

Undistributed Expenses

Section 6



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Undistributed Expenses

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Undistributed Expenses

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

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
UNDISTRIBUTED EXPENSES SUMMARY						
EMPLOYEE BENEFITS& INSURANCE						
Health Insurance	5,395,882	5,375,136	5,465,418	5,997,041	2,709,088	6,122,824
Transfer to OPEB Trust	500,000	500,000	550,000	0	0	0
Life Insurance	6,502	6,271	6,496	8,930	3,096	8,930
Other Benefits/FICA	403,110	420,621	467,415	488,258	197,523	489,904
Worcester Regional Retirement	1,612,608	1,790,753	2,047,554	2,275,596	2,275,596	2,470,601
Workers Comp	116,817	132,278	118,943	141,330	118,984	134,702
SUBTOTAL EMPLOYEE BENEFITS	8,034,919	8,225,059	8,655,826	8,911,155	5,304,287	9,226,961
Building & Liability Insurance	239,753	236,438	241,455	269,862	185,471	283,557
Debt Service	2,842,319	2,796,193	2,666,160	2,202,532	295,717	2,130,726
State Assessments	235,976	244,460	251,463	273,418	131,834	255,768
Reserve for Abatements¹	280,000	335,593	587,104	650,299	650,299	404,661
Cherry Sheet Offset Items²	22,559	23,088	23,612	23,994	23,994	28,793
Stabilization Fund Contribution	200,000	200,000	200,000	0	0	0
Reserve Fund ³	0	0	0	375,000	0	175,000
Warrant Articles⁴	2,107,000	1,870,000	4,951,000	2,337,775	0	1,435,000
TOTAL: UNDISTRIBUTED EXPENSES	13,962,526	13,930,831	17,576,620	15,044,035	6,591,602	13,940,466

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.

During FY2018, in an effort to control the escalating costs of health insurance, the Town issued a Request for Proposals to various health insurance providers. The result of that process was a move to consolidate carriers under the Fallon Community Health Plan for FY2019. Under Fallon, the Town offers a Select HMO plan with a broad network, a Direct HMO plan with a limited network, and continues to offer the Fallon Preferred Provider Plan (PPO). Due to favorable claims data, the renewal with Fallon will not result in any premium increase for FY2022. As a benefit of retirement, former Town employees are also eligible for group health insurance coverage. Retirees under the age of 65, or otherwise not Medicare eligible, are covered on the active employee plans with the same contribution as the Town employees. The Town offers four senior plans for Medicare eligible retirees: Fallon Senior, Tufts Complement, Tufts Preferred and MEDEX.

As of March 1, 2021, a total of 294 active employees (87 Town and 207 K-8 School), and 216 retirees (68 Town and 148 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 FY2022, following a confirmed zero percent increase renewal on active plans from Fallon:

Health Insurance Plan	7/1/2021 Renewal Monthly Rates	Town Employees				School Employees			
		7/1/2021 Town Monthly Expense	7/1/2021 Employee Monthly Expense	7/1/2021 Town Monthly Expense	7/1/2021 Employee Monthly Expense				
Fallon Select HMO	Ind 835.95	70%	585.17	30%	250.78	75%	626.96	25%	208.99
	Fam 2,173.42	70%	1,521.39	30%	652.03	75%	1,630.07	25%	543.36
Fallon Direct HMO	Ind 726.91	70%	508.84	30%	218.07	75%	545.18	25%	181.73
	Fam 1,889.90	70%	1,322.93	30%	566.97	75%	1,417.43	25%	472.47
Fallon Pref Care PPO	Ind 1,003.14	50.0%	501.57	50.0%	501.57	50%	501.57	50%	501.57
	Fam 2,608.10	50.0%	1,304.05	50.00%	1,304.05	50%	1,304.05	50%	1,304.05



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In FY2022, the Town will contribute 70% of the monthly Fallon 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 Fallon PPO Plan for both K-8 School and Town employees. The employees pay the remaining premium through bi-weekly payroll deductions.

The FY2022 budget was prepared using an estimated 5% increase effective with the Senior plan renewal on January 1, 2022. The following rate schedule will be in place until the calendar year renewal.

