	-	1,343	205,171
Investment Income	101,980	-	72,847	174,827
Gifts and Donations	-	-	25,388	25,388
Other	-	-	78,575	78,575
Intergovernmental - "On-behalf" Payments	7,580,725	-	-	7,580,725
Total Revenues	71,903,854	-	7,726,553	79,630,407
Expenditures:				
Current:				
General Government	2,761,547	-	1,329,870	4,091,417
Public Safety	5,188,973	17,203	818,363	6,024,539
Public Works	2,656,315	-	2,153,658	4,809,973
Education	39,291,140	-	2,269,378	41,560,518
Health and Human Services	686,938	-	304,441	991,379
Culture and Recreation	1,023,466	-	262,732	1,286,198
Employee Benefits and Insurance	16,212,601	-	-	16,212,601
State Assessments	235,219	-	-	235,219
Debt Service:				
Principal	1,600,548	-	305,012	1,905,560
Interest	591,434	-	59,360	650,794
Total Expenditures	70,248,181	17,203	7,502,814	77,768,198
Excess of Revenues Over (Under) Expenditures	1,655,673	(17,203)	223,739	1,862,209
Other Financing Sources (Uses):				
Operating Transfers In	823,417	6,548	1,848,387	2,678,352
Operating Transfers Out	(1,854,935)	-	(823,417)	(2,678,352)
Proceeds from Issuance of Refunding Bonds	4,250,925	-	-	4,250,925
Bond Premium Refunding Bonds	688,293	-	-	688,293
Bond Premium	-	-	167,173	167,173
Proceeds from Issuance of Bonds and Notes	-	-	516,560	516,560
Payments to Refunding Bonds Escrow Agent	(4,939,218)	-	-	(4,939,218)
Total Other Financing Sources (Uses)	(1,031,518)	6,548	1,708,703	683,733
Net Change in Fund Balances	624,155	(10,655)	1,932,442	2,545,942
Fund Balances, Beginning of Year (as restated)	12,057,383	1,380,366	8,073,219	21,510,968
Fund Balances, End of Year	\$ 12,681,538	\$ 1,369,711	\$ 10,005,661	\$ 24,056,910

TOWN OF NORTHBOROUGH, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,533,779	\$ 2,548,925	\$ 5,082,704
Special Assessments	74,775	36,400	111,175
Total Operating Revenues	2,608,554	2,585,325	5,193,879
Operating Expenses:			
Salaries & Wages	205,893	308,089	513,982
Operating Expenses	1,632,461	1,692,370	3,324,831
Depreciation	259,200	517,398	776,598
Total Operating Expenses	2,097,554	2,517,857	4,615,411
Operating Income (Loss)	511,000	67,468	578,468
Non-Operating Revenues (Expenses):			
Investment Income	12,199	1,618	13,817
Interest Expense	(134,454)	(44,305)	(178,759)
Total Non-Operating Revenues (Expenses)	(122,255)	(42,687)	(164,942)
Income (Loss) Before Operating Transfers	388,745	24,781	413,526
Operating Transfers:			
Transfer In	-	26,748	26,748
Transfers (Out)	(26,748)	-	(26,748)
Total Operating Transfers	(26,748)	26,748	-
Change in Net Position	361,997	51,529	413,526
Net Position at Beginning of Year	8,374,538	8,097,005	16,471,543
Net Position at End of Year	\$ 8,736,535	\$ 8,148,534	\$ 16,885,069

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund Balances			Other Financing	Fund Balances
	July 1, 2020	Revenues	Expenditures	Sources (Uses)	June 30, 2021
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 4,325	\$ 481,554	\$ 481,712	\$ -	\$ 4,167
Arts Lottery Council Grant	8,020	6,941	3,661	-	11,300
Board of Health Grants	28,844	7,896	21,378	-	15,362
Community Compact Grant	40,000	-	-	-	40,000
Council on Aging Grants	-	44,104	41,985	-	2,119
Dam Removal Grant	-	168,750	-	-	168,750
Emergency Management Grants (COVID)	-	611,884	1,097,763	-	(485,879)
Green Communities Grant	45,919	40,327	86,246	-	-
Highway Grants	-	529,251	474,442	-	54,809
Library Grants	21,726	27,847	16,830	-	32,743
Public Safety Grants	8,004	66,451	67,530	(6,381)	544
Recycling Grants	14,030	7,800	3,043	-	18,787
Town Clerk Grant	9,134	6,206	2,426	-	12,914
Schools:					
School Lunch Program	33,689	511,607	496,400	-	48,896
School Lunch Commodities	-	24,869	24,869	-	-
School Revolving Funds	173,802	4,574	29,441	-	148,935
State Special Education Reimbursement	1,181,327	1,326,035	1,181,327	-	1,326,035
Other:					
Amazon Traffic Mitigation	-	80,000	12,041	-	67,959
Cable Access Television	504,212	214,577	-	(262,510)	456,279
Community Affairs Revolving	7,551	400	290	-	7,661
Community Preservation Fund	1,468,780	881,836	396,846	215,149	2,168,919
Conservation Revolving	25,315	9,721	-	(5,678)	29,358
Council on Aging Revolving	181,490	21,091	20,519	-	182,062
Council on Aging WRTA Program	57,691	109,307	47,198	-	119,800
Deputy Collector Fees	756	29,506	29,203	-	1,059
Dog Control Revolving	43,559	25,855	279	(31,791)	37,344
Family Youth Services Revolving	3,648	650	45	-	4,253
Fire Emergency Medical Services	546,595	922,372	538,003	(342,829)	588,135
Gifts and Donations	296,557	25,388	121,555	(88,006)	112,384
Insurance Reimbursements	80,004	10,943	7,256	-	83,691
Medicare Part D Subsidy	48,153	39,039	-	(48,152)	39,040
Parks and Recreation Revolving	-	395,739	127,575	-	268,164
Planning Board Revolving	-	28,710	28,500	-	210
Police Drug Task Force	1,059	14	-	-	1,073
Premium on Sale of Bonds	113,665	-	135,553	145,144	123,256
Public Safety Outside Detail Funds	28,077	275,703	275,794	-	27,986
Sale of Cemetery Lots	17,250	15,250	-	(5,250)	27,250
Sale of Land (Reserved)	12,435	-	-	-	12,435
Solid Waste Funds	267,274	679,018	860,493	337,160	422,959
Tax Title Registry of Deeds Fee	280	930	630	-	580
Transportation Network Surcharge	6,486	1,764	-	(2,899)	5,351
Conservation Funds	362,352	10,243	10,800	-	361,795
Elderly Funds	49,959	22,465	24,978	-	47,446
Scholarship Funds	797	527	-	-	1,324
Special Revenue Funds	\$ 5,692,765	\$ 7,667,144	\$ 6,666,611	\$ (96,043)	\$ 6,597,255

TOWN OF NORTHBOROUGH, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Capital Projects:					
Assabet Park improvements	\$ -	\$ -	\$ -	\$ 102,775	\$ 102,775
Fire Department ambulance	(306,012)	-	-	306,012	-
Fire Department vehicles	-	-	-	156,000	156,000
Highway equipment	9,444	-	8,715	-	729
Highway generator	-	-	-	35,000	35,000
Highway vehicles	281,137	-	263,241	189,000	206,896
Highway mower	-	-	75,000	75,000	-
K-8 Communications/Security	14,342	-	-	(14,342)	-
Management Information System (MIS) network	26,741	-	-	-	26,741
Master Plan	654	-	654	-	-
Middle School driveway improvements	-	-	50,000	50,000	-
Middle School green repairs	102,533	-	-	-	102,533
MIS/GIS Aerial Photo	122,979	-	8,151	-	114,828
Police vehicles	538	-	-	(538)	-
Police vehicles	-	-	39,000	200,000	161,000
Road maintenance	312,851	-	312,851	-	-
Road maintenance	-	-	50,956	610,000	559,044
Senior Center construction	50,000	-	-	-	50,000
Town Hall feasibility study	-	-	-	100,000	100,000
Town Offices' improvements	767,738	-	3,000	-	764,738
Total Capital Projects Fund	\$ 1,382,945	\$ -	\$ 811,568	\$ 1,808,907	\$ 2,380,284
Perpetual Permanent Funds:					
Assabet Park Funds	\$ 7,959	\$ -	\$ -	\$ -	\$ 7,959
Cemetery Funds	577,715	-	-	35,000	612,715
Library Fund	81,509	-	-	-	81,509
Miscellaneous Funds	14,022	-	-	-	14,022
Total Perpetual Permanent Funds	681,205	-	-	35,000	716,205
Permanent Funds:					
Assabet Park Funds	2,168	136	-	-	2,304
Cemetery Funds	43,321	29,591	-	(39,161)	33,751
Library Fund	257,806	29,317	24,635	-	262,488
Miscellaneous Funds	13,009	365	-	-	13,374
Total Permanent Funds	316,304	59,409	24,635	(39,161)	311,917
Total - Non-Major Governmental Funds	\$ 8,073,219	\$ 7,726,553	\$ 7,502,814	\$ 1,708,703	\$ 10,005,661

Changes in Fund Balance

General Fund

It is important to note that while the General Fund’s fund balance shown on the preceding GAAP based statements is a measure of resources that are available to the Town on a long-term basis, the full amount is not available for appropriation in its entirety on a statutory basis. Under Massachusetts General Law, the Massachusetts Department of Revenue (DOR) certifies the amount available, which is referred to as “Free Cash.” This certified amount is available for appropriation by the legislative body. The amount certified by the DOR at the close of FY2021 is \$3,399,259 while the GAAP based Fund financial statements reflect an Unassigned Fund Balance of \$10,762,694, which also includes the Town’s Stabilization Fund Balance of \$5,129,896.

Within the Town’s Financial Policies (See Appendix A), is a reserve policy which defines reserves as being the combination of Free Cash & Stabilization Fund Balances. This reserve policy requires that the Town maintain reserves at a level of between 5 to 10% of the Town’s General Fund expenditures. Under the Free Cash plan for the proposed FY2023 budget, the amount of \$500,000 will be used for the operating budget, \$200,000 will be transferred to the Stabilization Fund, \$175,000 will be used to fund the Appropriations Committee Reserve Fund, and \$2,024,000 will be used to fund capital expenditures, therefore use of Free Cash in the total amount of \$2,899,000 is proposed.

The following schedule demonstrates the Town’s compliance with its fiscal policies, and that the proposed use of Free Cash for the current year will not yield a significant change in Fund Balance from the budget proposed in the prior year. The figures shown below reflect the amounts that are contemplated at the time of Town Meeting:

PROPOSED BUDGET	FY2022	FY2023
Certified Free Cash as of June 30 prior year	\$1,980,662	\$3,399,259
Proposed* use for budget	(\$1,480,000)	(\$2,899,000)
Unappropriated Free Cash	\$500,662	\$500,259
Stabilization Fund Balance as of June 30	\$5,061,660	\$5,129,896
Investment Income/(Loss) as of December 31	\$40,361	\$31,736
Proposed transfer into Stabilization	\$0	\$200,000
Stabilization Fund Balance	\$5,102,021	\$5,361,632
Total Reserves	\$5,602,683	\$5,861,891
Proposed Expenditure Budget	\$67,726,437	\$71,242,642
Reserves as Percentage of Budget	8.27%	8.23%

Free Cash will be recalculated for June 30, 2022 once FY2022 is closed and the Town has submitted its balance sheet to the DOR. While the amount voted for use in FY2023 will reduce the amount, as shown in the preceding calculation, it should be noted that positive results from unspent appropriations and revenues above budget in FY2022 will add to the balance. Note that the figure for the adopted budget is determined when the Town’s tax rate is set later during the current fiscal year (Tax Recapitulation). The adopted budget changes from the proposed due to a number of factors, primarily assessments that are estimated at the time of Town Meeting, and finalized when the property tax rate is set and approved by the DOR. The following table shows

the Town’s reserves as calculated following the adoption of the budget and most recent Free Cash certifications (at close of prior fiscal year):

ADOPTED BUDGET	FY2021	FY2022
Certified Free Cash as of June 30	\$1,980,662	\$3,399,259
Stabilization Fund Balance as of June 30	\$5,061,660	\$5,129,896
Total Reserves	\$6,804,001	\$8,529,155
Adopted Budget	\$66,240,522	\$67,671,657
Reserves as Percentage of Budget	10.27%	12.60%

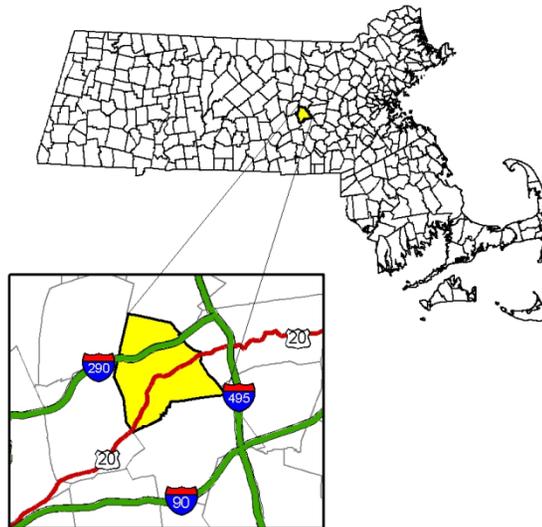
The preceding two tables demonstrate the Town’s approach to maintain sufficient reserves through conservative fiscal policies, and they show the approach that is used to develop its Free Cash Plan. For FY2023 the amount of Free Cash certified at June 30, 2021 allows for amounts to be appropriated for capital in addition to the limited amount used for the operating budget. In the case of FY2022, \$805,000 in capital expenditures were approved, and for FY2023 \$2,024,000 is proposed for capital expenditures. This approach allows for sufficient reserves to be maintained, while at the same time reserves can be used to fund one-time expenses such as capital purchases.

Additionally, for the purposes of long term trend analysis, the level of the Town’s reserves are compared to “Operating Revenues” as an indicator in its Financial Trend Monitoring System (FTMS) rather than the expenditure budget (see Appendix C for further information). “Operating Revenues” reflect the actual cash received in the General Fund during the fiscal year and does not include the use of Free Cash or other “one-time revenues”, or accruals. The indicator compares the percentage of reserves remaining at the close of the year to actual revenue. The indicator also seeks to reflect allocations or reservations subsequently made, to reflect spending decisions made after balances are certified. The table below shows the data excerpted for the most recently closed two years included in the analysis:

RESERVES VS. OPERATING REVENUES	FY2020	FY2021
Certified Free Cash as of June 30	\$1,980,662	\$3,399,259
Stabilization Fund Balance as of June 30	\$5,061,660	\$5,129,896
Total Reserves	\$7,042,322	\$8,529,155
Total Revenues	\$63,756,218	\$65,386,519
Reserves as % of Operating Revenues	11.05%	13.04%
Reserves Subsequently Used (Proposed)	(\$1,480,000)	(\$2,699,000)
Total Adjusted Reserves	\$5,562,322	\$5,830,155
Total Revenues	\$63,756,218	\$65,386,519
Reserves as % of Operating Revenues	8.72%	8.92%



Town of Northborough, MA Financial Trend Monitoring Report Fiscal Year 2022



FTM Report covers the period July 1, 2011 (FY2012) through June 30, 2022 (FY2022)



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TABLE OF CONTENTS

I.	Introduction	2
II.	Executive Summary.....	7
III.	Fiscal Indicator Analysis.....	11
	1. Property Tax Revenues.....	12
	2. Uncollected Property Taxes.....	14
	3. Revenues & Expenditures per Capita.....	16
	4. State Aid (Intergovernmental Revenues).....	18
	5. Economic Growth Revenues.....	20
	6. Use of One-Time Revenues.....	22
	7. Personnel Costs.....	24
	8. Employee Benefits.....	26
	9. Pension Liability.....	28
	10. Other Post-Employment Benefits (OPEB) Liability.....	30
	11. Debt Service Expenditures.....	32
	12. Financial Reserves/Fund Balance.....	34
	13. Capital Investment—Overall Fixed Assets.....	36
	14. Capital Investment—Pavement Management.....	39
IV.	Five-Year Financial Forecast—Revenue and Expenditure Projections.....	41
V.	Appendices.....	47
	A. Average Residential Tax Bill	
	B. Population Projections	

I. INTRODUCTION—THE FINANCIAL TREND MONITORING SYSTEM

Welcome to the Town of Northborough’s Financial Trend Monitoring System (FTMS) Report. The purpose of the FTMS is to analyze key financial indicators in order to assess the financial direction of the Town. The report is designed to bring issues and opportunities to the attention of decision-makers through a systematic method of trend analysis. If employed correctly, the FTMS will help Town officials:

- Gain a better understanding of the Town’s current financial condition.
- Identify hidden and emerging problems before they reach serious proportions.
- Present a straightforward picture of the Town’s financial strengths and weaknesses to elected and appointed officials, citizens, and credit rating firms.
- Reinforce the need for long-range considerations during the annual budget process.
- Provide a starting place for setting, reviewing and updating of financial policies that guide financial decision-making.

The ultimate goal of the FTMS is to help local officials better assess and protect the Town of Northborough’s overall financial condition.

What is Financial Condition?

Financial condition is broadly defined as the ability of a Town to maintain existing service levels, withstand local and regional economic disruptions, and meet the demands of natural growth, decline and change. It is often discussed from the perspectives of cash solvency, budgetary solvency, long-run solvency and service-level solvency.

In the narrowest sense, financial condition means the ability of the Town to pay its immediate obligations over the next 30 to 90 days in order to maintain operations. This is typically referred to as “cash solvency.”

Beyond meeting its monthly cash obligations, a Town must also be able to generate enough revenues during a fiscal year to meet all its expenditures, without incurring operational deficits. With few exceptions, such as snow and ice overdrafts, the Town is legally obligated to maintain “budgetary solvency,” or a balanced fiscal year budget, while providing services to residents.

In a broader sense, financial condition means the Town’s ability in the long-run to pay all the costs of doing business, including those which may not appear during the current fiscal year, such as pension costs and liabilities for other post-employment benefits. This long-run balance

Aspects of Financial Condition

- *Cash Solvency: A government's ability to pay immediate obligations,*
- *Budgetary Solvency: Its ability to pay financial obligations within the current fiscal period,*
- *Long-Run Solvency: Its ability to continue paying obligations in future fiscal periods, and*
- *Service-Level Solvency: The government's ability to continue providing the level of services expected by its constituents.*

between revenues and costs is referred to as “long-run solvency” and includes items such as debt commitments and investments designed to maintain capital facilities such as buildings and roads. As many municipalities know all too well, it is possible to defer such costs in the short-run, but failure to adequately invest in capital needs will cost more in the future and could even create issues of budgetary solvency if the needs go unmet for too long.

Lastly, financial condition must also be viewed from the perspective of the services that residents desire. “Service-level solvency” refers to the level and quality of the services that residents expect in order to maintain the health, safety and welfare of the community. A Town lacking service-level solvency might in all other respects be in sound financial condition but be unable to support critical services at an adequate level. In a financial crisis situation, trying to maintain service-level solvency might result in a municipality experiencing cash, budgetary, or long-run solvency problems. That is why it is important to view the issue of financial condition from all four perspectives. During a prolonged period of fiscal constraint, the goal is to prevent fiscal distress, which is a temporary imbalance, from becoming fiscal crisis where obligations can no longer be met.

Fiscal Distress vs. Fiscal Crisis

- *Fiscal Distress: imbalance between the level of financial resources the Town has committed and its potential available resources*
- *Fiscal Crisis: occurs when the local government can no longer pay its bills or provide existing levels of service*

Although unforeseen events can sometimes create a fiscal crisis, the signs of fiscal distress are often revealed in several recurring indicators. These include structural, economic, demographic and institutional factors. The indicators might manifest in an erosion of the economic base, a significant change in population size, or an interruption in the tax base. A loss of financial independence (through a greater reliance on intergovernmental revenues), a decline in productivity, or a large amount of immediate local government costs can also be indicative of the development of financial imbalances. For the Town of Northborough, which is in relatively good financial condition, the FTMS will help provide a systematic way to monitor changes and anticipate future problems.

What is a Financial Trend Monitoring System?

The Financial Trend Monitoring System (FTMS), as adapted from the system developed by the International City/County Management Association (ICMA), "identifies the factors that affect financial condition and arranges them in a rational order so that they can be more easily analyzed and measured." It is a management tool that pulls together the pertinent information from the Town’s budgetary and financial reports, mixes it with the appropriate economic and demographic data, and creates a series of Town-specific financial indicators that, when plotted over a period of time, can be used to monitor changes in financial condition. The financial indicators include such things as revenue and expenditure trends, financial reserves, changes in the tax base, one-time revenue dependencies, debt, capital investments and external revenue dependencies.

What are Financial Indicators?

Financial indicators are the primary tools of the Financial Trend Monitoring System. They represent a way to quantify changes in the factors with which they are associated. Many aspects of financial condition cannot be measured explicitly; however, by quantifying indicators and plotting them over a period of time, decision-makers can begin to monitor and evaluate the Town's financial performance. The use of these indicators will not provide answers as to why a problem is occurring or what the appropriate solution is, but it may provide the opportunity to make an informed management response.

Expenditure Indicators

Expenditures are a rough measure of a local government's service output. Generally, the more a local government spends in constant dollars, the more services it is providing, although this axiom does not take into account how effective the services are or how efficiently they are delivered. To determine whether a government is living within its revenues, the first issue to consider is expenditure growth rate.

Because local governments are required to have a balanced budget, it would seem unlikely that expenditure growth would exceed revenue growth. Nevertheless, the annual budget can be balanced in a number of subtle ways that will create a long-run imbalance in which expenditure outlays and commitments grow faster than revenues. Some of the more common ways are to use non-recurring revenues (one-time monies), to borrow (pay for operating capital through a long-term capital improvement plan), or make use of reserve funds (Stabilization or Free Cash) to fund operational expenses. Other ways are to defer maintenance on capital items or to defer funding of a future liability, such as a pension obligation or other retiree benefits. In each case, the annual budget remains balanced, but the long-run budget develops a deficit. Although long-run deficits might, conceivably, be made up through windfalls such as additional State Aid, grants, or other revenue surges, allowing such deficits to develop is risky.

A second issue to consider is expenditure flexibility. Expenditure flexibility is a measure of a local government's freedom to adjust its service levels to changing conditions, and considers the level of mandatory or fixed costs. Ideally, a government's expenditure growth rate will not exceed its revenue growth rate, and the government will have maximum flexibility to adjust spending. An increase in mandatory costs, such as debt service, employee benefits, and property and other insurances, renders a government less able to adjust to change.

Objectives of the FTMS

- *Predict: so that the Town can be prepared to deal with fiscal distress before it becomes fiscal crisis,*
- *Avert: and take action to avoid fiscal crisis,*
- *Mitigate: through corrective action and/or policy changes regain sound financial footing, or at least contain the problem, and*
- *Prevent: a recurrence of fiscal distress after the Town addresses the current issue or crisis (i.e., reliance on one-time revenues or health insurance increases).*

Revenue Indicators

Revenues determine the capacity of a local government to provide service. Important issues to consider in revenue analysis are growth, flexibility, dependability, diversity, administration, and elasticity. Under ideal conditions, revenues would grow at a rate equal to or greater than the combined effects of inflation and expenditures. They would be sufficiently flexible (free from spending restrictions) to allow adjustments to changing conditions. They would be balanced between elastic and inelastic in relation to inflation and the economic base; that is, some would grow with inflation and the economic base and others would remain relatively constant. Revenue sources would be diversified—not overly dependent on residential, commercial, or industrial land uses, or on external funding sources, such as discretionary State Aid. User fees would be regularly evaluated to cover cost increases.

Analyzing revenue structure will help to identify the following types of problems:

- Deterioration of the revenue base
- Practices or policies that may adversely affect revenue yields
- Poor revenue-estimating practices
- Inefficiency in the collection and administration of revenues
- Overdependence on obsolete or intergovernmental revenue sources
- User fees that are not covering the cost of services

This analysis may be used to provide the framework for the development of new, and update of existing fiscal policies to guide budget development.

Which Fiscal Indicators are included in the report?

Although the comprehensive ICMA model contains dozens of potential indicators for measuring municipal financial condition, a relevant sample has been selected as part of Northborough's Financial Trend Monitoring Report (FTMR). Others were omitted because either they are not applicable to Northborough's situation or because we do not have the data to be able to consistently develop these indicators at this time. In FY2015 we added a new indicator, Capital Investment, to the report, and hope to further expand the indicators included in the report in the future. The fourteen indicators that have been selected for use in monitoring the Town of Northborough's financial condition are displayed graphically on the following pages and were chosen based upon the availability of data and their appropriateness for Northborough.

The selected indicators include:

1. Property Tax Revenues
2. Uncollected Property Taxes
3. Revenues & Expenditures per Capita
4. State Aid (Intergovernmental Revenues)
5. Economic Growth Revenues
6. Use of One-Time Revenues
7. Personnel Costs
8. Employee Benefits
9. Pension Liability
10. Other Post-Employment Benefits (OPEB) Liability
11. Debt Service Expenditures
12. Financial Reserves/Fund Balance
13. Capital Investment – Overall Fixed Assets
14. Capital Investment – Pavement Management

The FTMR is intended to assist the Town’s Administration, Board of Selectmen, Appropriations Committee and the Financial Planning Committee in setting long-range policy priorities, and can provide a logical way of introducing long-range considerations into the annual budget process. The following report has been developed using the ICMA manual entitled Evaluating Financial Condition, A Handbook for Local Government.

What Methodology was used to compile the data in the report?

The Financial Trend Monitoring System (FTMS) analysis covers the period of July 1, 2011 through June 30, 2022. Actual data has been presented for the Town’s General Fund for the Fiscal Years 2012 through 2021. The actual data is taken from the Audited Financial Statements, Budget Comparison Schedules and Department of Revenue (DOR) Tax Rate Recapitulation reports, as well as from various other reports. Adjustments and exceptions are noted in the report.

Constant dollars are nominal dollars adjusted for inflation using data from the U.S. Department of Labor, Bureau of Labor Statistics for the “Boston-Cambridge-Newton, MA-NH” statistical area. Six months of calendar year 2021 was used for FY2022. CPI-U data is the Consumer Price Index for all urban consumers in the New England region. For the purpose of this analysis, FY2012 is the base year beginning at 100.

Population data used in the per capita computations is taken from the Massachusetts DOR’s Databank.

Section II

Executive Summary

FTMR Executive Summary

- **Current Financial Condition**

Northborough is in relatively good financial condition. The Town's financial reserves are strong and the use of the \$5.1 million Stabilization Fund has been unnecessary. Debt is manageable and our bond rating was upgraded to Aa1 in May of 2015. The Town continues to have favorable economic growth, a strong diversified tax base and reliance on one-time revenues in the operating budget has been significantly curtailed. Further, the impact of rising health insurance costs has been mitigated by negotiation of plan design changes with our local bargaining units. From a service level solvency standpoint, the Town increased staffing levels in police, fire, and general administration following a comprehensive staffing study. The incremental staffing expansions were completed over several years.

- **Identify Emerging Problems**

Based on the analysis, it is apparent that long-run solvency surrounding unfunded pension liability, OPEB obligations and capital investment in Pavement Management are potential emerging problems. Uncertainty surrounding the level of State Aid and future health insurance premium increases remain significant areas of exposure for the annual operating budget. It appears the Town may be heading into another period of significant health insurance increases that have the potential to significantly impact the annual budget process.

- **Financial Strengths and Weaknesses**

The adoption of the Free Cash Policy in 2010 strengthened the Town's financial condition with less reliance on one-time revenues in the operating budget. In addition, the use of Free Cash for significant capital investment has ensured that one-time funds are only utilized for one-time expenditures. The growth in revenue from property taxes, which has kept pace with inflation, as well as excellent tax collections are financial strengths for the Town. While expenditures per capita have risen, indicating an increase in service needs, the Town's revenues per capita have increased at a comparable rate.

- **Long-Range Budget Considerations**

The Town must continue to make annual investments in its facilities, infrastructure and unfunded liabilities.

- **Policy Updates**

Moving forward it will be important for the Town to return to funding the OPEB liability, which was temporarily postponed due to the financial impacts of the pandemic. The OPEB Trust Fund was established at the April 2011 Town Meeting and annual appropriations of \$500,000 from FY2015 through FY2019 were made, increasing to \$550,000 in FY2020 prior to the postponement in FY2021 and FY2022. Identification of additional revenue sources like the Meals Tax or Room Occupancy surcharge (adopted in FY2014), should also be explored to alleviate the tax burden on residents. Economic development policies and programs should be reviewed in response to potential reduced future development as the Town approaches buildout.

Financial Indicator		FY2022
1	Property Tax Revenues	Favorable
2	Uncollected Property Taxes	Favorable
3	Revenues & Expenditures per Capita	Favorable
4	State Aid (Intergovernmental Revenues)	Unfavorable
5	Economic Growth Revenues	Unfavorable / Uncertain
6	Use of One-Time Revenues	Favorable
7	Personnel Costs	Stable
8	Employee Benefits	Stable / Uncertain
9	Pension Liability	Unfavorable
10	Other Post Employment (OPEB) Liability	Unfavorable / Improving
11	Debt Service Expenditures	Favorable
12	Financial Reserve/Fund Balance	Favorable
13	Capital Investment – Overall Fixed Assets	Favorable
14	Capital Investment – Pavement Management	Stable

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Section III

Fiscal Indicator Analysis

Indicator 1: Property Tax Revenues

Formula:

$$\frac{\text{Net Property Tax Revenues}}{\text{Consumer Price Index}}$$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: A decline in property tax revenues (measured in constant dollars).

Description:

Property tax revenue is the primary source of revenue for municipal government and accounts for approximately 80% of Northborough's revenue. A decline in or diminished growth rate of property taxes can have a number of causes. It may reflect an overall decline in property values, a decline in economic health, default on property taxes by property owners, or the movement of retail or industrial operations to other communities. Increases to property taxes are limited by the confines of Proposition 2 ½ and any potential revenue increases from an override would need to be weighed carefully with the additional tax impact upon residents.

Analysis: The analysis shows that property tax revenue adjusted to constant dollars is positive and therefore has kept pace with inflation. Further, the Town's revenue growth has occurred with minimal operating Proposition 2 ½ overrides, the most recent being in FY2009 in the amount of \$316,047 to provide additional school funding. The other years that had property tax revenue increases over the Proposition 2 ½ limit used excess levy capacity from the preceding year to increase the tax levy. This excess levy capacity was generated from conservative budget estimates of new growth.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Property Tax Collections **	\$ 38,335,354	\$ 39,581,324	\$ 41,265,841	\$ 42,786,189	\$ 45,305,861	\$ 46,802,957	\$ 48,389,360	\$ 50,241,380	\$ 52,588,582	\$ 54,400,824	\$ 55,593,449
Less Debt Exclusions ***	\$ (2,401,767)	\$ (2,439,581)	\$ (1,636,032)	\$ (1,581,420)	\$ (1,908,307)	\$ (2,335,989)	\$ (2,370,816)	\$ (2,253,350)	\$ (2,189,192)	\$ (2,196,729)	\$ (2,201,868)
Net Property Tax Revenues (nominal dollars)	\$ 35,933,587	\$ 37,141,743	\$ 39,629,809	\$ 41,204,769	\$ 43,397,554	\$ 44,466,968	\$ 46,018,544	\$ 47,988,030	\$ 50,399,390	\$ 52,204,095	\$ 53,391,581
Percent increase Tax Revenues over prior year	3.6%	3.4%	6.7%	4.0%	5.3%	2.5%	3.5%	4.3%	9.5%	8.8%	5.9%
CPI-U, 2012 Base Year ****	245.8	249.6	253.3	256.1	258.1	263.7	271.3	278.8	283.4	286.8	289.9
CPI-U adjustment for constant dollars	100.0%	98.5%	97.0%	96.0%	95.2%	93.2%	90.6%	88.2%	86.7%	85.7%	84.8%
Net Property Tax Revenues (constant dollars)	\$ 35,933,587	\$ 36,571,357	\$ 38,460,618	\$ 39,551,995	\$ 41,324,615	\$ 41,447,430	\$ 41,690,280	\$ 42,307,336	\$ 43,710,397	\$ 44,733,550	\$ 45,268,104
Percent increase Tax Revenues over prior year	1.1%	1.8%	5.2%	2.8%	4.5%	0.3%	0.6%	1.5%	4.8%	5.7%	3.6%

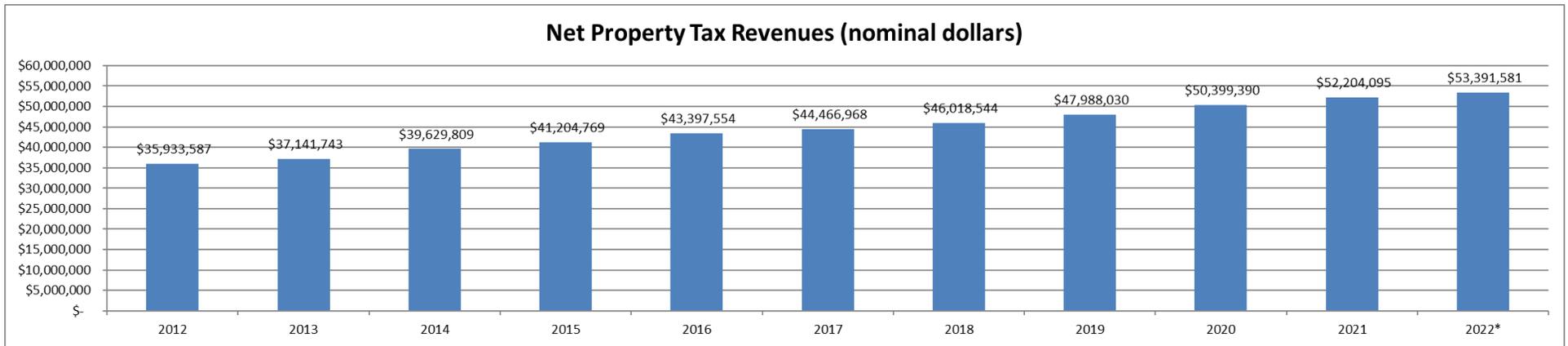
Notes:

*FY2022 shows budget numbers rather than actual, Source: Mass. DOR Tax Recap

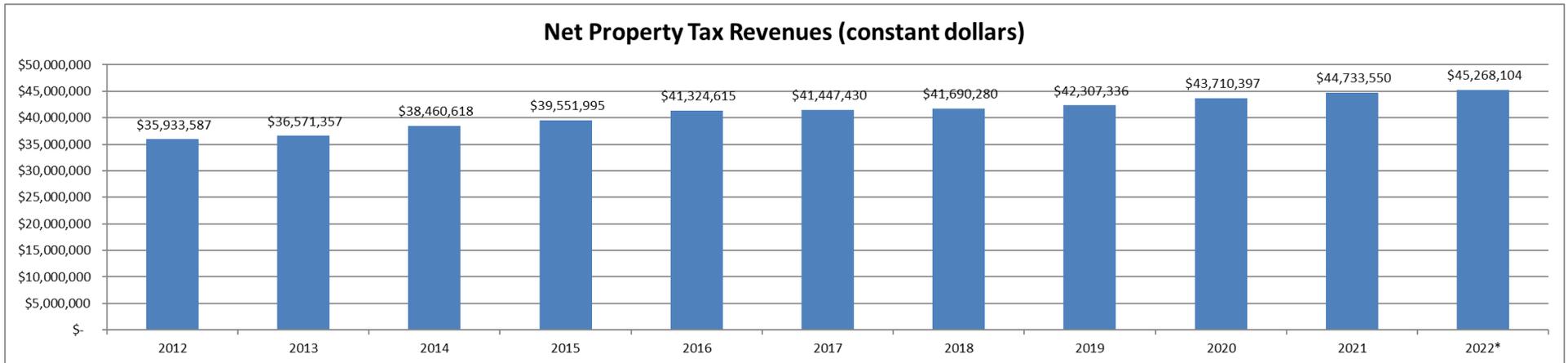
** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

*** Source: Mass. DOR, Tax Recaps

**** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Cambridge-Newton, MA-NH region), 6 months of calendar year 2021 used for FY2022



Note: The chart above shows net property tax revenues that have not been adjusted for inflation



Note: The chart above shows net property tax revenues adjusted for inflation using FY2012 as the base year

Indicator 2: Uncollected Property Taxes

Formula:

$\frac{\text{Uncollected Property Taxes (as of June 30)}}{\text{Net Property Tax Levy}}$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Increasing amount of uncollected property taxes as a percentage of net property tax levy.

Description:

Uncollected property taxes as a percentage of the net tax levy of 5% or more is considered negative by bond rating organizations. An increase in uncollected property taxes could signal an overall decline or potential instability in the tax base of the town. As uncollected property taxes rise, liquidity is decreased and there is less cash on hand to pay bills or to invest. This early warning indicator is particularly critical to watch during periods of economic decline or uncertainty.

Analysis:

Property taxes provide approximately 80% of Northborough's operating revenue, representing the single most important source of revenue. The analysis below indicates that Northborough's property tax collection rate is excellent. The Town consistently collects 99% of property taxes in each fiscal year. While the slight dip in 2020 is attributable to COVID-19 relief measures, the trend remains both positive and stable.

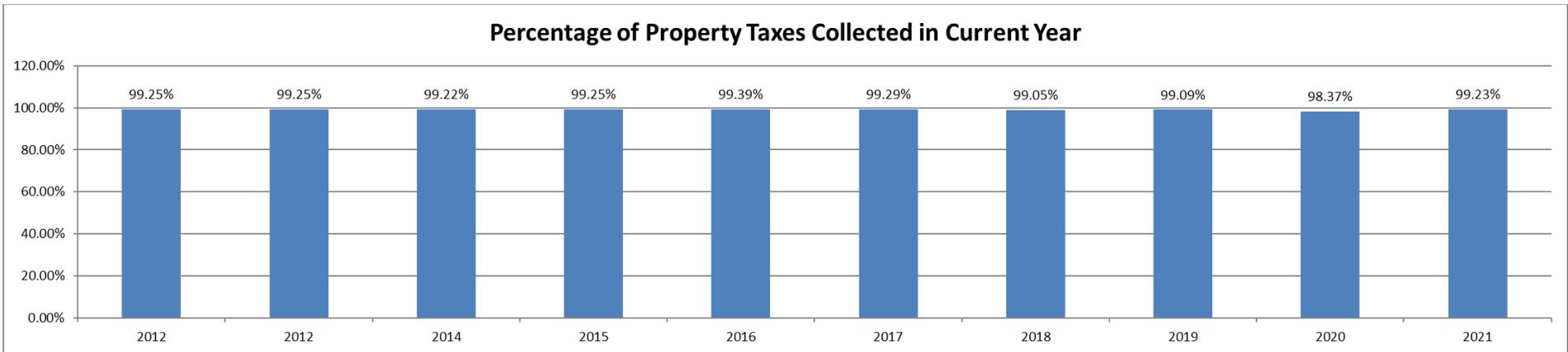
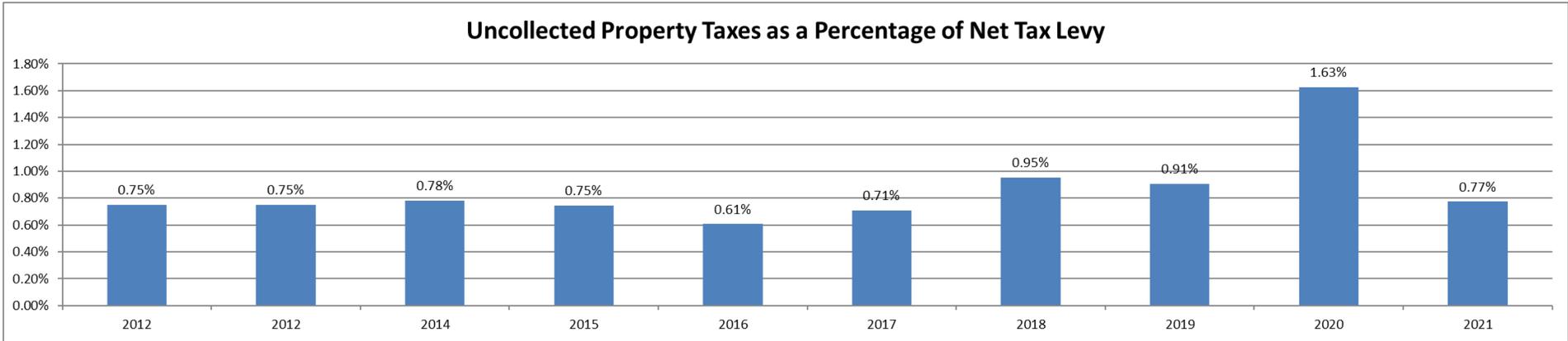
Fiscal Year	2012	2012	2014	2015	2016	2017	2018	2019	2020	2021
Property Tax Levy *	\$ 38,402,738	\$ 38,402,738	\$ 41,333,959	\$ 42,977,124	\$ 45,068,900	\$ 46,873,992	\$ 48,585,577	\$ 50,434,582	\$ 53,019,704	\$ 54,247,746
Less Reserve for Abatements & Exemptions *	\$ (351,739)	\$ (351,739)	\$ (530,787)	\$ (462,432)	\$ (623,081)	\$ (365,355)	\$ (280,000)	\$ (335,593)	\$ (587,104)	\$ (650,299)
Net Property Tax Levy	\$ 38,050,999	\$ 38,050,999	\$ 40,803,172	\$ 42,514,692	\$ 44,445,819	\$ 46,508,636	\$ 48,305,577	\$ 50,098,989	\$ 52,432,600	\$ 53,597,447
Uncollected Taxes as of June 30 **	\$ 284,981	\$ 284,982	\$ 318,536	\$ 317,223	\$ 269,696	\$ 329,592	\$ 459,886	\$ 454,284	\$ 852,246	\$ 414,286
Uncollected taxes as a Percentage of Net Property Tax Levy	0.75%	0.75%	0.78%	0.75%	0.61%	0.71%	0.95%	0.91%	1.63%	0.77%
Percentage Collected in Current Year ***	99.25%	99.25%	99.22%	99.25%	99.39%	99.29%	99.05%	99.09%	98.37%	99.23%

Notes:

* Source: Mass. DOR, Tax Recaps

** Source: Mass. DOR Outstanding Receivables Report

*** Percent of Net Levy collected, abated, and/or taken during current year



Note: Property tax collections are shown net of reserves for abatements and exemptions, which the Town assumes will not be collected.