Health Insurance Plan		1/1/2021 Renewal Monthly Rates	Medicare Eligible Ret Empl*			
				1/1/2021 Town Monthly Expense		1/1/2021 Retiree Monthly Expense
Fallon Senior	Ind	313.00	70%	219.10	30%	93.90
	Ind x2	626.00	70%	438.20	30%	187.80
Tufts Medicare	Ind	684.00	70%	478.80	30%	205.20
Complement	Ind x2	1,368.00	70%	957.60	30%	410.40
Tufts Medicare	Ind	339.00	70%	339.00	30%	101.70
Preferred	Ind x2	678.00	70%	678.00	30%	203.40
MEDEX 2	Ind	415.19	51%	211.75	49%	203.44
	Ind x2	830.38	51%	423.50	49%	406.88

* 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, and most recently carrier consolidation. The overall affect has been an average health insurance budget increase of just 3% since FY2010.

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

Health Insurance Budget Increases	
FY2010	0.72%
FY2011	2.99%
FY2012	4.49%
FY2013	3.34%
FY2014	2.00%
FY2015	1.00%
FY2016	3.00%
FY2017	3.00%
FY2018	8.33%
FY2019	3.80%
FY2020	2.00%
FY2021	2.60%
FY2022	2.10%
Average	3.03%

In FY2019, the Town faced initial renewal quotes in double digit percentages, so with the intent to control costs for that year and into the future, the Town issued a Request for Proposals (RFP) for a sole provider. With the results of the RFP, the recommendation was made to move to Fallon Community Health Plan. This change offered the traditional HMO plan as well as a limited network HMO plan at a lower cost as an option for employees. With the single provider, FY2019 saw a budget increase of 3.8% over the prior year to \$5.7 million. In FY2020, as a continuation of the plan consolidation with Fallon and having favorable claims data during FY2019, the Town signed a zero percent premium increase renewal for FY2020. In FY2021, the town received a 3.5% increase to both the Fallon Select and Fallon PPO Plans, a 0% increase to the Fallon Direct Plan, and an anticipated 5% increase to the Senior Plans. This resulted in an overall increase of 2.6% from FY2020 to FY2021.

For FY2022, the Town received a 0% premium increase. This will result in a 2.1% increase in the budget to \$6.1 million after accounting for potential employee migrations.

	FY2018	FY2019	FY2020	FY2021	FY2021	FY2022
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED

HEALTH INSURANCE

Expenses

51750 Town Health Insurance	1,066,433	1,075,796	1,141,453	1,297,589	505,252	1,292,999
51755 Town Retiree Health Ins.	341,710	327,251	326,570	380,303	169,080	404,845
51800 School K-8 Health Insurance	3,324,449	3,261,912	3,324,354	3,513,436	1,698,754	3,602,222
51805 School K-8 Retiree Health Ins.	618,049	683,477	654,889	745,413	330,752	772,758
51850 Health Reimbursement Account	45,240	26,700	18,152	60,300	5,250	50,000
SUBTOTAL	5,395,882	5,375,136	5,465,418	5,997,041	2,709,088	6,122,824



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 begin to be recognizing this liability in its financial statements starting FY2009.

The Town's first actuarial study calculated the liability to be \$90.4 million. However, following the adoption of MGL Chapter 32B, Section 18 in 2009, the Town's Unfunded Actuarial Accrued Liability (UAAL) for OPEB was greatly reduced to \$34.3 million. At the close of FY2011, an actuarial update was required and due to the implementation of Section 18, the Town's UAAL was further reduced to \$28.1 million. Without a funding source for this obligation, the UAAL increased to \$32.6 million based on the actuarial study received at the close of FY2013. The next actuarial study was completed at the close of FY2015 and the UAAL increased to \$34.9 million and as required, another actuarial update was conducted for the close of FY2017 which was calculated to be \$37.4 million (net of the trust fund balance). The GASB has since clarified and replaced Statement #45, with Statements #74 and #75, and under GASB #75 the Town's latest liability was calculated to be \$36.32 million (Net OPEB Liability) under the new standards at the end of FY2020.