Indicator 3: Revenues and Expenditures per Capita

<p>Formula: $\frac{\text{Net Operating Revenues or Expenditures (constant dollars)}}{\text{Population}}$</p>

X	Favorable
	Marginal/Improving
	Unfavorable
	Uncertain

Warning Trend: Decreasing revenues per capita and increasing operating expenditures per capita (measured in constant dollars) is considered a warning trend, especially if spending is increasing faster than revenues or if one-time revenues are consistently needed to achieve budgetary balance.

Description:

Revenues and expenditures per capita show changes relative to population. For enhanced analysis, revenues and expenditures per capita charted together provide a method to measure both sides of the municipal budget. As population increases, it might be expected that revenues and the need for services would increase proportionately and therefore the level of per capita revenues would remain constant. If per capita revenues are decreasing, the municipality may not be able to maintain existing service levels unless cost savings or new revenue sources are identified. Changes in per capita expenditures that reflect an increase may indicate that the cost of providing municipal services is outpacing the community’s ability to pay for those services, especially if spending is greater than can be counted for by inflation or the addition of new services.

Analysis:

Through FY2008, expenditures per capita exceeded revenues per capita due to the use of one-time funds in the operating budget, primarily from Free Cash. With a significant reduction in the Free Cash available for the FY2009 operating budget, the need for a policy revision was apparent. With the subsequent adoption of the Free Cash Policy in November 2010, the use of one-time revenue for the operating budget was phased down and capped at \$500,000, with an additional \$175,000 used annually for the Appropriations Committee Reserve Fund¹. Therefore from FY2010 forward, the Town’s revenues per capita exceed expenditures per capita. The funds represented by the difference are now closed to surplus (i.e. Free Cash) and are then available to fund capital items and other one-time expenditures in accordance with the Free Cash Policy.

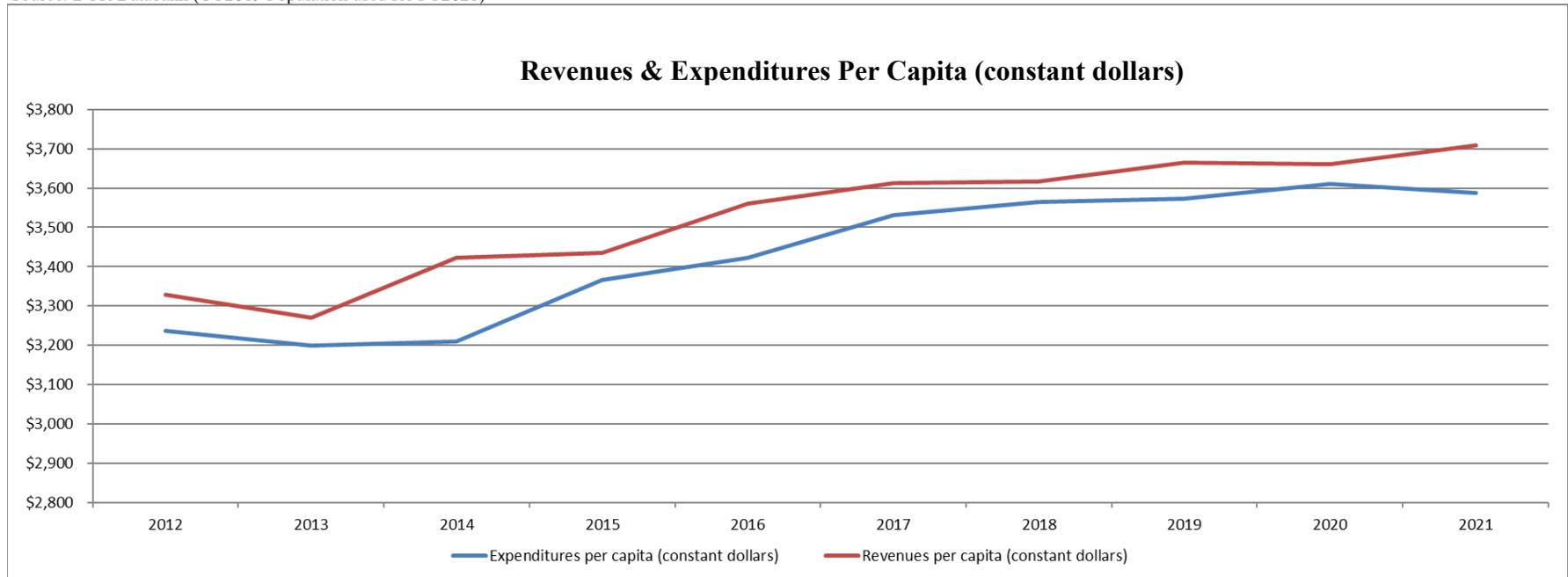
¹ The Reserve Fund is an amount set aside annually within the budget of the town to provide a funding source for extraordinary or unforeseen expenditures. The Appropriations Committee can authorize transfers from this fund. If unused, these funds return to Free Cash at the close of the Fiscal Year. Beginning in FY2016 the Reserve Fund was increased from \$150,000 to \$175,000. Due to the COVID-19 pandemic the reserve was increased to \$375,000 during FY2021, but was returned to \$175,000 for FY2022 as recovery from the pandemic continues.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures (Net of Capital Transfers)*	\$ 45,832,802	\$ 47,661,629	\$ 48,704,150	\$ 51,777,346	\$ 53,590,732	\$ 56,979,306	\$ 58,864,722	\$ 60,945,786	\$ 62,881,306	\$ 63,250,583
Revenues *	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 58,308,478	\$ 59,719,452	\$ 62,504,877	\$ 63,756,218	\$ 65,386,519
One Time Revenues Budgeted **	\$ 791,479	\$ 650,000	\$ 650,000	\$ 870,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 1,253,000
CPI-U, 2012 Base Year ***	245.8	249.6	253.3	256.1	258.1	263.7	271.3	278.8	283.4	286.8
CPI-U adjustment for constant dollars	100.0%	98.5%	97.0%	96.0%	95.2%	93.2%	90.6%	88.2%	86.7%	85.7%
Expenditures (constant dollars)	\$ 45,832,802	\$ 46,929,689	\$ 47,267,241	\$ 49,700,493	\$ 51,030,903	\$ 53,110,115	\$ 53,328,214	\$ 53,731,188	\$ 54,535,716	\$ 54,199,255
Revenues (constant dollars)	\$ 47,132,299	\$ 47,956,390	\$ 50,381,361	\$ 50,699,360	\$ 53,105,088	\$ 54,349,029	\$ 54,102,553	\$ 55,105,718	\$ 55,294,510	\$ 56,029,533
Population ***	14,155	14,667	14,724	14,762	14,914	15,042	14,962	15,038	15,101	15,109
Expenditures per capita (nominal dollars)	\$ 3,238	\$ 3,250	\$ 3,308	\$ 3,507	\$ 3,593	\$ 3,788	\$ 3,934	\$ 4,053	\$ 4,164	\$ 4,186
Revenues per capita (nominal dollars)	\$ 3,330	\$ 3,321	\$ 3,526	\$ 3,578	\$ 3,739	\$ 3,876	\$ 3,991	\$ 4,156	\$ 4,222	\$ 4,328
Expenditures per capita (constant dollars)	\$ 3,238	\$ 3,200	\$ 3,210	\$ 3,367	\$ 3,422	\$ 3,531	\$ 3,564	\$ 3,573	\$ 3,611	\$ 3,587
Revenues per capita (constant dollars)	\$ 3,330	\$ 3,270	\$ 3,422	\$ 3,434	\$ 3,561	\$ 3,613	\$ 3,616	\$ 3,664	\$ 3,662	\$ 3,708

* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, including operating transfers but adjustments were made to exclude transfers to capital project funds (CIP) shown in the table, while many of the Free Cash transfers are made during the year voted and reflected in the financial statements vs. the budget year proposed (i.e. year early): \$804,000 in FY2012, \$615,000 in FY2013, \$2,202,807 in FY2014, \$2,194,000 in FY2015, \$1,813,460 in FY2016, \$1,497,000 in FY2017, \$1,360,000 in FY2018, \$861,167 in FY2019, \$712,775 in FY2020, and \$805,000 in FY2021 following Town's Free Cash Policy. The amounts do include transfers for the Solid Waste Enterprise Fund subsidy: \$301,447 in FY2011, \$247,570 in FY2012 & FY2013, \$239,099 in FY2014, \$217,160 in FY2015 through FY2019, \$417,160 in FY2020, and \$337,160 in FY2021. The amounts also include transfers to Stabilization: \$200,000 in FY2015 through FY2019. FY2015 & FY2016 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2015 through FY2019 transfers to Stabilization and FY2015 & FY2016 transfers to the Anniversary Fund came from Free Cash. FY2016 was also adjusted to negate effect of a \$375,760 Mass Land Grant transferred to Conservation Fund.

** Source: U.S. Dept. of Labor - Bureau of Labor Statistics (Boston-Cambridge-Newton, MA-NH region)

***Source: DOR Databank (CY2019 Population used for FY2021)



Indicator 4: State Aid (Intergovernmental Revenues)

<p>Formula: $\frac{\text{Net State Aid Revenues}}{\text{Operating Revenues}}$</p>
--

	Favorable
	Marginal
X	Unfavorable
X	Uncertain

Warning Trend: Volatility of State Aid (Intergovernmental Revenues) as a percentage of operating revenues.

Description:

A reduction in State Aid as a percentage of operating revenues is generally perceived as a warning trend. However, intergovernmental revenues as a percentage of the operating budget are also important because an overdependence upon such revenues can be harmful. State governments struggle with their own budget problems and when the economy is not robust, frequently they have reduced aid to local governments. The reduction of intergovernmental funds leaves the municipal government with the dilemma of cutting programs or funding them from general fund revenues. Any decline in intergovernmental funding is difficult for a municipality to absorb.

Analysis:

The level of State Aid and other intergovernmental revenues provided to municipalities is a continuing concern in Massachusetts². State mandates are imposed on already strained municipal budgets with no corresponding funding. State Aid to Northborough generally represents approximately 10% of total municipal revenue. Northborough's State Aid peaked in FY2003, when controlling for inflation (constant dollars) it represented 13.1% of revenues. As a percentage of revenue it has steadily declined from FY2012 to FY2022, where it is budgeted at 8.4%. Due to the uncertainty in the level of State Aid provided from year to year, this represents an unfavorable trend with an uncertain outlook for the Town of Northborough. The potential for the Commonwealth to cut State Aid requires the Town to carefully monitor these revenues, and to have contingency plans if State Aid were reduced.

² This indicator does not reflect changes in Federal/State grant programs that are reported outside of the General Fund.

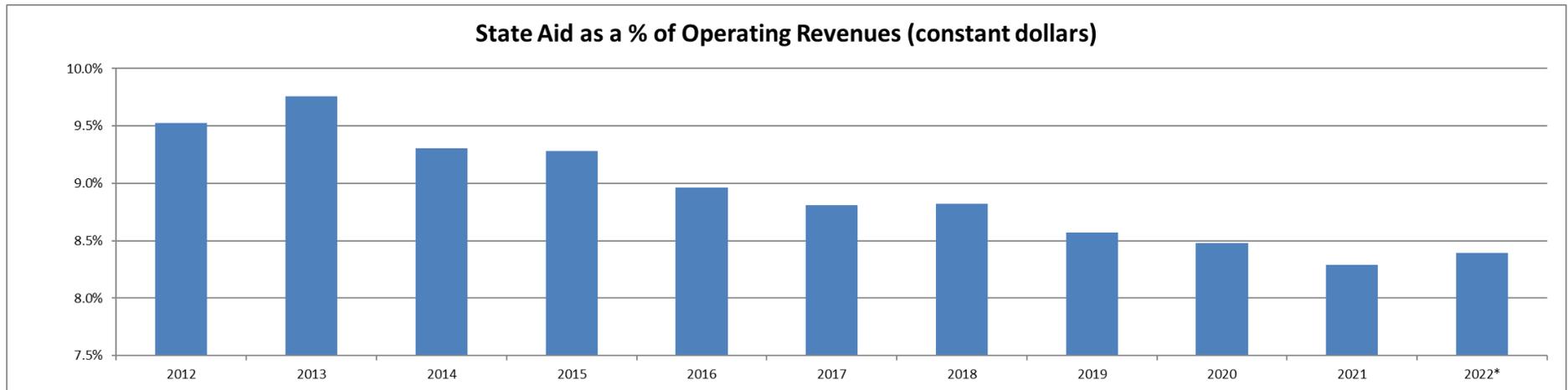
Fiscal Year*	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Operating Revenues**	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 58,308,478	\$ 59,719,452	\$ 62,504,877	\$ 63,756,218	\$ 65,386,519	\$ 65,834,913
State Aid Revenues**	\$ 4,873,203	\$ 5,134,652	\$ 5,211,800	\$ 5,283,338	\$ 5,380,417	\$ 5,519,526	\$ 5,650,296	\$ 5,738,517	\$ 5,790,033	\$ 5,418,949	\$ 5,527,531
Less School Building Reimbursement	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ -	\$ -
Net State Aid Revenues	\$ 4,490,660	\$ 4,752,109	\$ 4,829,257	\$ 4,900,795	\$ 4,997,874	\$ 5,136,983	\$ 5,267,753	\$ 5,355,974	\$ 5,407,490	\$ 5,418,949	\$ 5,527,531
CPI-U, 2012 Base Year ***	245.8	249.6	253.3	256.1	258.1	263.7	271.3	278.8	283.4	286.8	289.9
CPI-U adjustment for constant dollars	100.0%	98.5%	97.0%	96.0%	95.2%	93.2%	90.6%	88.2%	86.7%	85.7%	84.8%
Operating Revenues (constant dollars)	\$ 47,132,299	\$ 47,956,390	\$ 50,381,361	\$ 50,699,360	\$ 53,105,088	\$ 54,349,029	\$ 54,102,553	\$ 55,105,718	\$ 55,294,510	\$ 56,029,533	\$ 55,818,196
Net State Aid Revenue (constant dollars)	\$ 4,490,660	\$ 4,679,131	\$ 4,686,780	\$ 4,704,218	\$ 4,759,144	\$ 4,788,155	\$ 4,772,296	\$ 4,721,948	\$ 4,689,809	\$ 4,643,483	\$ 4,686,523
State Aid as a % of Operating Revenues (constant dollars)	9.5%	9.8%	9.3%	9.3%	9.0%	8.8%	8.8%	8.6%	8.5%	8.3%	8.4%

Notes:

* FY2022 reflects budgeted revenues per Mass. DOR Tax Recap

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule (adjustment to exclude FEMA/EMMA, Mass Landscape Grants, and School Medicaid)

*** Source: U.S. Dept of Labor - Bureau of Labor Statistics (Boston-Cambridge-Newton, MA-NH region), 6 months of calendar year 2021 used for FY2022



*Note: FY2022 reflects budgeted revenues per the Mass. DOR Tax Recap

Indicator 5: Economic Growth Revenues

Formula:

$$\frac{\text{Economic Growth Revenues}}{\text{Net Operating Revenues}}$$

Northborough Trend

	Favorable
	Marginal
	Unfavorable
X	Uncertain

Warning Trend: Decreasing amount of economic growth operating revenues as a percentage of net operating revenues

Description:

Revenues related to economic growth (elastic revenue sources) include tax levy growth from new development, motor vehicle excise taxes, local option hotel and meals tax, as well as building permits and construction related permit fees. These revenues are sensitive to changes in the level of economic activity. A decrease in new economic development and building permit fees may be a leading indicator of smaller future increases in the tax levy.

Analysis:

Northborough’s revenues from economic growth increased from FY2009 through FY2013 despite a weak State and national economy. An important component was the construction of a 382 unit apartment complex known as Avalon Bay beginning in FY2010 and the completion of the 640,000 square foot Northborough Crossing Shopping Center in FY2013. Although recent years have seen a positive trend in Northborough’s economic revenues, future growth is uncertain as these major projects are now completed and there are fewer significant developments currently in the permitting stage. Looking forward, the Town’s future revenue from economic growth remains uncertain. All of the variables that have contributed to the Town’s past economic development success, including available land, preferential business tax structure, streamlined development process and prime location all remain. However, it will be important for the Town to monitor the amount of available land for economic development and begin to plan for the inevitable implications of build-out. New growth trends for the past five years indicate that Northborough is maturing, and the period of rapid economic development is plateauing.

Fiscal Year	2012	2013	2014*	2015*	2016	2017	2018	2019	2020	2021
Revenues **	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 58,308,478	\$ 59,719,452	\$ 62,504,877	\$ 63,756,218	\$ 65,386,519
Less Debt Exclusions ***	\$ (2,401,767)	\$ (2,439,581)	\$ (1,636,032)	\$ (1,581,420)	\$ (1,908,307)	\$ (2,335,989)	\$ (2,370,816)	\$ (2,253,350)	\$ (2,189,192)	\$ (2,196,729)
Net Revenues (nominal dollars)	\$ 44,730,532	\$ 46,264,762	\$ 50,276,907	\$ 51,236,533	\$ 53,860,656	\$ 55,972,489	\$ 57,348,636	\$ 60,251,527	\$ 61,567,026	\$ 63,189,790
Building Related Fees & Permits ****	\$ 388,874	\$ 297,249	\$ 349,709	\$ 354,927	\$ 423,959	\$ 272,656	\$ 444,276	\$ 679,954	\$ 254,331	\$ 657,791
Motor Vehicle Excise ***	\$ 2,040,212	\$ 2,080,090	\$ 2,401,053	\$ 2,454,484	\$ 2,469,504	\$ 2,659,943	\$ 2,642,515	\$ 2,710,612	\$ 2,576,894	\$ 2,556,296
Other Excise ****	\$ 92,342	\$ 69,372	\$ 314,356	\$ 421,973	\$ 441,201	\$ 507,883	\$ 450,667	\$ 491,287	\$ 442,135	\$ 375,623
Levy Growth (New Growth) ***	\$ 1,229,983	\$ 1,439,307	\$ 826,728	\$ 629,818	\$ 529,520	\$ 694,155	\$ 583,208	\$ 638,625	\$ 768,364	\$ 1,127,966
Total Economic Growth Revenues	\$ 3,751,411	\$ 3,886,019	\$ 3,891,846	\$ 3,861,201	\$ 3,864,185	\$ 4,134,637	\$ 4,120,666	\$ 4,520,478	\$ 4,041,725	\$ 4,717,676
Economic Growth Revenues as a % of Operating Revenues	8.4%	8.4%	7.7%	7.5%	7.2%	7.4%	7.2%	7.5%	6.6%	7.5%

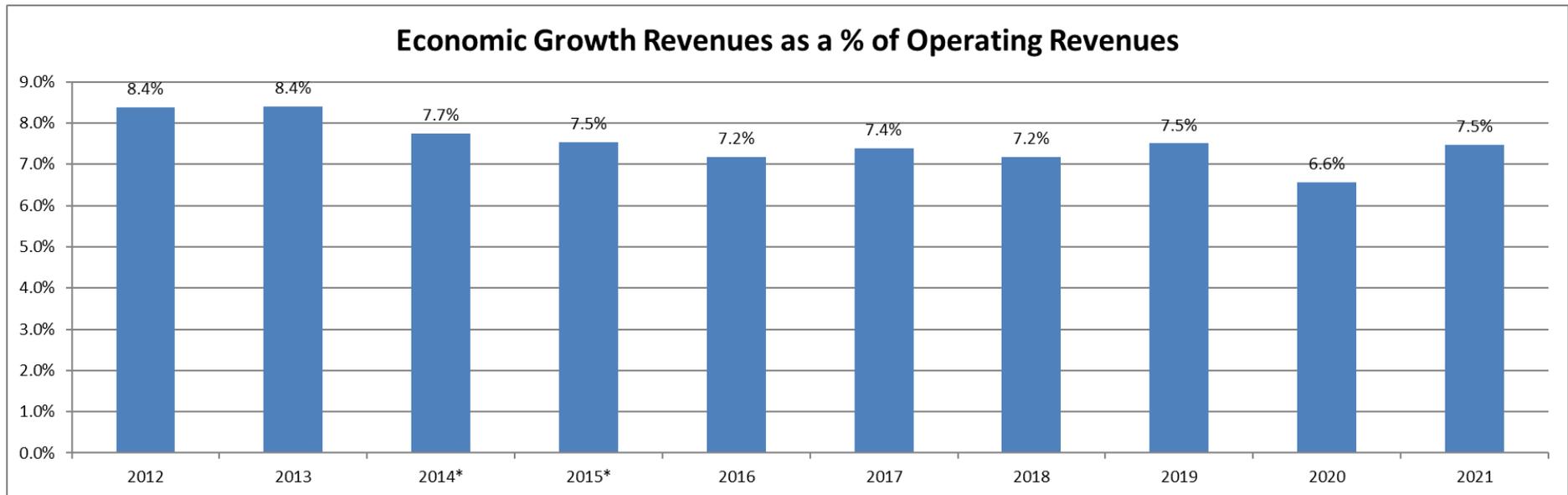
Notes:

*Meals Tax Surcharge (.75%) added & Hotel/Motel excise increased (from 4-6%) in FY2014 (10 Months), full year of these excise taxes are recognized starting in FY2015

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule

*** Source: Mass. DOR Tax Recaps

**** Source: General Ledger Detail, Revenue from Building, Wiring, Planning Board, ZBA Fees & Permits; Other Excise includes Hotel/Motel and Meals Tax



*Note: FY2014 reflects 10 months of an adopted excise tax increase on hotel rooms (from 4-6%), and the adoption of a restaurant meals tax (.75%). FY2015 reflects a full 12 months of these enhanced revenues.

Indicator 6: Use of One-Time Revenues

Formula:

$$\frac{\text{One-Time Operating Revenues}}{\text{Operating Budget}}$$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Increasing use of one-time operating revenues as a percentage of operating budget.

Description:

One-time revenues are sources that cannot reasonably be expected to recur, such as a single-purpose federal grant, an inter-fund transfer, or use of reserves. Municipalities will sometimes use reserves and one-time revenues to balance an operating budget. However the continued use of one-time revenues to support operations is not sustainable. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels. It can also mean that the municipality is incurring operating deficits and would have little room to maneuver if there were a downturn in revenue. Use of one-time revenues also increases the probability that a municipality will have to make significant cutbacks if such revenues cease to be available as may happen when reserves are depleted. Therefore, increased dependence on one-time revenues to support operations can place operations and municipal services at risk.

Analysis:

Northborough’s use of one-time revenue to fund the operating budget was significantly curtailed during recent years. The Free Cash Policy adopted in 2010 limited the use of Free Cash to one-time expenditures with a limited amount to be used toward the operating budget. Any additional Free Cash above this level is used to fund one-time capital expenditures, or for emergency spending. The Town’s reserve fund is designed to be accessible for extraordinary and unforeseen expenses, and this is funded with transfers from Free Cash. One-time revenue in the operating budget has declined from a high of 4.1% or \$1.5 Million in FY2005 to 1.4% or \$875,000 in FY2020, where it remained stable in accordance with the Free Cash Policy. Noting that FY2021 reflected a one-time increase to 2% or \$1.253 Million, which was designed to negotiate the COVID-19 crisis. From FY2016 to FY2020, Free Cash was also used to fund transfers of \$200,000 to Stabilization each year. FY2016 and FY2017 included \$20,000 transfers from Free Cash to a special 250th Anniversary Celebration fund. In addition to its use in the operating budget, Free Cash has been used to fund \$12.9 million in pay-as-you-go capital investment from FY2012 through FY2022.

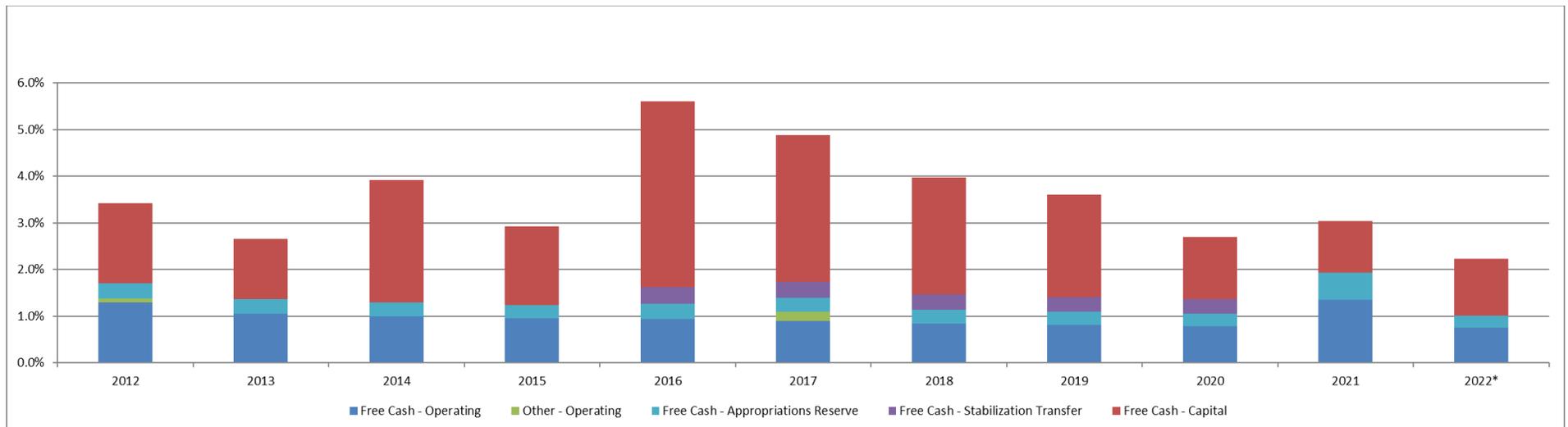
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Expenditure Budget **	\$ 46,565,590	\$ 47,769,858	\$ 49,997,242	\$ 52,697,038	\$ 55,128,393	\$ 57,855,289	\$ 59,634,331	\$ 61,919,509	\$ 64,298,984	\$ 64,853,454	\$ 66,509,913
Revenues Budgeted **	\$ 45,874,111	\$ 47,734,858	\$ 49,347,242	\$ 51,827,038	\$ 54,233,393	\$ 57,069,081	\$ 58,959,331	\$ 61,244,509	\$ 63,623,984	\$ 63,600,454	\$ 65,834,913
One Time Revenues Budgeted **	\$ 1,554,000	\$ 1,265,000	\$ 1,959,307	\$ 1,543,500	\$ 3,089,000	\$ 2,708,460	\$ 2,372,000	\$ 2,235,000	\$ 1,736,167	\$ 1,965,775	\$ 1,480,000
Free Cash Used for Operating Budget ***	\$ 600,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 520,000	\$ 520,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 878,000	\$ 500,000
Free Cash Used for Appropriations Reserve Fund	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 375,000	\$ 175,000
Free Cash Used for Stabilization Transfer	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -
Free Cash Used for Capital	\$ 804,000	\$ 615,000	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,460	\$ 1,497,000	\$ 1,360,000	\$ 861,167	\$ 712,775	\$ 805,000
Other One Time Revenues Used for Operating Budget ****	\$ 41,479	\$ -	\$ -	\$ -	\$ -	\$ 111,208	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage Free Cash Used for Stabilization Transfer	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%	0.3%	0.3%	0.3%	0.0%	0.0%
Percentage Free Cash Used for Appropriations Reserve	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.6%	0.3%
Percentage Free Cash Used for Operating Budget	1.3%	1.0%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	1.4%	0.8%
Percentage Free Cash Used for Capital	1.7%	1.3%	2.6%	1.7%	4.0%	3.1%	2.5%	2.2%	1.3%	1.1%	1.2%
Percentage Other Reserves used for Operating Budget	0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Percentage of One time Revenue Used	3.3%	2.6%	3.9%	2.9%	5.6%	4.7%	4.0%	3.6%	2.7%	3.0%	2.2%

Notes: *Fiscal Year 2022 Source: Mass. DOR Tax Recap

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, including operating transfers but adjustments were made to exclude transfers to capital project funds (CIP) shown in the table, while many of the Free Cash transfers are made during the year voted and reflected in the financial statements vs. the budget year proposed (i.e. year early). The amounts do include transfers for the Solid Waste Enterprise Fund subsidy: \$301,447 in FY2011, \$247,570 in FY2012 & FY2013, \$239,099 in FY2014, \$217,160 in FY2015 through FY2019, \$417,160 in FY2020, and \$337,160 in FY2021 and FY2022. The amounts also include transfers to Stabilization: \$200,000 in FY2015 through FY2020. FY2016 & FY2017 also include \$20,000 transferred to the 250th Anniversary Celebration Fund. The FY2015 through FY2020 transfers to Stabilization and FY2016 & FY2017 transfers to the Anniversary Fund came from Free Cash. FY2016 was also adjusted to negate effect of a \$375,760 Mass Land Grant transferred to Conservation Fund.

*** In FY2011, the amount reflects solely direct operating budget support. In FY2012 - FY2020 \$500,000 is for direct operating budget. For FY2012 \$100,000 supplemental appropriation made from Free Cash for Emergency Expenses. Starting FY2012, the Reserve Fund is funded from Free Cash, and FY2012 - FY2015 includes \$150,000 while FY2016-FY2019 include \$175,000 and FY2020 includes \$375,000 for the Reserve.

**** Other One Time Revenues from FY2008-2010 are Overlay Surplus and from FY2011-2012, & 2017 are Debt Exclusion Reserves.



*Note: FY2022 reflects budgeted revenues per the Mass. DOR Tax Recap

Indicator 7: Personnel Costs

<p>Formula: <u>Personnel Wages & Benefits</u> Net Operating Budget</p>

	Favorable
X	Stable
	Unfavorable
	Uncertain

Warning Trend: Increasing personnel costs as a percentage of operating expenditures.

Description:

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends. First, it may point to future increased pension and health insurance costs since both of these items are related to the number and compensation level of employees. Second, if salaries and wages as a percentage of operating expenditures are increasing, it may be an indicator that resources are not available to adequately fund capital and/or infrastructure needs.

Analysis:

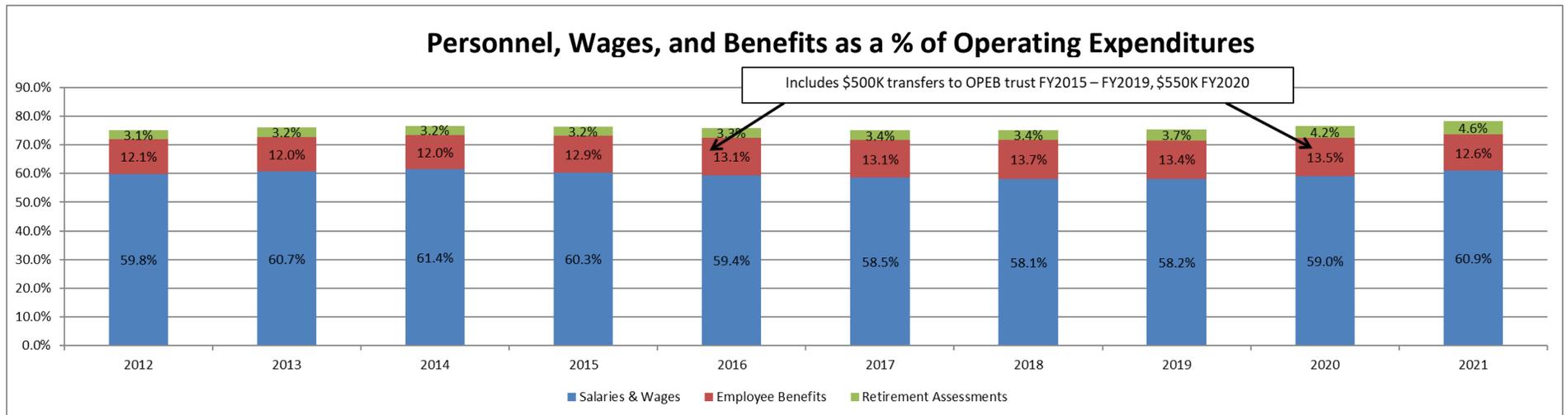
Overall, personnel wages and benefits represent approximately 75% of the Town’s operating budget and remain relatively stable. Health Insurance plan design changes and carrier consolidation were negotiated with employee groups, but it is anticipated to be an exposure for the foreseeable future given that the Town’s carrier has announced departure from the commercial market at the conclusion of FY2022. More detail regarding the Health Insurance changes is explained under Indicator #8.

Wages, salaries and employee benefits as a percentage of operating expenditures decreased 1.4% from 76.4% in FY2011 to 75.2% in FY2019, though it has increased back to 76.6% in FY2020. During this period the largest increase was in retirement assessments, for which the Town is part of a multi-employer plan that is on a funding plan to be fully funded by 2036. Employee benefits includes annual contributions toward OPEB of \$500,000 starting FY2015 which increase to \$550,000 in FY2020. Overall wages and salaries have decreased by 1.3% from 60.3% in FY2011 to 59.0% in FY2020. Looking forward, the rate of growth is contingent upon negotiating future collective bargaining agreements that are sustainable, as well as balancing the addition of any new staff with new, recurring revenue sources.

FY2022 is the last year of the previously negotiated collective bargaining agreements for Police Patrol Officers, Police Sergeants, Dispatchers, Fire and the Northborough Municipal Employees Association. A significant amount of time will be devoted to negotiating fair and sustainable increases for personnel during the contract period of FY2023 through FY2025.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures (Net of Capital Transfers)*	\$ 45,832,802	\$ 47,661,629	\$ 48,704,150	\$ 51,777,346	\$ 53,590,732	\$ 56,979,306	\$ 58,864,722	\$ 60,945,786	\$ 62,881,306	\$ 63,250,583
Less Education Assessments **	\$ (9,602,833)	\$ (9,978,962)	\$ (10,096,005)	\$ (10,500,042)	\$ (10,961,605)	\$ (11,662,283)	\$ (11,986,834)	\$ (12,673,210)	\$ (13,710,265)	\$ (14,222,250)
Expenditures (Net of Capital Transfers & Education Assessments)	\$ 36,229,969	\$ 37,682,667	\$ 38,608,145	\$ 41,277,304	\$ 42,629,127	\$ 45,317,023	\$ 46,877,888	\$ 48,272,576	\$ 49,171,041	\$ 49,028,333
Municipal & K-8 School Department Wages **	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987	\$ 26,510,041	\$ 27,221,285	\$ 28,077,495	\$ 28,997,088	\$ 29,880,052
Employee Benefits ***	\$ 4,381,576	\$ 4,537,088	\$ 4,643,198	\$ 5,305,019	\$ 5,588,201	\$ 5,942,633	\$ 6,406,254	\$ 6,455,845	\$ 6,631,338	\$ 6,166,943
Retirement Assessment **	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244	\$ 1,546,598	\$ 1,612,608	\$ 1,790,753	\$ 2,047,554	\$ 2,275,596
Total Wage & Benefit Costs	\$ 27,170,118	\$ 28,633,124	\$ 29,599,024	\$ 31,513,801	\$ 32,326,432	\$ 33,999,272	\$ 35,240,147	\$ 36,324,093	\$ 37,675,980	\$ 38,322,591
Salaries & Wages as a percentage of Operating Expenditures	59.8%	60.7%	61.4%	60.3%	59.4%	58.5%	58.1%	58.2%	59.0%	60.9%
Benefits as a percentage of Operating Expenditures	12.1%	12.0%	12.0%	12.9%	13.1%	13.1%	13.7%	13.4%	13.5%	12.6%
Retirement Assessments as a percentage of Operating Expenditures	3.1%	3.2%	3.2%	3.2%	3.3%	3.4%	3.4%	3.7%	4.2%	4.6%
Total Wage & Benefit Costs as a percentage of Operating Expenditures	75.0%	76.0%	76.7%	76.3%	75.8%	75.0%	75.2%	75.2%	76.6%	78.2%

Notes:
* Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, adjustment made to exclude transfers to capital project funds
** From Mass. DOR Schedule A report - General Fund Salaries; Does not include Enterprise Funds; Note that Education assessments are deducted because the underlying percentages of the assessments related to salaries and wages are not available. It would not be accurate to view the education assessments as an expenditure without recognizing that a large percentage of regional school districts expenses are salaries and wages, therefore the related totals are removed from this calculation.
*** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, Retirement and Education Assessments taken from detail, FY2015-2019 include \$500,000/year transfers to OPEB trust fund. FY2020 reflects a \$550,000 transfer to the OPEB trust fund. FY2021 contribution was postponed due to pandemic.



Indicator 8: Employee Benefits

<p>Formula: <u>Employee Benefits</u> Wages & Salaries</p>
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Northborough Trend

	Favorable
	Marginal
	Unfavorable
X	Uncertain

Warning Trend: Increasing employee benefit costs as a percentage of salaries and wages.

Description:

The two most significant benefit items to consider in personnel discussions are health insurance and pensions. Both of these are, for the most part, prescribed by Commonwealth law, and municipalities are limited in the changes they can make to these items (pensions more so than health insurance). As employers, municipalities must offer health insurance to all benefit-eligible employees and current employees become vested in the pension system after ten years of creditable service. Municipalities do have some ability to manage and control both health insurance and pension costs. For example, communities can work to reduce their health insurance premium contribution rates, increase co-pays/deductibles, or move to the State Group Insurance Commission (GIC). Prudent management of staffing levels is also critical as increases in staffing increase both health insurance and pension costs.

Analysis:

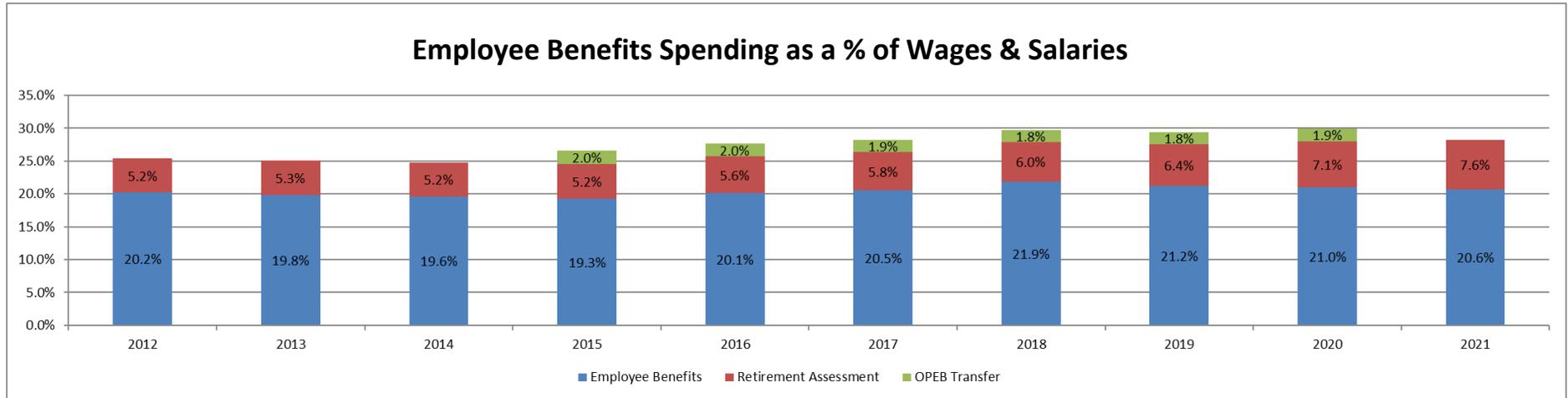
Overall, employee benefits as a percentage of wages and salaries increased 2.88% from FY2012 to FY2021. This includes the retirement assessment, which rose from 5.2% in FY2012 to 7.6% in FY2021, primarily due to implementation of a funding plan to eliminate the unfunded liability by 2036. Employee benefits alone, which are primarily composed of the cost of health insurance, increased to a peak of 22.9% in FY2010. Health insurance plan design changes implemented in FY2010 halted that increasing trend, and FY2021 employee benefits are less than FY2010 at 20.6%, excluding the contributions to the OPEB liability trust that started in FY2015. It should be noted that a return to 10-15% annual increases in health insurance premiums would significantly impact future operating budgets for all departments.

Overall plan design changes and the adoption of a Mandatory Medicare statute (MGL Ch.32B §18) in FY2010 helped limit budgetary increases over time. In addition, the Town worked with the School Department to increase teacher contributions during FY2012 from 20% to 25% for Health Insurance. However, escalating market trends necessitated further plan design changes negotiated with all employee groups in FY2017 and FY2018. During FY2019 the Town issued a bid for a sole carrier to limit the overall budget increase to 3.8%, with the move to the sole carrier resulting in a 0% renewal with a 2% budget increase for FY2020, a modest premium increase with a 2.6% budget increase for FY2021, and a 0% renewal with a 2.1% budget increase for FY2022. Following the Town’s carrier departure from the commercial market at the

conclusion of FY2022, the Town formed an informal joint purchasing arrangement (JPA) with the Regional School District and the Town of Southborough, and conducted an RFP bidding process using a larger group to cover and spread risk. This led to a modest premium increase with a new carrier, and an overall budget increase of 1% was accommodated for FY2023, due to favorable enrollment experience in the Town’s roster. Though uncertainty in health insurance costs will continue to be an area of uncertainty and exposure moving forward.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Municipal & K-8 School Department Wages *	\$ 21,670,351	\$ 22,885,953	\$ 23,714,419	\$ 24,902,080	\$ 25,322,987	\$ 26,510,041	\$ 27,221,285	\$ 28,077,495	\$ 28,997,088	\$ 29,880,052
Employee Benefits **	\$ 4,381,576	\$ 4,537,088	\$ 4,643,198	\$ 4,805,019	\$ 5,088,201	\$ 5,442,633	\$ 5,962,161	\$ 5,955,845	\$ 6,081,338	\$ 6,166,943
Transfer to OPEB Trust Fund **	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 550,000	\$ -
Retirement Assessment ***	\$ 1,118,191	\$ 1,210,083	\$ 1,241,407	\$ 1,306,702	\$ 1,415,244	\$ 1,546,598	\$ 1,628,232	\$ 1,790,753	\$ 2,047,554	\$ 2,275,596
Total Benefit Costs	\$ 5,499,767	\$ 5,747,171	\$ 5,884,605	\$ 6,611,721	\$ 7,003,445	\$ 7,489,231	\$ 8,090,393	\$ 8,246,598	\$ 8,678,892	\$ 8,442,539
Benefits as a percentage of Wages & Salaries	20.2%	19.8%	19.6%	19.3%	20.1%	20.5%	21.9%	21.2%	21.0%	20.6%
OPEB Transfer as a percentage of Wages & Salaries	0.0%	0.0%	0.0%	2.0%	2.0%	1.9%	1.8%	1.8%	1.9%	0.0%
Retirement as a percentage of Wages & Salaries	5.2%	5.3%	5.2%	5.2%	5.6%	5.8%	6.0%	6.4%	7.1%	7.6%
Total Benefits Spending as percentage of Wages & Salaries	25.4%	25.1%	24.8%	26.6%	27.7%	28.3%	29.7%	29.4%	29.9%	28.3%

Notes:
 * From Mass. DOR Schedule A report - General Fund Salaries; Does not include Enterprise Funds
 ** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, FY2015-FY2019 include \$500,000 transfers to the OPEB trust fund; FY2020 includes \$550,000 transfer to OPEB trust fund; Contributions postponed in FY2021 due to pandemic.
 *** From General Ledger Detail, General Fund Retirement Assessment



Indicator 9: Pension Liability

<p>Formula: $\frac{\text{Pension Assets}}{\text{Pension Liability}}$</p>

	Favorable
	Marginal
X	Unfavorable
	Uncertain

Warning Trend: Unfunded liability or increase in unfunded liability.