The Town adopted the local option Meals Tax surcharge and an increase in a Room Occupancy tax in FY2015 in part to help provide the capacity for an initial \$500,000 funding for the OPEB Trust Fund. 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.

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Unfortunately the Town's annual contributions, although significant, are not yet lowering the overall liability. In addition, recent fiscal constraints associated with the COVID-19 pandemic have required postponement of contributions to the OPEB Trust Fund in FY2021 and FY2022. The Town will need to revisit its funding plan in subsequent years to get back on track, resources permitting.

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.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
TRANSFER TO OPEB TRUST						
59992 Transfer to OPEB Trust	500,000	500,000	550,000	0	0	0
SUBTOTAL	500,000	500,000	550,000	0	0	0

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.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
LIFE INSURANCE						
Expenses						
51740 Town Life insurance	1,647	1,723	1,669	4,108	757	4,108
51745 School K-8 Life Insurance	4,855	4,548	4,828	4,822	2,339	4,822
SUBTOTAL	6,502	6,271	6,496	8,930	3,096	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 \$823/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. Under the CARES Act, reimbursable employers are only charged 50% of Covid-19 related claims and bill due dates have been extended to the end of FY2021.

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.

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Undistributed Expenses



	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
OTHER BENEFITS/FICA						
Expenses						
51730 FICA Town Share	115,068	127,793	120,181	122,793	54,305	122,793
51733 FICA School Share	261,684	267,215	278,171	284,664	135,080	285,777
51735 Unemployment Compensation	13,079	12,354	55,446	60,000	0	60,000
55090 Miscellaneous Benefits	13,279	13,258	13,617	20,801	8,139	21,334
SUBTOTAL	403,110	420,621	467,415	488,258	197,523	489,904

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 FY2022 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. Lamenza of the Public Employee Retirement Administration (PERAC).



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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, 2020, the Town recognized pension expense and intergovernmental revenue of \$6,562,816 for the Commonwealth's support of the system on behalf of the Town in its financial statements.

The total FY2022 Worcester Regional Retirement Assessment is \$2,548,279. The \$2,470,601 portion included in the General Fund budget below does not include the retirement costs contained in the Water Enterprise Fund (\$34,940), the Sewer Enterprise Fund (\$23,293) or the Cable Access TV budget (\$19,445)⁷.

The FY2022 General Fund increase of \$195,005 represents a significant 8.6% rise in costs, primarily due to implementation of the funding schedule designed to eliminate the unfunded pension liability by 2036.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
WORCESTER REGIONAL RETIREMENT						
Expenses						
56220 Retirement Assessment	1,612,608	1,790,753	2,047,554	2,275,596	2,275,596	2,470,601
SUBTOTAL	1,612,608	1,790,753	2,047,554	2,275,596	2,275,596	2,470,601

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 4.7% budgetary decrease for FY2022. There are two key factors that drive fluctuations in Workers' Compensation insurance premiums: claims experience and payroll costs (higher payroll costs associated with increases in wage rates and salaries and/or additional staffing generally result in higher premiums). The Town has participated in a wide variety of safety training programs offered by its insurer, MIIA, that are intended to reduce work-related injuries. These programs are specifically designed to address risks faced by municipal employees, are offered free of charge, and help the Town proactively manage its claims risk, thereby keeping costs down. These factors have resulted in the Town being able to reduce its Workers' Compensation budget slightly for FY2022.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
WORKERS' COMPENSATION INSURANCE						
Expenses						
51710 Workers' Compensation	116,432	128,682	118,803	136,330	118,984	129,702
53080 Police/Fire Injured on Duty (IOD) Medical Payments	385	3,596	140	5,000	0	5,000
SUBTOTAL	116,817	132,278	118,943	141,330	118,984	134,702

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



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Building & Liability Insurance

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

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

The Town's Building and Liability insurance premiums reflect a 5.1% budgetary increase for FY2022.