Description:

An unfunded liability is one that has been incurred during the current or prior year, which does not have to be paid until a future year and for which reserves have not been set aside. It is a legal commitment to pay at some time in the future. If such obligations are permitted to grow over a long period of time, they can have a substantial effect on a government’s financial condition.

Analysis:

Northborough is one of 100 governmental units that comprise the Worcester Regional Retirement System (WRRS). This regional system provides pension benefits for the retired municipal employees of the Town of Northborough. As of January 1, 2020, there were 398 Northborough participants with 224 active, 84 inactive, and 106 retired members.

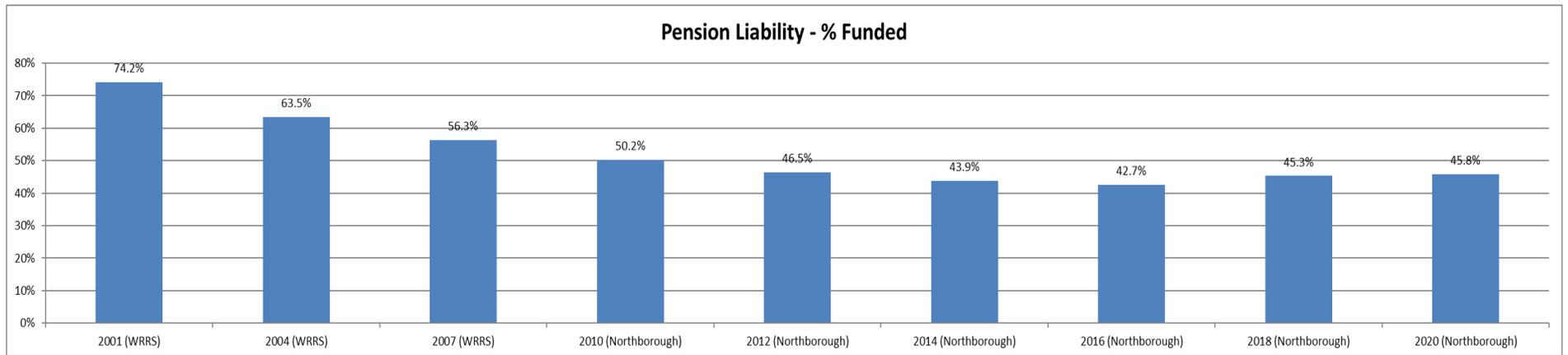
The majority of the Worcester Regional Retirement System’s assets were transferred to the Massachusetts Pension Reserve Investment Trust (PRIT) Fund in July 2007. The PRIT Fund manages the pension investments for the Massachusetts State Employees, the Teachers Retirement System as well as several local retirement systems. The PRIT Fund is professionally managed by the Pension Reserves Investment Management Board and is managed assets most recently valued at \$101 billion reported as of December 2021.

Actuarial valuations are now individually prepared for each member unit and are completed every two years starting in 2010. Recent pension reform legislation introduced benefit changes intended to reduce the Town’s future pension liability. In accordance with MGL, Ch. 32, §22F, the retirement system is required to be fully funded by the year 2040; however, the Worcester Regional Retirement System has implemented a more ambitious funding schedule and plans to be fully funded in 2036, well in advance of the mandatory deadline.

Northborough’s unfunded pension liability remains an area of concern to be monitored. The system is funded through employee contributions, investment performance and assessments to member communities. The overall decrease in funding level of our pension liability represents a negative trend for Northborough. Investment performance has been volatile and as we progress toward the full funding plan for 2036 and the mandate of 2040, annual assessments to member communities may increase. It is important to note that while Town of Northborough officials must continue to track progress toward full funding, they do not control the funding schedule directly.

Year	1/1/2001	1/1/2004	1/1/2007	1/1/2010	1/1/2012	1/1/2014	1/1/2016	1/1/2018	1/1/2020
Worcester Regional Retirement System - Estimated Accrued Liability	426,280,953	552,773,550	692,768,325	863,002,067	982,796,782	1,087,769,903	1,369,390,456	1,459,223,833	1,676,488,626
Worcester Regional Retirement System- Pension Assets	316,389,108	350,879,900	389,758,785	413,976,785	436,671,982	488,346,471	594,790,118	685,488,133	777,921,762
Worcester Regional Retirement System - Pension Liability - Unfunded	109,891,845	201,893,650	303,009,540	449,025,282	546,124,800	599,423,432	774,600,338	773,735,700	898,566,864
Worcester Regional Retirement System - Percent Funded	74.2%	63.5%	56.3%	48.0%	44.4%	44.9%	43.4%	47.0%	46.4%
Northborough - Estimated Accrued Liability				33,802,878	37,199,035	41,707,744	51,820,717	55,013,423	60,930,667
Northborough - Pension Assets				16,976,508	17,296,679	18,293,648	22,102,030	24,929,162	27,922,594
Northborough - Pension Liability- Unfunded				16,826,370	19,902,356	23,414,096	29,718,687	30,084,261	33,008,071
Northborough - Percent Funded				50.2%	46.5%	43.9%	42.7%	45.3%	45.8%

Sources:
Public Employee Retirement Administration Annual Report
Worcester Regional Retirement System Valuation Results Report



Indicator 10: Other Post-Employment Benefits (OPEB) Liability

Formula:

$$\frac{\text{OPEB Assets}}{\text{OPEB Liability}}$$

Northborough Trend

	Favorable
	Marginal
X	Unfavorable/Improving
	Uncertain

Warning Trend: Unfunded liability for Other Post-Employment Benefits (OPEB).

Description:

An unfunded liability is one that has been incurred during the current or prior year, which does not have to be paid until a future year and for which reserves have not been set aside. It is a legal commitment to pay at some time in the future. If such obligations are permitted to grow over a long period of time, they can have a substantial effect on a government’s financial condition.

Analysis:

Other Post-Employment Benefits (OPEBs) are the set of benefits offered to retirees and their dependents other than pensions. These benefits mainly consist of medical insurance. Currently, employees who retire at age 55 having worked for at least 20 hours per week for at least ten years are eligible to receive these medical benefits for life. Unlike pensions, these medical benefits are not adjusted to account for full or part-time work, years of service, or age of the recipient at the time of retirement. Obligations for OPEBs represent a \$30 billion liability for municipalities in the Commonwealth. The magnitude of these costs becomes even more relevant as the Governmental Accounting Standards Board (GASB) now requires that OPEB liabilities be reported on municipal balance sheets. This information is of particular interest to bond rating agencies and investors.

In 2011, the state enacted municipal health insurance reform, giving municipal officials a set of tools to change plan design features for active employees and retirees. But even with this authority, municipalities have little or no control over the primary drivers of general health care costs. With communities having little or no recourse for raising revenues in the Proposition 2 ½ era, if unaddressed, this unsustainable cost will crowd out funding for other key line items in municipal budgets, threatening jobs and core municipal services.

On December 20, 2012, a special commission charged with studying OPEBs issued its final report which recognized that the current thresholds for benefits are unsustainable. If adopted, the Commission’s recommendations to increase eligibility standards are estimated to save communities between \$9 billion and \$12 billion in OPEB costs over the next 30 years. Legislation, which contains many of the Commission’s recommendations, has been proposed but is still being debated by the Legislature.

In terms of what has been done to date in Northborough, in addition to plan design changes, the Town also unanimously adopted a Mandatory Medicare statute (MGL Ch. 32B, §18) at the Annual Town Meeting in April 2009. The adoption of §18 required Medicare eligible retirees to move out of the HMO active health plans on and into Medicare supplement or “Senior Plans,” which are specifically designed for the medical needs of seniors and effectively shares costs with the Medicare program. By adopting §18 the Town’s Unfunded Actuarial Accrued Liability (UAAL) for OPEB was immediately reduced from \$90.4 million to \$34.3 million. Upon the first revaluation the liability was further reduced to an estimated \$28.1 million, however without committing funds to an irrevocable trust fund the UAAL grew upon revaluation. GASB has since issued statements 74 and 75, changing the standards moderately. Most recently the Town’s Net OPEB Liability was measured to be \$41.11 million under the new GASB standards, which include the Town’s contributions to the OPEB Trust Fund.

The Town created the OPEB Trust Fund at the April 2011 Annual Town Meeting to set aside funds to reduce the liability, and then appropriated \$500,000 annually from FY2015 through FY2019 with an increase to \$550,000 in FY2020. The liability is calculated based on the intent to continue that level of funding, with contributions increasing upon the pension systems’ full funding by 2036. The trust funds have been invested with the Pension Reserves Investment Trust (PRIT) Fund. The PRIT Fund is a pooled investment trust fund established to invest the assets of the Massachusetts Teachers and Employees Retirement Systems as well as the assets of various County, Authority, District and Municipal Retirement Systems throughout the Commonwealth. The PRIT Fund is professionally managed by the Pension Reserves Investment Management Board. Based upon these Trust Fund contributions, the funding ratio improved to 10.52% in FY2020.

While waiting to assess the outcome of possible legislative changes at the State level as described above, the Town continues to work with an actuary to determine future funding plan options. Discussion on how best to address OPEB liabilities will continue to be a key issue during future budget cycles. In response to the COVID-19 crisis, contributions were postponed for FY2021 and FY2022 to provide tax relief to residents, however current trust fund investment returns are outpacing benchmarks therefore the hope is that the delay in funding will not materially impact the Town’s funding position until principal contributions can be returned to the budget.

Reporting Period	FY2009	FY2009	FY2011	FY2013	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
In Millions	Original	Revised									
Total OPEB Liability	\$90.44	\$34.29	\$28.07	\$32.64	\$35.38	\$36.57	\$39.14	\$47.33	\$37.75	\$40.05	\$45.94
Actuarial Value of Assets	-	-	-	-	\$0.50	\$1.05	\$1.73	\$2.44	\$3.11	\$3.74	\$4.83
Net OPEB Liability	\$90.44	\$34.29	\$28.07	\$32.64	\$34.88	\$35.52	\$37.41	\$44.89	\$34.64	\$36.32	\$41.11
<i>Discount Rate</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>4.00%</i>	<i>6.00%</i>	<i>5.25%</i>	<i>6.25%</i>	<i>6.25%</i>	<i>6.25%</i>
Funded Ratio	0.00%	0.00%	0.00%	0.00%	1.43%	2.87%	4.43%	5.15%	8.25%	9.33%	10.52%

Source: Town Actuarial Valuation Studies, Original study conducted effective July 1, 2008 (FY2009), and revaluations conducted per GASB (#45 from FY2009-2015, #74/75 from FY2016-2021)

Indicator 11: Debt Service Expenditures

<p>Formula: $\frac{\text{Debt Service Expenditures}}{\text{Operating Expenditures}}$</p>

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Increasing debt service expenditures as a percentage of total net operating expenditures.

Description:

Debt service is defined here as the amount of principal and interest that a municipality must pay each year on bonded long and short term debt. Increasing debt service reduces expenditure flexibility by adding to the Town’s obligations. Overlapping debt is the bonded debt of another jurisdiction that is issued against the tax base of the community. Taken together, the total debt service represents a significant part of a municipality’s fixed costs and its increase may indicate excessive debt and fiscal strain.

Analysis:

The total debt service for Northborough is comprised of both the general obligation bonds of the Town, as well as the overlapping debt associated with the Northborough’s share for the Algonquin Regional High School (ARHS) and the Assabet Valley Regional Vocational High School. Once permanent bonds are issued, these fixed expenses are mandatory. Therefore, significant levels of debt service can serve to limit flexibility in funding operating budgets. The Town’s Debt Policy provides that the Town will endeavor to manage debt so as not to exceed a ratio of 5% to 10% of the net general fund debt service to total general fund expenditures. Since FY2004, levels of debt service have remained well within this range with the exception of FY2004 which was the first year of the \$10 Million, 10-year bond issued for the ARHS Building Project with the debt structured with a significant \$1,850,000 principal payment in the first year.

Overall, the Town’s level of debt service is within the 5% to 10% recommended by the debt policy and represents an appropriate level of capital investment in infrastructure. The credit rating agency, Moody’s Investors Service, indicated in a recent review that the Town’s “overall debt burden will remain manageable.” Debt service as a percentage of the budget decreased from 7.24% in FY2015 to 4.51% in FY2015 due to the \$10 Million ARHS Building project bond being fully satisfied. However, the percentage increased in FY2016 and FY2017 as \$7.390 Million of the \$14.85 Million total debt for the Lincoln Street School building project was issued in June 2015 and \$7.354 Million issued in January 2016. Even with the addition of the Lincoln Street School bonds and the anticipated debt associated with a new fire station, debt is projected to remain well within policy limits.

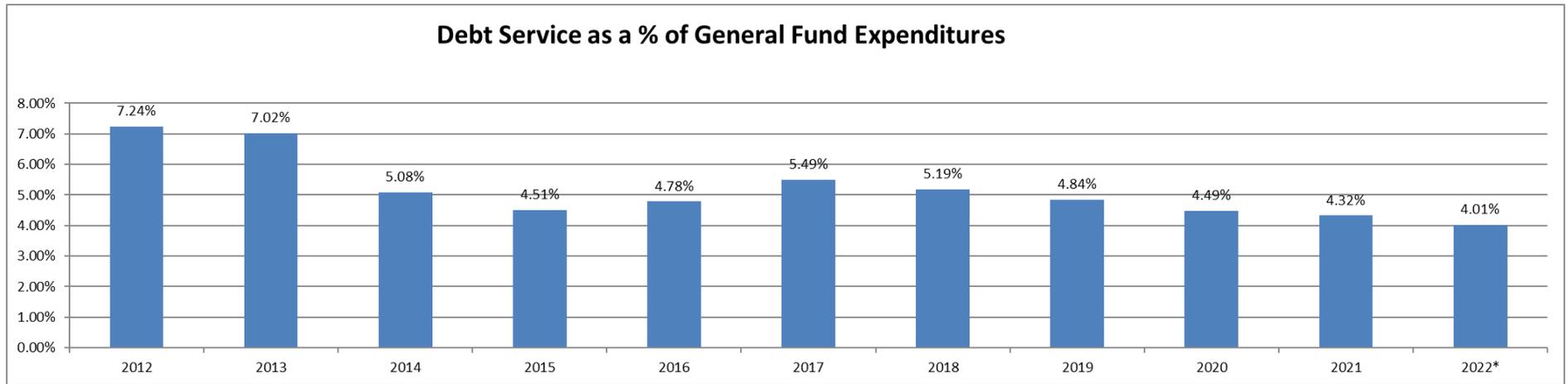
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Debt Service**	\$ 2,489,898	\$ 2,481,623	\$ 2,307,032	\$ 2,050,723	\$ 2,488,169	\$ 2,923,647	\$ 2,842,319	\$ 2,796,193	\$ 2,666,160	\$ 2,191,982	\$ 2,130,726
Less School Building Reimbursement	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ (382,543)	\$ -	\$ -
Net Debt Service	\$ 2,107,355	\$ 2,099,080	\$ 1,924,489	\$ 1,668,180	\$ 2,105,626	\$ 2,541,104	\$ 2,459,776	\$ 2,413,650	\$ 2,283,617	\$ 2,191,982	\$ 2,130,726
Overlapping Debt - Assabet Debt Assessment			\$ 1,044	\$ 8,186	\$ 15,006	\$ 192,135	\$ 151,232	\$ 145,316	\$ 141,488	\$ 137,660	\$ 133,832
Overlapping Debt - ARHS Debt Assessment	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 656,493	\$ 661,206	\$ 660,574	\$ 610,774	\$ 621,442	\$ 632,229	\$ 636,265
Less ARHS Legal Settlement ***					\$ (213,831)	\$ (215,948)	\$ (217,999)	\$ (220,659)	\$ (223,108)	\$ (227,586)	\$ (230,681)
Net Overlapping ARHS Debt Assessment	\$ 1,267,629	\$ 1,289,094	\$ 659,761	\$ 657,234	\$ 442,662	\$ 445,258	\$ 442,575	\$ 390,115	\$ 398,334	\$ 404,643	\$ 405,584
Total Debt Service	\$ 3,374,984	\$ 3,388,174	\$ 2,585,294	\$ 2,333,600	\$ 2,563,294	\$ 3,178,497	\$ 3,053,583	\$ 2,949,081	\$ 2,823,439	\$ 2,734,285	\$ 2,670,142
General Fund Expenditures	\$ 46,636,802	\$ 48,276,629	\$ 50,906,957	\$ 51,777,346	\$ 53,590,732	\$ 57,855,289	\$ 58,864,722	\$ 60,945,786	\$ 62,881,306	\$ 63,250,583	\$ 66,509,913
Net Debt Service as % of GF Expenditures	4.52%	4.35%	3.78%	3.22%	3.93%	4.39%	4.18%	3.96%	3.63%	3.47%	3.20%
Overlapping Debt - ARHS as % of GF Expenditures	2.72%	2.67%	1.30%	1.27%	1.23%	1.14%	1.12%	1.00%	0.99%	1.00%	0.96%
Total Debt Service as a % of GF Expenditures	7.24%	7.02%	5.08%	4.51%	4.78%	5.49%	5.19%	4.84%	4.49%	4.32%	4.01%

Notes:

* FY2022 as Budgeted

** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, as budgeted (adjusted for principal paid down)

*** Court judgement following over-assessment, payments to come annually from FY2016 through FY2023



Indicator 12: Financial Reserves/Fund Balance

Formula:

$$\frac{\text{Financial Reserves}}{\text{Net Operating Revenues}}$$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Declining financial reserves as a percentage of net operating revenues.

Description:

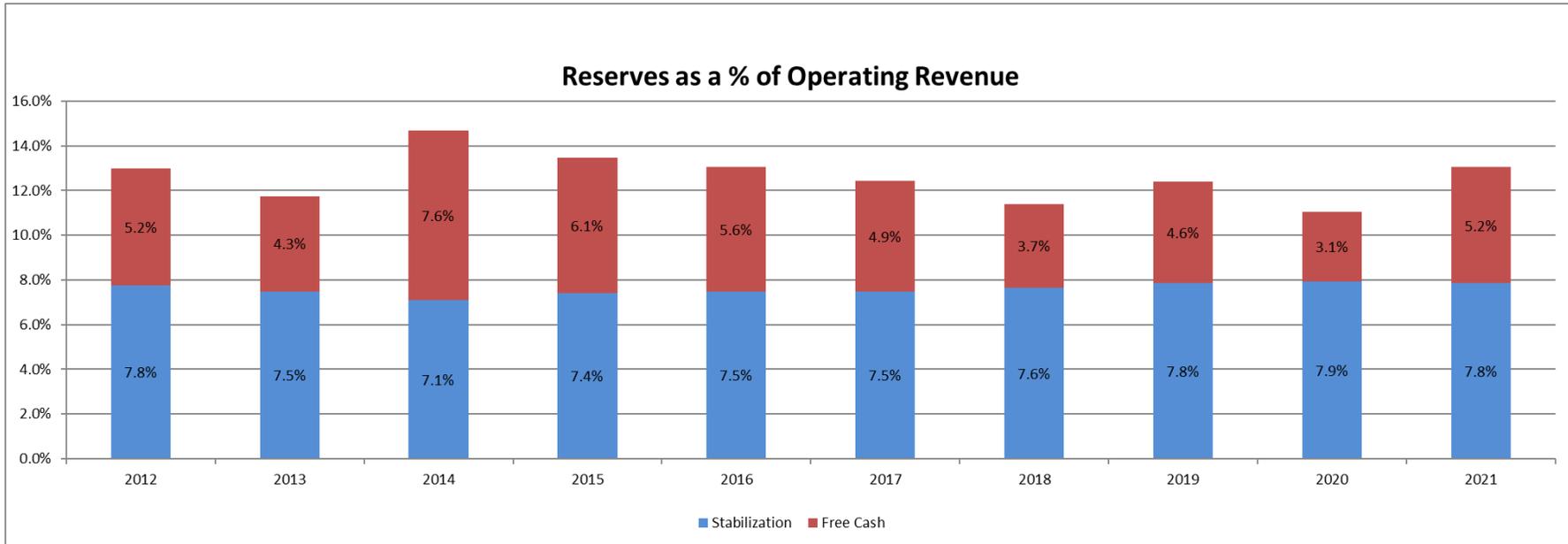
The size of a local government's fund balance can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to borrow. Municipalities usually try to operate each year at a surplus to maintain positive fund balance and thus maintain adequate reserves. An unplanned decline in fund balance may mean that the municipality will be unable to meet a future need.

Analysis:

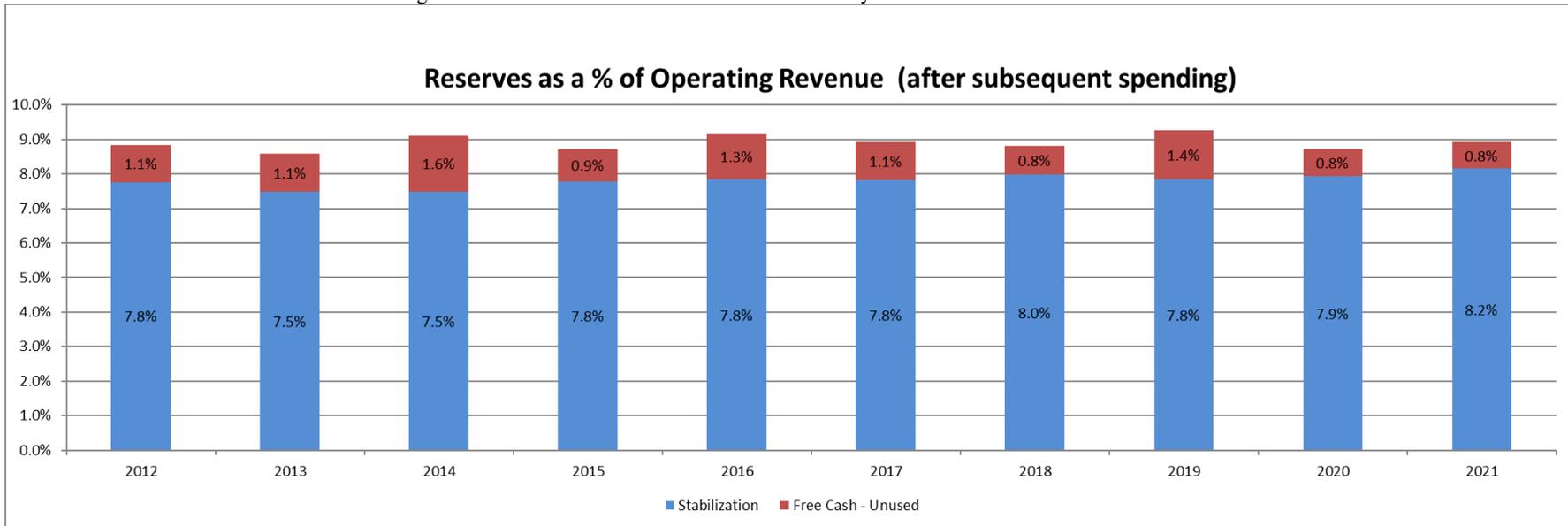
The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5% and 15% of operating revenues. Northborough's financial policy provides for reserves to average between 5% and 10% of the Town's General Fund (Operating Budget) expenditures. The reserves are defined to include the Town's Stabilization Fund and Free Cash. The Town's level of reserves adheres to this policy. During FY2016-FY2019, \$200,000 was added to the Stabilization Fund to ensure appropriate levels are maintained.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Certified Free Cash *	\$ 2,459,307	\$ 2,074,920	\$ 3,932,028	\$ 3,208,889	\$ 3,104,766	\$ 2,877,855	\$ 2,236,167	\$ 2,854,397	\$ 1,980,662	\$ 3,399,259
Stabilization Fund Balance *	\$ 3,660,077	\$ 3,646,820	\$ 3,686,792	\$ 3,913,018	\$ 4,173,427	\$ 4,364,697	\$ 4,567,834	\$ 4,900,853	\$ 5,061,660	\$ 5,129,896
Operating Revenues **	\$ 47,132,299	\$ 48,704,343	\$ 51,912,939	\$ 52,817,953	\$ 55,768,963	\$ 58,308,478	\$ 59,719,452	\$ 62,504,877	\$ 63,756,218	\$ 65,386,519
Free Cash Percentage of Operating Revenue	5.2%	4.3%	7.6%	6.1%	5.6%	4.9%	3.7%	4.6%	3.1%	5.2%
Stabilization Percentage of Operating Revenue	7.8%	7.5%	7.1%	7.4%	7.5%	7.5%	7.6%	7.8%	7.9%	7.8%
Net Reserves Percentage of Operating Revenue	13.0%	11.7%	14.7%	13.5%	13.1%	12.4%	11.4%	12.4%	11.0%	13.0%
Free Cash Subsequently Used***	\$ 1,959,307	\$ 1,543,500	\$ 3,089,000	\$ 2,708,889	\$ 2,372,000	\$ 2,235,000	\$ 1,736,167	\$ 1,965,775	\$ 1,480,000	\$ 2,899,000
Free Cash Subsequently Used-Operating	\$ 650,000	\$ 650,000	\$ 895,000	\$ 895,000	\$ 875,000	\$ 875,000	\$ 875,000	\$ 1,253,000	\$ 675,000	\$ 875,000
Free Cash Subsequently Used-Capital	\$ 1,309,307	\$ 893,500	\$ 2,194,000	\$ 1,813,889	\$ 1,497,000	\$ 1,360,000	\$ 861,167	\$ 712,775	\$ 805,000	\$ 2,024,000
Free Cash Not Used	\$ 500,000	\$ 531,420	\$ 843,028	\$ 500,000	\$ 732,766	\$ 642,855	\$ 500,000	\$ 888,622	\$ 500,662	\$ 500,259
Percent Free Cash Subsequently Used	4.2%	3.2%	6.0%	5.1%	4.3%	3.8%	2.9%	3.1%	2.3%	4.4%
Percent Free Cash Not Used	1.1%	1.1%	1.6%	0.9%	1.3%	1.1%	0.8%	1.4%	0.8%	0.8%
Projected Stabilization Balance after transfer	7.8%	7.5%	7.5%	7.8%	7.8%	7.8%	8.0%	7.8%	7.9%	8.2%
Percent of Reserves after subs spending	8.8%	8.6%	9.1%	8.7%	9.2%	8.9%	8.8%	9.3%	8.7%	8.9%

Notes: Source: *Free Cash & Stabilization at end of fiscal year, Mass. DOR Databank; ** Source: Audited Financial Statements, General Fund, Budget Comparison Schedule, *** Source: Mass. DOR Tax Recaps, amounts subsequently spent by Town Meeting, e.g. 2016 Free Cash voted for use by April, 2017 ATM toward FY2018 budget; Figures shown for FY2022 include projected uses for FY2023 budget



*Note: The chart above shows what Northborough’s financial reserves are at the close of each fiscal year



*Note: The chart above shows Northborough’s financial reserves at the start of the new fiscal year after a portion of Free Cash is spent in accordance with the Town’s Free Cash Policy.

Indicator 13: Capital Investment – Overall Fixed Assets

Formula:

$$\frac{\text{Fixed Asset Values}}{\text{Consumer Price Index}}$$

Northborough Trend

X	Favorable
	Marginal
	Unfavorable
	Uncertain

Warning Trend: Declining values

Description:

The majority of the Town’s Assets shown on its balance sheet are its fixed assets. These are sometimes referred to as “physical assets” or the “capital plant.” The assets consist of town-owned land, buildings, equipment and its entire infrastructure, which includes roads, sidewalks, catch basins, water/sewer mains, etc. For the financial statements, most gross values are then “depreciated” over the useful life of the asset, meaning that the expense for purchasing the asset is recorded incrementally over its useful life rather than solely in the year it was acquired, while the value of the asset is lessened over time.

Local governments will frequently defer investment in capital assets, in order to devote resources to operating expenses in the face of scarce resources. When maintenance is deferred, it can lead to increased costs for replacement rather than maintenance.

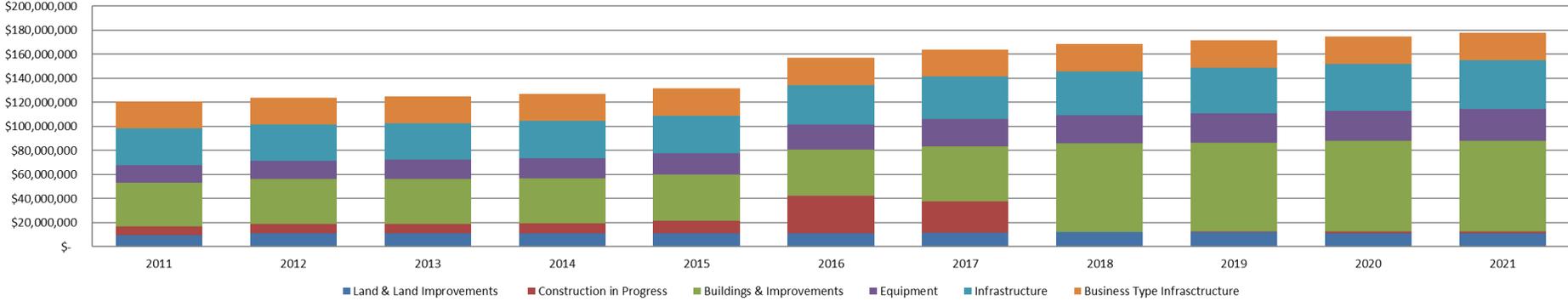
Analysis:

The analysis reflects that the Town has continued its effort to maintain its fixed asset values, while adjusting for the effects of inflation and depreciation. The first graph on page 38 reflects the gross value of the assets, and the underlying categories that make up the Town’s assets, while the second graph reflects that the net values of the assets in service remain relatively constant after accounting for depreciation and inflation.

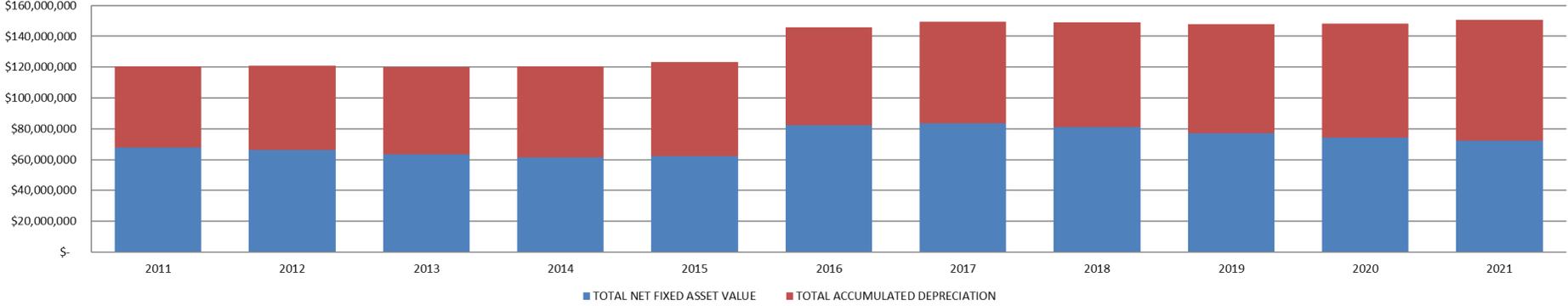
The large increase in value during FY2016 and FY2017 was directly related to the \$25 Million Lincoln Street School building project, which increased the category of “Construction in Progress.” The bulk of the project was conducted over a relatively short period of time and was in use during FY2017. The project was completed in FY2018 and was moved to “Buildings & Improvements” and depreciation has begun.

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities											
Land & Land Improvements	\$ 6,893,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175	\$ 8,133,175	\$ 8,677,043	\$ 9,257,707	\$ 9,257,707	\$ 8,183,671	\$ 8,168,284
Construction in Progress	\$ 6,487,688	\$ 7,051,508	\$ 7,414,195	\$ 7,620,105	\$ 10,613,372	\$ 30,053,278	\$ 24,531,608	\$ 71,829	\$ 530,743	\$ 1,575,864	\$ 799,092
Buildings & Improvements	\$ 32,028,074	\$ 32,564,954	\$ 32,590,754	\$ 32,597,691	\$ 32,707,691	\$ 32,957,457	\$ 40,495,673	\$ 66,743,793	\$ 66,771,155	\$ 68,095,309	\$ 68,298,404
Equipment	\$ 13,247,370	\$ 13,799,152	\$ 14,333,553	\$ 15,463,209	\$ 16,071,873	\$ 17,809,356	\$ 19,072,190	\$ 19,591,386	\$ 20,499,937	\$ 21,326,911	\$ 22,414,725
Infrastructure	\$ 30,325,194	\$ 30,373,250	\$ 30,423,281	\$ 30,902,882	\$ 31,230,260	\$ 33,071,226	\$ 35,554,210	\$ 36,846,945	\$ 38,012,777	\$ 39,016,436	\$ 40,659,128
Gross Fixed Asset Value	\$ 88,981,501	\$ 91,922,039	\$ 92,894,958	\$ 94,717,062	\$ 98,756,371	\$ 122,024,492	\$ 128,330,724	\$ 132,511,660	\$ 135,072,319	\$ 138,198,191	\$ 140,339,633
Less Accumulated Depreciation	\$ (39,313,220)	\$ (42,024,286)	\$ (44,587,392)	\$ (47,180,124)	\$ (49,695,524)	\$ (52,462,991)	\$ (55,423,074)	\$ (59,214,063)	\$ (63,705,154)	\$ (68,046,909)	\$ (72,628,683)
Net Fixed Asset Value	\$ 49,668,281	\$ 49,897,753	\$ 48,307,566	\$ 47,536,938	\$ 49,060,847	\$ 69,561,501	\$ 72,907,650	\$ 73,297,597	\$ 71,367,165	\$ 70,151,282	\$ 67,710,950
Business-Type Activities											
Land & Land Improvements	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038	\$ 2,771,038
Construction in Progress	\$ 493,087	\$ 840,138	\$ 840,138	\$ 840,138	\$ 185,526	\$ 1,203,064	\$ 1,556,110	\$ 147,189	\$ 20,002	\$ 139,985	\$ 727,582
Buildings & Improvements	\$ 4,703,635	\$ 4,703,635	\$ 4,703,635	\$ 4,703,635	\$ 5,389,390	\$ 5,389,390	\$ 5,389,390	\$ 6,951,736	\$ 7,342,936	\$ 7,342,936	\$ 7,342,936
Equipment	\$ 1,289,093	\$ 1,305,449	\$ 1,393,986	\$ 1,575,046	\$ 1,882,889	\$ 3,095,678	\$ 3,494,134	\$ 3,525,563	\$ 3,701,479	\$ 3,701,479	\$ 3,780,746
Infrastructure	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,281	\$ 22,472,937	\$ 22,472,937	\$ 22,499,620	\$ 22,563,548	\$ 22,850,910	\$ 22,850,910	\$ 22,850,910
Gross Fixed Asset Value	\$ 31,617,132	\$ 31,980,539	\$ 32,069,076	\$ 32,250,138	\$ 32,701,780	\$ 34,932,107	\$ 35,710,292	\$ 35,959,074	\$ 36,686,365	\$ 36,806,348	\$ 37,473,212
Less Accumulated Depreciation	\$ (13,434,041)	\$ (13,919,503)	\$ (14,412,089)	\$ (14,899,201)	\$ (15,411,023)	\$ (16,059,245)	\$ (16,785,790)	\$ (17,490,599)	\$ (18,302,959)	\$ (19,108,501)	\$ (19,885,098)
Net Fixed Asset Value	\$ 18,183,091	\$ 18,061,036	\$ 17,656,987	\$ 17,350,937	\$ 17,290,757	\$ 18,872,862	\$ 18,924,502	\$ 18,468,475	\$ 18,383,406	\$ 17,697,847	\$ 17,588,114
Governmental & Business-Type Activities											
Land & Land Improvements	\$ 9,664,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213	\$ 10,904,213	\$ 11,448,081	\$ 12,028,745	\$ 12,028,745	\$ 10,954,709	\$ 10,939,322
Construction in Progress	\$ 6,980,775	\$ 7,891,646	\$ 8,254,333	\$ 8,460,243	\$ 10,798,898	\$ 31,256,342	\$ 26,087,718	\$ 219,018	\$ 550,745	\$ 1,715,849	\$ 1,526,674
Buildings & Improvements	\$ 36,731,709	\$ 37,268,589	\$ 37,294,389	\$ 37,301,326	\$ 38,097,081	\$ 38,346,847	\$ 45,885,063	\$ 73,695,529	\$ 74,114,091	\$ 75,438,245	\$ 75,641,340
Equipment	\$ 14,536,463	\$ 15,104,601	\$ 15,727,539	\$ 17,038,255	\$ 17,954,762	\$ 20,905,034	\$ 22,566,324	\$ 23,116,949	\$ 24,201,416	\$ 25,028,390	\$ 26,195,471
Infrastructure	\$ 30,325,194	\$ 30,373,250	\$ 30,423,281	\$ 30,902,882	\$ 31,230,260	\$ 33,071,226	\$ 35,554,210	\$ 36,846,945	\$ 38,012,777	\$ 39,016,436	\$ 40,659,128
Business Type Infrastructure	\$ 22,360,279	\$ 22,360,279	\$ 22,360,279	\$ 22,360,281	\$ 22,472,937	\$ 22,472,937	\$ 22,499,620	\$ 22,563,548	\$ 22,850,910	\$ 22,850,910	\$ 22,850,910
Gross Fixed Asset Value	\$ 120,598,633	\$ 123,902,578	\$ 124,964,034	\$ 126,967,200	\$ 131,458,151	\$ 156,956,599	\$ 164,041,016	\$ 168,470,734	\$ 171,758,684	\$ 175,004,539	\$ 177,812,845
Less Accumulated Depreciation	\$ (52,747,261)	\$ (55,943,789)	\$ (58,999,481)	\$ (62,079,325)	\$ (65,106,547)	\$ (68,522,236)	\$ (72,208,864)	\$ (76,704,662)	\$ (82,008,113)	\$ (87,155,410)	\$ (92,513,781)
Net Fixed Asset Value	\$ 67,851,372	\$ 67,958,789	\$ 65,964,553	\$ 64,887,875	\$ 66,351,604	\$ 88,434,363	\$ 91,832,152	\$ 91,766,072	\$ 89,750,571	\$ 87,849,129	\$ 85,299,064
TOTAL GROSS FIXED ASSET VALUE	\$ 120,598,633	\$ 123,902,578	\$ 124,964,034	\$ 126,967,200	\$ 131,458,151	\$ 156,956,599	\$ 164,041,016	\$ 168,470,734	\$ 171,758,684	\$ 175,004,539	\$ 177,812,845
TOTAL ACCUMULATED DEPRECIATION	\$ (52,747,261)	\$ (55,943,789)	\$ (58,999,481)	\$ (62,079,325)	\$ (65,106,547)	\$ (68,522,236)	\$ (72,208,864)	\$ (76,704,662)	\$ (82,008,113)	\$ (87,155,410)	\$ (92,513,781)
TOTAL NET FIXED ASSET VALUE	\$ 67,851,372	\$ 67,958,789	\$ 65,964,553	\$ 64,887,875	\$ 66,351,604	\$ 88,434,363	\$ 91,832,152	\$ 91,766,072	\$ 89,750,571	\$ 87,849,129	\$ 85,299,064
CPI-U, 2010 Base Year ****	240.0	245.8	249.6	253.3	256.1	258.1	263.7	271.3	278.8	283.4	283.4
CPI-U adjustment for constant dollars	100.0%	97.6%	96.1%	94.8%	93.7%	93.0%	91.0%	88.5%	86.1%	84.7%	84.7%
TOTAL GROSS FIXED ASSET VALUE	\$ 120,598,633	\$ 120,975,297	\$ 120,137,941	\$ 120,310,125	\$ 123,203,994	\$ 145,928,291	\$ 149,289,371	\$ 149,019,384	\$ 147,848,806	\$ 148,192,129	\$ 150,570,175
TOTAL ACCUMULATED DEPRECIATION	\$ 52,747,261	\$ 54,622,080	\$ 56,720,930	\$ 58,824,416	\$ 61,018,557	\$ 63,707,629	\$ 65,715,369	\$ 67,848,470	\$ 70,592,073	\$ 73,802,347	\$ 78,339,763
TOTAL NET FIXED ASSET VALUE	\$ 67,851,372	\$ 66,353,217	\$ 63,417,012	\$ 61,485,709	\$ 62,185,438	\$ 82,220,662	\$ 83,574,002	\$ 81,170,914	\$ 77,256,733	\$ 74,389,782	\$ 72,230,411

Gross Fixed Asset Value Nominal Dollars - Governmental & Business-Type Activities



Fixed Asset Values Constant Dollars - Governmental & Business-Type Activities



Indicator 14: Capital Investment - Pavement Management

Formula:
Average Road Service Rating (RSR)

	Favorable
	Marginal
X	Improving
	Uncertain

Warning Trend: Declining overall average Road Service Rating (RSR)

Description:

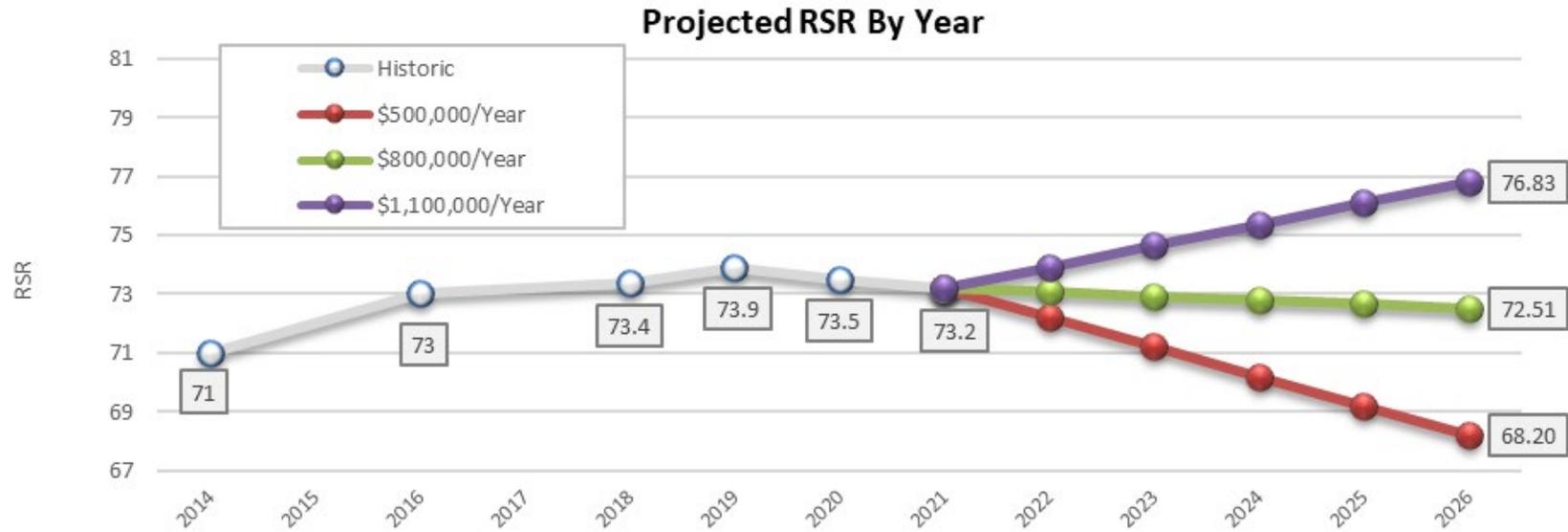
One of the Town's most significant assets is its pavement network, or its roadways. Pavement management is the practice of planning for pavement maintenance and rehabilitation with the goal of maximizing the value and life of a pavement network. Pavement management involves inventorying, assessing, evaluating and scoring roads using a Road Service Rating (RSR) calculation on a 0 - 100 scale. This process ultimately allows the Town to define treatment options and test various budget scenarios and projects the impact on the Town's overall RSR based upon funding scenarios. Local governments often defer investment in capital assets, in order to devote resources to operating expenses in the face of scarce resources. When maintenance is deferred, it can lead to increased costs for replacement rather than maintenance.

Analysis:

During FY2015, the Town completed its first comprehensive pavement management study which assessed the condition of all the Town's roadways. The results of the study were used to develop a multiyear maintenance and rehabilitation plan for Northborough's roadways. The study determined that the Town's initial overall RSR of 71 would deteriorate over time if it continued to only invest the State's Chapter 90 Roadway Funds, which are approximately \$500,000 per year. The study determined that the Town must spend at least \$1.1 Million annually to prevent further deterioration of its roadways. Ultimately, deferring investment in our roadways would negatively impact the Town's financial condition by increasing future costs and reducing the Town's ability to fund other services.

Based upon the study the Town implemented a Pavement Management Plan (PMP) in FY2016 with a budget of approximately \$1.1 Million. Following a one-time increase in Chapter 90 Funds, the State reduced its support back to approximately \$500,000 in FY2017, where it remains today. The Town's \$1.1 Million PMP consists of approximately \$518,000 in State Chapter 90 funds, \$300,000 in roadway maintenance funds from the DPW operating budget, and \$300,000 in Free Cash appropriated in the Capital Budget. Based upon the increased level of infrastructure investment since FY2016, the Town's overall RSR had improved from 71 to 73.9 over the last five years but reduced to 73.5 in FY2020, and again in FY2021 to 73.2 while resources were diverted to needed culvert work. The chart on the following page projects the Town's overall average RSR for its roads based upon three funding scenarios with the top line representing the current \$1.1 Million plan. Future progress will require identification of additional resources, including a commitment from the State Legislature to increase Chapter 90

Funds statewide from \$200 million to \$300 million. If that occurs, Northborough will receive an estimated \$275,000 in additional roadway funds. The chart below assumes that additional funding sources will be identified for culvert replacements and sidewalks. In 2022 the Town completed a sidewalk master plan that identified approximately \$1.5 Million in needed sidewalk repairs. If additional Chapter 90 funds are not received from the State, the Town's RSR rating will more likely follow the middle line projection below.



Section IV
Five-Year Financial Forecast—
Revenue and Expenditure Projections

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IV. FIVE-YEAR FINANCIAL FORECAST—REVENUE AND EXPENDITURE PROJECTIONS

The following pages contain the Five-Year Financial Forecast of revenue and expenditures along with a projected financial outlook for the Town of Northborough.

A revenue driven model was the methodology used to prepare the financial projections. The projections began with FY2021 as the base and were calculated out five years using the Proposition 2 ½ allowable annual budget growth. The projections focused on the top three revenue sources, which are real estate taxes, state aid and motor vehicle excise taxes. Together these sources represent approximately 95% of total revenue.

The revenue projections were calculated with the following assumptions:

- Real estate taxes increase by the allowable amount under Proposition 2 ½
- New growth is estimated at \$40 million for FY2023 and \$30 million annually for remaining years
- Existing unused levy capacity is available for use to maintain service levels
- State aid increases by 1% annually
- Local receipts such as motor vehicle excise return to FY2020 levels by FY2025 and are level funded through FY2027
- Adherence to our comprehensive financial policies (no one-time gimmicks)

The expenditure projections were calculated with the following assumptions:

- \$500K OPEB funding is returned to budget in FY2023 using \$200K from ARPA, then increased from levy in FY2024-FY2027
- Major capital projects, including debt exclusions for Fire Station, proceed in accordance with the six-year Capital Improvement Plan, being augmented with ARPA funds
- Key budgets increase in FY2023 to a forecasted 3.39% for Town Governments and School Departments, and then 3.5% annually for each year after

Financial Outlook

Additionally, a market adjustment has been applied to the valuation of an Average Single Family Home and Total Valuation. The model assumes a 10% increase in FY2023 in the Single Family Home category, then 2% annually from FY2024-FY2027. Given these assumptions, the revenue and expenditure projections indicate that real estate taxes will increase between 3.7% to 6.8% annually. This model assumes no major “budget surprises” and no significant staffing or increase in service levels. It is important to note that with these conservative estimates, the model indicates that the existing levy capacity will not be depleted by FY2027, therefore a Proposition 2 ½ operating over-rides would not be needed during this period while indicating increasing reliance on property taxes. Based upon the model it will be important to revisit and update these forecasts annually and make adjustments as needed to protect the Town’s financial condition.

Five-Year Revenue Projections

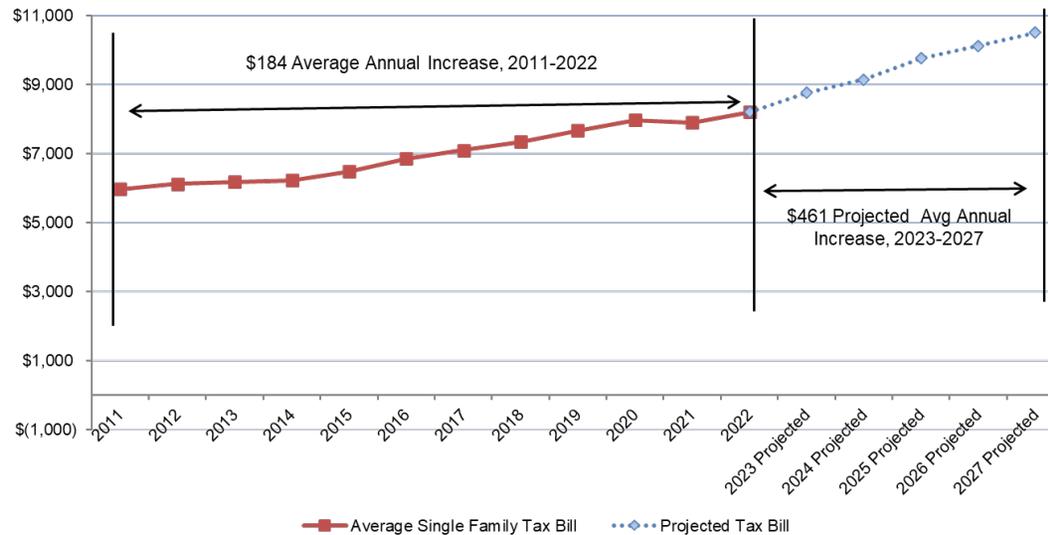
		FY2023 Projection	FY2024 Projection	FY2025 Projection	FY2026 Projection	FY2027 Projection
General Fund Revenues						
	Prior Year Levy Limit	57,890,129	59,996,982	61,977,436	64,018,760	66,133,711
	2.5%	1,447,253	1,499,925	1,549,436	1,600,469	1,653,343
	New Growth	659,600	480,529	491,888	514,482	523,030
	Levy Limit	59,996,982	61,977,436	64,018,760	66,133,711	68,310,084
	Other Debt Exclusions	620,705	605,560	580,605	560,810	525,820
	ARHS Debt Exclusions	415,687	655,976	658,876	655,356	655,356
	Lincoln St Sch Bldg Debt Exclusion	998,130	973,476	948,821	924,167	901,357
	Fire Station Debt Exclusion	42,200	253,200	2,095,400	2,046,960	1,998,520
	Maximum Levy	62,073,704	64,465,648	68,302,463	70,321,004	72,391,137
	Unused Levy Capacity	(4,062,781)	(3,928,731)	(3,777,283)	(3,495,925)	(3,131,949)
	Total Tax Levy	58,010,923	60,536,917	64,525,180	66,825,079	69,259,187
Federal Aid	ARPA	2,500,000	2,016,183			
State Aid	Cherry Sheet	5,613,083	5,669,214	5,725,906	5,783,165	5,783,165
Local Receipts		4,171,000	4,297,000	4,468,000	4,468,000	4,468,000
Fund Balance Allocations & Transfers						
	Free Cash - Operating Budget	500,000	500,000	500,000	500,000	500,000
	Free Cash - Appropriated Reserve	175,000	175,000	175,000	175,000	175,000
	Free Cash - Transfer to Stabilization	200,000	200,000	200,000	200,000	200,000
	Free Cash - Capital/Other	2,031,894	800,000	800,000	800,000	800,000
	Other Available Funds	734,161	800,000	900,000	900,000	900,000
	Total General Fund Revenues	73,936,061	74,994,314	77,294,086	79,651,244	82,085,352

Five-Year Expense Projections

		FY2023 Projection	FY2024 Projection	FY2025 Projection	FY2026 Projection	FY2027 Projection
<u>General Fund Expenses</u>						
<u>Education</u>						
	Northborough K-8	26,675,028	27,608,654	28,574,957	29,575,080	30,610,208
	Algonquin 9-12 Operating	13,446,107	13,916,721	14,403,806	14,907,939	15,429,717
	ARHS Debt Service	648,675	655,976	658,876	655,356	655,356
	Assabet	981,391	1,015,740	1,051,291	1,088,086	1,126,169
	Assabet Debt Service	130,004	126,176	122,348	118,520	115,458
	Education Subtotal	41,881,205	43,323,266	44,811,277	46,344,981	47,936,908
<u>Town Budget</u>						
	General Government Budget	24,441,671	25,297,129	26,182,529	27,098,918	28,047,380
<u>Debt Exclusions</u>						
	Lincoln St School Debt Service	998,675	973,975	949,275	924,575	901,725
	Fire Station Debt Service	52,750	253,200	2,095,400	2,046,960	1,998,520
	Other Debt Excluded Debt Service	620,705	605,560	580,605	560,810	525,820
<u>Other Funds</u>						
		734,161	800,000	900,000	900,000	900,000
<u>OPEB Trust</u>						
		500,000	550,000	600,000	600,000	600,000
<u>Stabilization Fund</u>						
		200,000	200,000	200,000	200,000	200,000
<u>Reserve Fund</u>						
		175,000	175,000	175,000	175,000	175,000
<u>Free Cash Capital Articles</u>						
		2,031,894	800,000	800,000	800,000	800,000
<u>ARPA Funded</u>						
		2,300,000	2,016,183			
<u>Assessment Adjustments / Rounding</u>						
Total General Fund Expenses		73,936,061	74,994,314	77,294,086	79,651,244	82,085,353

Projected Tax Impact

		FY2023 Projection	FY2024 Projection	FY2025 Projection	FY2026 Projection	FY2027 Projection
Projected Tax Impact						
	Tax Base / Valuation	3,621,690,492	3,692,113,298	3,762,536,104	3,832,958,910	3,903,381,716
	Avg Single Fam	546,657	557,590	568,742	580,117	591,719
	Tax Rate	16.02	16.40	17.15	17.43	17.74
	Avg Tax Bill	8,756	9,142	9,754	10,114	10,499
	Increase (\$)	561	386	611	360	385
	Increase (%)	6.8%	4.4%	6.7%	3.7%	3.8%
Note: Tax Impact assumes a 10% increase in FY23, 2% increase in Single Family Home Values annually FY2024-FY2027; Valuation reflects \$40M newgrowth in FY2023 and \$30M from FY2024-2027 and corresponding growth in overall Single Family Home values						



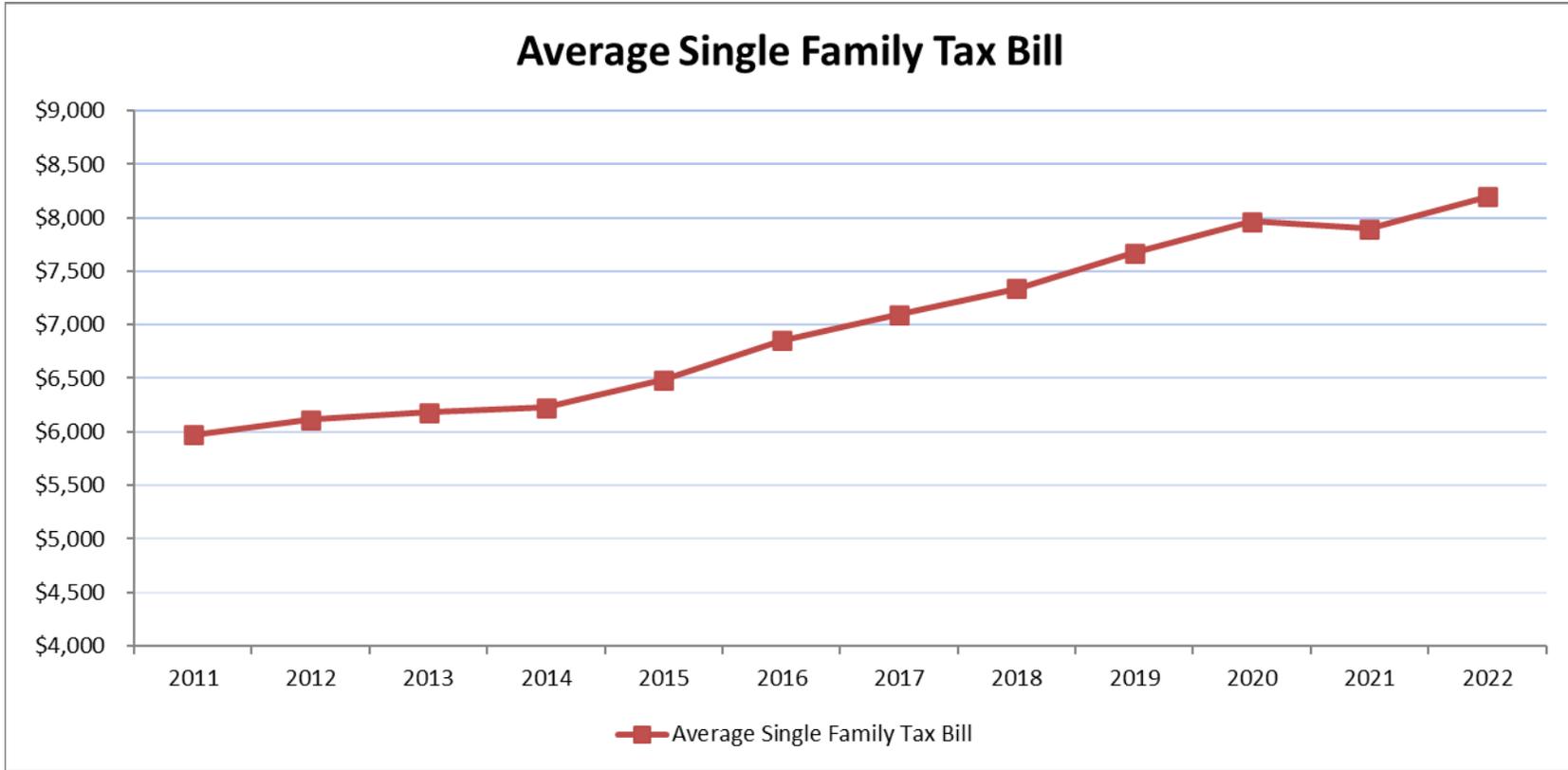
Section V

Appendices

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Appendix A: Average Residential Tax Bill



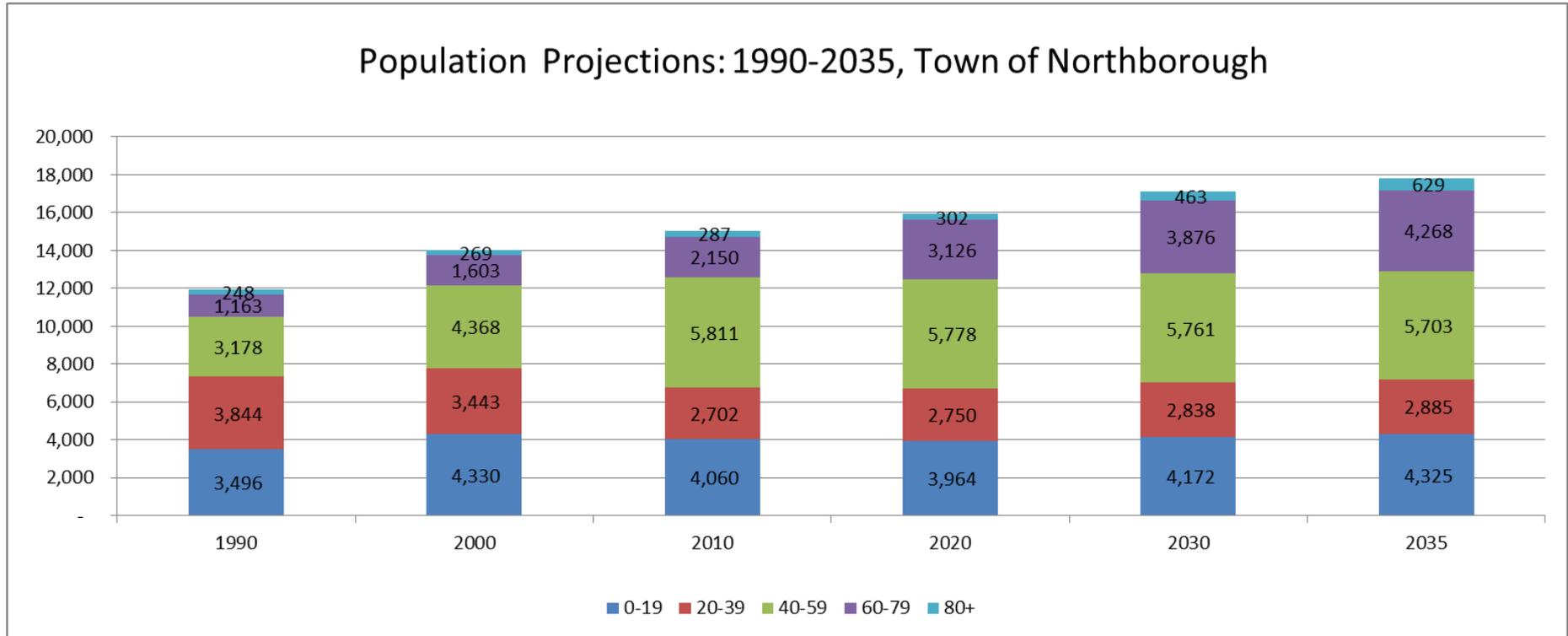
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value	\$ 1,583,648,800	\$ 1,581,989,200	\$ 1,536,502,300	\$ 1,506,142,900	\$1,558,995,700	\$1,608,609,300	\$1,649,717,300	\$1,706,883,000	\$1,813,690,200	\$1,874,216,900	\$1,874,797,000	\$2,021,140,300
Parcels	4,007	4,008	4,005	4,014	4,022	4,032	4,042	4,044	4,055	4,059	4,063	4,067
Average Single Family Home Value **	\$ 395,221	\$ 394,708	\$ 383,646	\$ 375,222	\$ 387,617	\$ 398,960	\$ 408,144	\$ 422,078	\$ 447,273	\$ 461,744	\$ 461,432	\$ 496,961
Tax Rate Per Thousand	\$ 15.11	\$ 15.49	\$ 16.11	\$ 16.59	\$ 16.73	\$ 17.17	\$ 17.39	\$ 17.39	\$ 17.15	\$ 17.25	\$ 17.12	\$ 16.49
Average Single Family Tax Bill	\$ 5,972	\$ 6,114	\$ 6,181	\$ 6,225	\$ 6,485	\$ 6,850	\$ 7,098	\$ 7,340	\$ 7,671	\$ 7,965	\$ 7,900	\$ 8,195
Increase over prior year	\$ (20)	\$ 142	\$ 67	\$ 44	\$ 260	\$ 365	\$ 247	\$ 242	\$ 331	\$ 294	\$ (65)	\$ 295
Hi-Lo Rank**	53	55	59	63	63	63	62	62	61			

The FY2022 real estate tax bill for an average single family home in the Town of Northborough is \$8,195. This represents a \$184 average annual increase over the 12 years since FY2011. The Massachusetts Department of Revenue's (DOR) "Hi-Lo" ranking, which is the rank of Massachusetts Cities and Town's average single family tax bills, indicates Northborough's tax bill dropped to a low point in FY2014 relative to most other Massachusetts cities and towns. Northborough had the 63rd highest tax bill in the state from FY2014 through FY2016, and while that ranking has risen to 62nd highest for FY2017 & FY2018 and 61st for FY2019, the Town's rank has fallen from being the 49th highest in FY2010. The DOR has ceased producing this ranking in recent years, which is why it is not listed past FY2019. Northborough's Board of Selectmen have established a budget goal to minimize the tax impact during the most recent 11 years, while preserving current service levels.

Notes:

* Source: Mass. DOR Tax Recap; ** Source: Mass. DOR Databank

Appendix B: Population Projections



Age	1990	2000	2010	2020	2030	2035	Percent Change 2010-2035
0-19	3,496	4,330	4,060	3,964	4,172	4,325	6.53%
20-39	3,844	3,443	2,702	2,750	2,838	2,885	6.77%
40-59	3,178	4,368	5,811	5,778	5,761	5,703	-1.86%
60-79	1,163	1,603	2,150	3,126	3,876	4,268	98.51%
80+	248	269	287	302	463	629	119.16%
Total	11,929	14,013	15,010	15,920	17,110	17,810	18.65%

Population data and trends are extremely important to review and understand for the future allocation of resources. The projections provided by the Metropolitan Area Planning Council indicate that Northborough is expected to grow in population by 18.65% or 2,800 people over the next 25 years. The projections indicate Northborough's population is expected to rise gradually and will allow officials and policymakers to plan carefully for future needs. The school age population (0-19) is estimated to increase by 6.53%, and any future changes will need to be correlated with the estimates from the School Department to plan for the future needs of the children of Northborough. The largest growth is estimated in the over age 60 segment of the population with 2,460 more people over age 60 living in Northborough in the next 25 years.

APPENDIX D

GLOSSARY OF TERMS

Glossary of Terms

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify, record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the bond since the date of the last interest payment, and in the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appellate Tax Board (ATB): Appointed by the governor, the ATB has jurisdiction to decide appeals from local decisions relating to property taxes, motor vehicle excises, state owned land (SOL) valuations, exemption eligibility, property classification, and equalized valuations.

Appropriation: An authorization granted by a town meeting, city council or other legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended. (See Encumbrance, Free Cash)

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts,

assessed valuation is based on the property's full and fair cash value as set by the Assessors. (See Full and Fair Cash Value)

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool for evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions; (d) financial statements and schedules; and (e) statistical tables, supplementary comments, and recommendations. It is almost always accompanied by a management letter.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other onetime costs. Examples of available funds include free cash, stabilization funds, overlay surplus, water surplus, and enterprise net assets unrestricted (formerly retained earnings).

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1

Glossary of Terms

is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bond Anticipation Note (BAN): Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. Typically issued for a term of less than one year, BANs may be re-issued for up to five years, provided principal repayment begins after two years (MGL Ch. 44 §17). Principal payments on school related BANs may be deferred up to seven years (increased in 2002 from five years) if the community has an approved project on the Massachusetts School Building Authority (MSBA) priority list. BANs are full faith and credit obligations.

Bond Authorization: The action of town meeting or a city council authorizing the executive branch to raise money through the sale of bonds in a specific amount and for a specific purpose. Once authorized, issuance is by the treasurer upon the signature of the mayor, or selectmen. (See Bond issue)

Bonds Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining unissued authorizations must be rescinded by town meeting or the city council to be removed from community's books.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Budget Message: A statement that, among other things, offers context by summarizing the main points of a budget, explains priorities, describes underlying policies that drive funding decisions, and otherwise justifies the expenditure plan and provides a vision for the future.

Budget Unit: A board or department to which the municipality's legislative body appropriates funds.

Capital Assets: All tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each

Glossary of Terms

recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Capital Improvements Program: A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital program. It coordinates community planning, fiscal capacity and physical development. While all of the community's needs should be identified in the program, there is a set of criteria that prioritizes the expenditures.

Capital Outlay Expenditure Exclusion: A temporary increase in the tax levy to fund a capital project or make a capital acquisition. Exclusions require two-thirds vote of the selectmen or city council (sometimes with the mayor's approval) and a majority vote in a community-wide referendum. The exclusion is added to the tax levy only during the year in which the project is being funded and may increase the tax levy above the levy ceiling.

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Management: The process of monitoring the ebb and flow of money in an out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Cemetery Perpetual Care: These funds are donated by individuals for the care of grave sites. According to Ch. 114, s 25, funds from this account must be invested and spent as directed by perpetual care agreements. If no agreements exist, interest (but not principal) may be used as directed by the cemetery commissioners for the purpose of maintaining cemeteries.

Certification: Verification of authenticity. Can refer to the action of a bank, trust company, or DOR's Bureau of Accounts (BOA) in the

issuance of State House Notes, to confirm the genuineness of the municipal signatures and seal on bond issues. The certifying agency may also supervise the printing of bonds and otherwise safeguard their preparation against fraud, counterfeiting, or overissue. Also refers to the certification by the Bureau of Local Assessment (BLA) that a community's assessed values represent full and fair cash value (FFCV). (See Triennial Certification)

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Cherry Sheet: Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification to cities, towns and regional school districts of the next fiscal year's state aid and assessments. The aid is in the form of distributions, which provide funds based on formulas and reimbursements that provide funds for costs incurred during a prior period for certain programs or services. Links to the Cherry Sheets are located on the DLS website at www.mass.gov/dls. (See Cherry Sheet Assessments, Estimated Receipts)

Cherry Sheet Assessments: Estimates of annual charges to cover the cost of certain state and county programs.

Cherry Sheet Offset Items: Local aid that may be spent without appropriation in the budget, but which must be spent for specific municipal and regional school district programs. Current offset items include racial equality grants, school lunch grants, and public libraries grants. (See Offset Receipts)

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of

Glossary of Terms

the tax burden is to be borne by each class of real property and by personal property owners. (see Classification of the Tax Rate).

Classification of the Tax Rate: Each year, the selectmen or city council vote whether to exercise certain tax rate options. Those options include choosing a residential factor (MGL Ch. 40 §56), and determining whether to offer an open space discount, a residential exemption (Ch. 59, §5C), and/or a small commercial exemption (Ch. 59, §5I) to property owners.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Community Preservation Act (CPA): Enacted as MGL Ch. 44B in 2000, CPA permits cities and towns accepting its provisions to establish a restricted fund from which monies can be appropriated only for a) the acquisition, creation and preservation of open space; b) the acquisition, preservation, rehabilitation, and restoration of historic resources; and c) the acquisition, creation and preservation of land for recreational use; d) the creation, preservation and support of community housing; and e) the rehabilitation and restoration of open space, land for recreational use and community housing that is acquired or created using monies from the fund. Acceptance requires town meeting or city council approval or a citizen petition, together with referendum approval by majority vote. The local program is funded by a local surcharge up to 3 percent on real property tax bills and matching dollars from the state generated from registry of deeds fees. (See DOR IGR 00-209 as amended by IGR 01-207 and IGR 02-208)

Community Preservation Fund: A special revenue fund established pursuant to MGL Ch. 44B to receive all monies collected to support a community preservation program, including but not limited to, tax surcharge receipts, proceeds from borrowings, funds received from the Commonwealth, and proceeds from the sale of certain real estate.

Compensating Balance Agreement: An alternative to the payment of direct fees for banking services. In this case, a bank specifies a minimum balance that the municipality must maintain in non-interest bearing accounts. The bank can then lend this money (subject to a reserve requirement) and earn interest, which will at least cover the cost of services provided to the municipality. Compensating balance agreements are permitted under MGL Ch. 44 §53F and must be approved annually by town meeting or the city council.

Conservation Fund: A city or town may appropriate money to a conservation fund. This money may be expended by the conservation commission for lawful conservation purposes as described in MGL Ch. 40 §8C. The money may also be expended by the conservation commission for damages arising from an eminent domain taking provided that the taking was approved by a two-thirds vote of city council or town meeting.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Authorization: Formal approval by a two thirds vote of town meeting or city council to incur debt, in accordance with procedures stated in MGL Ch. 44 §§1, 2, 3, 4a, 6-15.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Exclusion: An action taken by a community through a referendum vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½. By

Glossary of Terms

approving a debt exclusion, a community calculates its annual levy limit under Proposition 2½, then adds the excluded debt service cost. The amount is added to the levy limit for the life of the debt only and may increase the levy above the levy ceiling.

Debt Limit: The maximum amount of debt that a municipality may authorize for qualified purposes under state law. Under MGL Ch. 44 §10, debt limits are set at 5 percent of EQV. By petition to the Municipal Finance Oversight Board, cities and towns can receive approval to increase their debt limit to 10 percent of EQV.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that is chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund, authorized by MGL Ch. 44 §53F½, is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery—direct, indirect, and capital costs—are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services. (See DOR IGR 08-101)

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the commonwealth that is subject to local taxation. EQVs have historically been

used as variables in distributing certain state aid accounts and for determining county assessments and certain other costs. The Commissioner of Revenue, in accordance with M.G.L. Ch. 58 s 10C, is charged with the responsibility of bi-annually determining an equalized valuation for each town and city in the Commonwealth.

Estimated Receipts: A term that typically refers to anticipated local revenues listed on page three of the Tax Recapitulation Sheet. Projections of local revenues are often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

Excess and Deficiency (E&D): Also called the "surplus revenue" account, this is the amount by which cash, accounts receivable, and other assets exceed a regional school district's liabilities and reserves as certified by the Director of Accounts. The calculation is based on a year-end balance sheet, which is submitted to DOR by the district's auditor, accountant, or comptroller as of June 30. The regional school committee must apply certified amounts exceeding five percent of the district's prior year operating and capital costs to reduce the assessment on member cities and towns. Important: E&D is not available for appropriation until certified by the Director of Accounts.

Excess Levy Capacity: The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually, the board of selectmen or council must be informed of excess levying capacity and evidence of such acknowledgment must be submitted to DOR when setting the tax rate.

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and

Glossary of Terms

cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fiscal Year (FY): Since 1974, the Commonwealth and municipalities have operated on a budget cycle that begins July 1 and ends June 30. The designation of the fiscal year is that of the calendar year in which the fiscal year ends. Since 1976, the federal government fiscal year has begun on October 1 and ended September 30.

Fixed Assets: Long-lived, tangible assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Foundation Budget: The spending target imposed by the Education Reform Act of 1993 for each school district as the level necessary to provide an adequate education for all students.

Free Cash: (Also Budgetary Fund Balance) Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax

recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Important: free cash is not available for appropriation until certified by the Director of Accounts. (See Available Funds)

Full and Fair Cash Value (FFCV): Fair cash value has been defined by the Massachusetts Supreme Judicial Court as "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and cannot exceed the sum that the owner after reasonable effort could obtain for his property. A valuation limited to what the property is worth to the purchaser is not market value. The fair cash value is the value the property would have on January first of any taxable year in the hands of any owner, including the present owner." (Boston Gas Co. v. Assessors of Boston, 334 Mass. 549, 566 (1956))

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self balancing set of accounts that is segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing the financial records of a municipality into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities

Glossary of Terms

whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service.

General Fund: The fund used to account for most financial resources and activities governed by the normal town meeting/city council appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policymaking body including the school committee of a municipality.

Government Finance Officers Association (GFOA): This organization provides leadership to the government finance profession through education, research and the promotion and recognition of best practices.

Governmental Accounting Standards Board (GASB): The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Law Enforcement Trust Fund: A revolving fund established to account for a portion of the proceeds from the sale of property seized from illegal drug-related activities. Funds may be expended to defray certain qualified law enforcement costs as outlined in MGL Ch. 94C, s 47. Funds from this account may be expended by the police chief without further appropriation.

Levy Ceiling: A levy ceiling is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property. Property taxes levied may exceed this limit only if the community passes a capital exclusion, a debt exclusion, or a special exclusion. (See Levy Limit)

Levy Limit: A levy limit is one of two types of levy (tax) restrictions imposed by MGL Ch. 59 §21C (Proposition 2½). It states that the real and

Glossary of Terms

personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions. The levy limit can exceed the levy ceiling only if the community passes a capital expenditure exclusion, debt exclusion, or special exclusion. (See Levy Ceiling)

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Local Aid: Revenue allocated by the Commonwealth to cities, towns, and regional school districts. Estimates of local aid are transmitted to cities, towns, and districts annually by the "Cherry Sheets." Most Cherry Sheet aid programs are considered general fund revenues and may be spent for any purpose, subject to appropriation.

Local Appropriation Authority: In a town, the town meeting has the power to appropriate funds, including the authorization of debt. In a city, the city council has the power upon the recommendation of the mayor.

Local Receipts: Locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. Annual estimates of local receipts are shown on the tax rate recapitulation sheet. (See Estimated Receipts)

Massachusetts School Building Authority (MSBA): A quasi-independent government authority that partners with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable and cost-effective public school facilities.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Massachusetts Municipal Depository Trust: An investment program, founded in 1977 under the supervision of the State Treasurer, in which

municipalities may pool excess cash for investment.

Minimum Required Local Contribution: The minimum that a city or town must appropriate from property taxes and other local revenues for the support of schools (Education Reform Act of 1993).

Municipal(s): (As used in the bond trade) "Municipal" refers to any state or subordinate governmental unit. "Municipals" (i.e., municipal bonds) include not only the bonds of all political subdivisions, such as cities, towns, school districts, special districts, but also bonds of the state and agencies of the state.

Municipal Revenue Growth Factor (MRGF): An estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2 1/2 percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories and the change in selected unrestricted local receipts.

M.G.L.: Massachusetts General Laws.

Net School Spending (NSS): School budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education (DOE). (See Education Reform Act of 1993) Includes both school budget and municipal budget amounts attributable to education, excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A community's NSS funding must equal or exceed the NSS Requirement established annually by the Department of Education.

New Growth: The additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases

Glossary of Terms

caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit. For example, new growth for FY07 is based on new construction, etc. that occurred between January and December 2005 (or July 2005 and June 2006 for accelerated new growth communities). In the fall of 2006, when new growth is being determined to set the FY07 levy limit, the FY06 tax rate is used in the calculation.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as "personal services," "expenses," or "capital outlay."

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Offset Receipts: A local option that allows estimated receipts of a particular department to be earmarked for use of the department and appropriated to offset its annual operating budget. If accepted, MGL Ch. 44 §53E limits the amount of offset receipts appropriated to no more than the actual receipts collected for the prior fiscal year. The Director of Accounts must approve use of a higher amount before appropriation. Actual collections greater than the amount appropriated close to the general fund at year-end. If actual collections are less, the deficit must be raised in the next year's tax rate.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Other Amounts to be Raised: (Tax Recapitulation Sheet) Amounts not appropriated but raised through taxation. Generally, these are locally generated expenditures (e.g., overlay, teacher pay deferral, deficits) as well as state,

county and other special district charges. Because they must be funded in the annual budget, special consideration should be given to them when finalizing the budget recommendations to the city council or town meeting.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

Overlay: (Overlay Reserve or Allowance for Abatements and Exemptions) 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.

Overlay Deficit: A deficit that occurs when the amount of overlay raised in a given year is insufficient to cover abatements, statutory exemptions, and uncollected taxes for that year.

Overlay Surplus: Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Within 10 days of a written request by the chief executive officer of a city or town, the assessors must provide a certification of the excess amount of overlay available to transfer. Overlay surplus may be appropriated for any lawful purpose. At the end of each fiscal year, unused overlay surplus is "closed" to surplus revenue, i.e., it becomes a part of free cash.

Override: A vote by a community at an election to permanently increase the levy limit. An override vote may increase the levy limit no higher than the levy ceiling. The override question on the election ballot must state a purpose for the override and the dollar amount. (See Underride.)

Override Capacity: The difference between a community's levy ceiling and its levy limit. It is the maximum amount by which a community may override its levy limit.

Glossary of Terms

Performance Budget: A budget that stresses output both in terms of economy and efficiency.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Proposition 2½: A state law enacted in 1980, Proposition 2½ regulates local property tax administration and limits the amount of revenue a city or town may raise from local property taxes each year to fund municipal operations.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve for Abatements and Exemptions: (See Overlay)

Reserve Fund: An amount set aside annually within the budget of a city (not to exceed 3 percent of the tax levy for the preceding year) or town (not to exceed 5 percent of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for "extraordinary or unforeseen" expenditures. Other uses of the fund require budgetary transfers by town meeting. In a city, transfers from this fund may be voted by the city council upon recommendation of the mayor.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors' analysis and consideration of

many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information. Every three years, assessors must submit property values to the DOR for certification. Assessors must also maintain fair cash values in the years between certifications so that each taxpayer in the community pays his or her share of the cost of local government in proportion to the value of his property. (See Triennial Certification)

Revenue Anticipation Borrowing: Cities, towns and districts may issue temporary notes in anticipation of taxes (TANs) or other revenue (RANs). The amount of this type of borrowing is limited to the total of the prior year's tax levy, the net amount collected in motor vehicle and trailer excise in the prior year and payments made by the Commonwealth in lieu of taxes in the prior year. According to MGL Ch. 44 s 4, cities, towns and districts may borrow for up to one year in anticipation of such revenue.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations. (See Bond Anticipation Note)

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For departmental revolving funds, MGL Ch. 44 §53E½ stipulates that each fund must be authorized by bylaw by the legislative body, and that a limit on the total amount that may be spent from each fund must be established annually. Wages or salaries for full-time employees may be paid from the revolving fund only if the fund is also charged for all associated fringe benefits.

Sale of Cemetery Lots Fund: A fund established to account for proceeds of the sale of cemetery lots. The proceeds may only be appropriated to pay for the cost of the land, its

Glossary of Terms

care and improvement or the enlargement of the cemetery under provisions of MGL Ch. 114 §15.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure. MGL Chapter 44 s 63 states that such proceeds shall be applied first to the retirement of debt on the property sold. In the absence of such debt, funds may generally be used for purposes for which the town or city is authorized to borrow for a period of five years or more.

Security: For Massachusetts municipalities, bonds or notes evidencing a legal debt on the part of the issuer.

Special Assessments: (See Betterments)

Special Exclusion: For a few limited capital purposes, a community may exceed its levy limit or levy ceiling without voter approval. Presently, there are two special expenditure exclusions: 1) water and sewer project debt service costs which reduce the water and sewer rates by the same amount; and 2) a program to assist homeowners to repair or replace faulty septic systems, remove underground fuel storage tanks, or remove dangerous levels of lead paint to meet public health and safety code requirements. In the second special exclusion, homeowners repay the municipality for the cost plus interest apportioned over a period of time, not to exceed 20 years (similar to betterments).

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes. A majority vote of town meeting or city council is required to establish, amend the purpose of, or appropriate money into the stabilization fund. Appropriation from the stabilization fund requires a two-thirds majority vote. (See DOR IGR 04-201)

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

Tax Rate Recapitulation Sheet (Recap Sheet): A document submitted by a city or town to the DOR in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate. The recap sheet should be submitted to the DOR by September 1 (in order to issue the first-half semiannual property tax bills before October 1) or by December 1 (in order to issue the third quarterly property tax bills before January 1).

Tax Title (or Tax Taking): A collection procedure that secures a city or town's lien on real property and protects the municipality's right to payment of overdue property taxes. Otherwise, the lien expires if five years elapse from the January 1 assessment date and the property has been transferred to another owner. If amounts remain outstanding on the property after issuing a demand for overdue property taxes and after publishing a notice of tax taking, the collector may take the property for the city or town. After properly recording the instrument of taking, the collector transfers responsibility for collecting the overdue amounts to the treasurer. After six months, the treasurer may initiate foreclosure proceedings.

Tax Title Foreclosure: The procedure initiated by a city or town treasurer in Land Court or through land of low value to obtain legal title to real property already in tax title and on which property taxes are over due. The treasurer must wait at least six months from the date of a tax taking to initiate Land Court foreclosure proceedings (MGL Ch. 60 §65).

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by town meeting. Both principal and interest may be used if the trust is established as an

Glossary of Terms

expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves and they are not available for disbursement.)

Override: A vote by a community to permanently decrease the tax levy limit. As such, it is the opposite of an override. (See Override)

Undesignated Fund Balance: Monies in the various government funds as of June 30 that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Uniform Municipal Accounting System (UMAS): UMAS succeeds the so-called Statutory System (STAT) and is regarded as the professional standard for municipal accounting in Massachusetts. As a uniform system for local governments, it conforms to Generally Accepted Accounting Principles (GAAP), offers increased consistency in reporting and record keeping, as well as enhanced comparability of data among cities and towns.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

Warrant: An authorization for an action. For example, a town meeting warrant establishes the matters that may be acted on by that town meeting. A treasury warrant authorizes the

treasurer to pay specific bills. The assessors' warrant authorizes the tax collector to collect taxes in the amount and from the persons listed, respectively.



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