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
BUILDING & LIABILITY INSURANCE						
Expenses						
57410 Building & Liability Ins.	239,753	236,438	241,455	269,862	185,471	283,557
SUBTOTAL	239,753	236,438	241,455	269,862	185,471	283,557



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 FY2022 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 FY2022
General Fund	1,399,000	221,000	57,714	278,714
General Fund (Debt Excluded)	16,584,000	1,322,000	530,013	1,852,013
Subtotal General Fund	17,983,000	1,543,000	587,726	2,130,726
Water Enterprise	2,104,884	218,814	64,951	283,765
Sewer Enterprise	3,838,748	590,791	131,531	722,323
Community Preservation Act	1,084,000	155,000	48,780	203,780
Revolving Funds	210,000	105,000	5,250	110,250
Subtotal (Non General Fund)	7,237,632	1,069,605	250,513	1,320,118
TOTAL LONG & SHORT TERM DEBT	25,220,632	2,612,605	838,239	3,450,844

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

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
DEBT SERVICE						
Expenses						
59100 Principal/Long-term Debt	2,024,382	2,048,532	1,996,500	1,600,548	0	1,543,000
59150 Interest/Long-term Debt	782,757	747,661	669,660	591,434	295,717	534,976
59270 Interest/Temporary Loans	18,489	0	0	0	0	42,200
59280 Issuance Costs	16,691	0	0	10,550	0	10,550
SUBTOTAL	2,842,319	2,796,193	2,666,160	2,202,532	295,717	2,130,726

For FY2022, the total Debt Service budget for the General Fund is \$2.13 million, a decrease of \$71,806. The largest component of the debt service budget in FY2022 is for the Lincoln Street School, which is \$1,045,275. This is a slight decrease from the FY2017 peak of \$1,144,882. Since that project was finalized, being 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



Undistributed Expenses

Section 6-13

2010 Free Cash Policy, as these smaller capital items have been purchased using available funds. Please see Section 9 of this budget document for a more detailed explanation of the Free Cash Policy and the successful efforts to fund more pay-as-you-go capital projects. Following is a table showing the detail of all the Town's outstanding Long-Term Debt which will be coming due during FY2022:

DATE ISSUED	PAR AMOUNT	NET INTEREST COST	PURPOSE	FUND DEBT PAID FROM	TERM (YEARS)	TOTAL DUE PRINCIPAL & INTEREST
2/15/2003	\$ 2,964,000	3.8340%	Various Projects		19	\$ 104,500
	\$ 265,000	4.0481%	2001 Art 19 - Water Mains	Water Enterprise	19	\$ 15,675
	\$ 675,000	3.9970%	2002 Art 20 - Sewer Project	Sewer Enterprise	19	\$ 31,350
	\$ 1,055,000	4.0527%	2002 Art 39 - Colburn St Land Acq (DE)	Gen Fund (DE)	19	\$ 57,475
5/15/2005	\$ 2,100,000	3.9225%	Various Projects		20	\$ 70,170
	\$ 1,154,000	3.8864%	2002 & 2003 Water Articles	Water Enterprise	20	\$ 35,085
	\$ 675,000	4.0202%	2002 & 2003 Sewer Articles	Sewer Enterprise	20	\$ 35,085
10/15/2006	\$ 1,700,000	4.0253%	Various Projects		15	\$ 51,031
	\$ 180,000	4.0738%	2004 Art 26 - Sewer Project	Sewer Enterprise	15	\$ 10,206
	\$ 627,000	4.0915%	2004 STM Art 1 - Sewer Land Acq	Sewer Enterprise	15	\$ 40,825
10/15/2009	\$ 1,550,000	5.9191%	2004 STM Art 1 - Sewer Land Acq (Taxable)	Sewer Enterprise	15	\$ 122,125
5/1/2009	\$ 9,743,000	3.6160%	Various Projects		20	\$ 557,388
	\$ 330,000	3.5127%	2006 Art 56 - School Roof	Gen Fund	18	\$ 18,694
	\$ 3,448,051	3.6903%	2000 Art 37 - Library Const (DE)	Gen Fund (DE)	19	\$ 233,490
	\$ 175,733	3.4969%	2005 Art 23 - Library Const (DE)	Gen Fund (DE)	17	\$ 12,038
	\$ 1,450,000	3.6894%	2007 Art 20 - Library Const (DE)	Gen Fund (DE)	19	\$ 98,040
	\$ 47,200	3.4097%	2004 Art 23 - DPW Garage	Gen Fund	17	\$ 3,448
	\$ 50,000	3.5063%	2006 Art 30 - Police Station Repairs	Gen Fund	18	\$ 3,573
	\$ 50,000	3.4384%	2006 Art 31 - DPW Garage	Gen Fund	18	\$ 3,573
	\$ 50,000	3.0970%	2006 Art 33 - Park Improvements	Gen Fund	14	\$ 3,240
	\$ 750,000	3.7556%	2006 Art 24 - Water Wells	Water Enterprise	20	\$ 50,586
	\$ 225,000	3.7548%	2006 Art 25 - Water Mains	Water Enterprise	20	\$ 14,671
	\$ 230,000	3.7403%	2007 Art 23 - Water Tanks	Water Enterprise	20	\$ 14,671
	\$ 1,290,000	3.7629%	2006 Art 27 - Sewer Const	Sewer Enterprise	20	\$ 85,360
	\$ 250,000	3.7426%	2007 Art 24 - Sewer Const	Sewer Enterprise	20	\$ 16,005
4/1/2011	\$ 8,612,000	3.1992%	Various Projects		18	\$ 511,520
	\$ 5,200,000	3.2876%	2008 Art 20 - Senior Center (DE)	Gen Fund (DE)	18	\$ 371,445
	\$ 1,500,000	3.2757%	2008 Art 21 - Environmental Remediation	Gen Fund	18	\$ 107,988
	\$ 500,000	3.2451%	2008 Art 24 - Sewer Wells	Water Enterprise	18	\$ 32,088
4/15/2013	\$ 1,819,000	1.2393%	Various Projects		10	\$ 46,800
	\$ 267,750	1.5594%	2010 Art 21 - Middle School Roof	Gen Fund	10	\$ 26,000
	\$ 223,370	1.5438%	2009 Art 22 - Water Plant	Water Enterprise	10	\$ 20,800
6/17/2015	\$ 7,390,000	2.5504%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 516,775
1/21/2016	\$ 6,800,000	2.3927%	2014 Art 19 - Lincoln Street School (DE)	Gen Fund (DE)	20	\$ 510,000
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	\$ 271,650
	\$ 93,000	2.2455%	2014 Art 30 - Sewer Pump Station Design	Sewer Enterprise	5	\$ 19,650
	\$ 1,363,000	2.8223%	2015 Art 32 - Sewer Pump Station Const	Sewer Enterprise	15	\$ 139,800
	\$ 819,000	2.5482%	2014 Art 28 - Church Street Culvert	Gen Fund	10	\$ 112,200
SUBTOTAL EXISTING LONG TERM DEBT						\$ 2,860,564
*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 FY2022)						

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	ESTIMATED TERM	PRINCIPAL & INTEREST
2.5%	2019 Art 20 - Fire Station Land/Design (Paydown FY21)	10	\$ 52,750
4.5%**	2016 Art 42 - White Cliffs BAN (Paydowns FY18-21)	10	\$ 203,780
2.5%	2016 Art 27 - I&I BAN (Paydowns FY20-21)	10	\$ 60,625
2.5%	2017 Art 31 - W Main St Pump Station BAN (Paydowns FY20-21)	10	\$ 45,250
2.5%	2019 Art 12 - Ambulance \$315,000 (Paydown FY21)	3	\$ 110,250
2.5%	2020 Art 22 - Water/Sewer Garage	20	\$ 60,000
2.5%	2020 Art 23 - Assabet Water Tank Rehabilitation	20	\$ 55,125
SUBTOTAL EXISTING SHORT TERM DEBT			\$ 587,780



Section 6-14 Undistributed Expenses

Therefore, the total long and short-term debt service to be payable in FY2022 equals the \$3,450,844 shown in the first table of this section.

Statutory Debt Limit

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

Northborough’s 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 \$25,220,632, 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 FY2022 General Fund debt service budget is well under the local debt policy limits, as Gross General Fund Debt is 4.3% of the proposed budget, which is well within the Town’s policy limits: \$2,130,726 plus \$781,678 in overlapping debt from the regional school districts divided by an expense budget of \$67,726,437. The Net General Fund debt represents the same amount, 4.3% of FY2022 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.

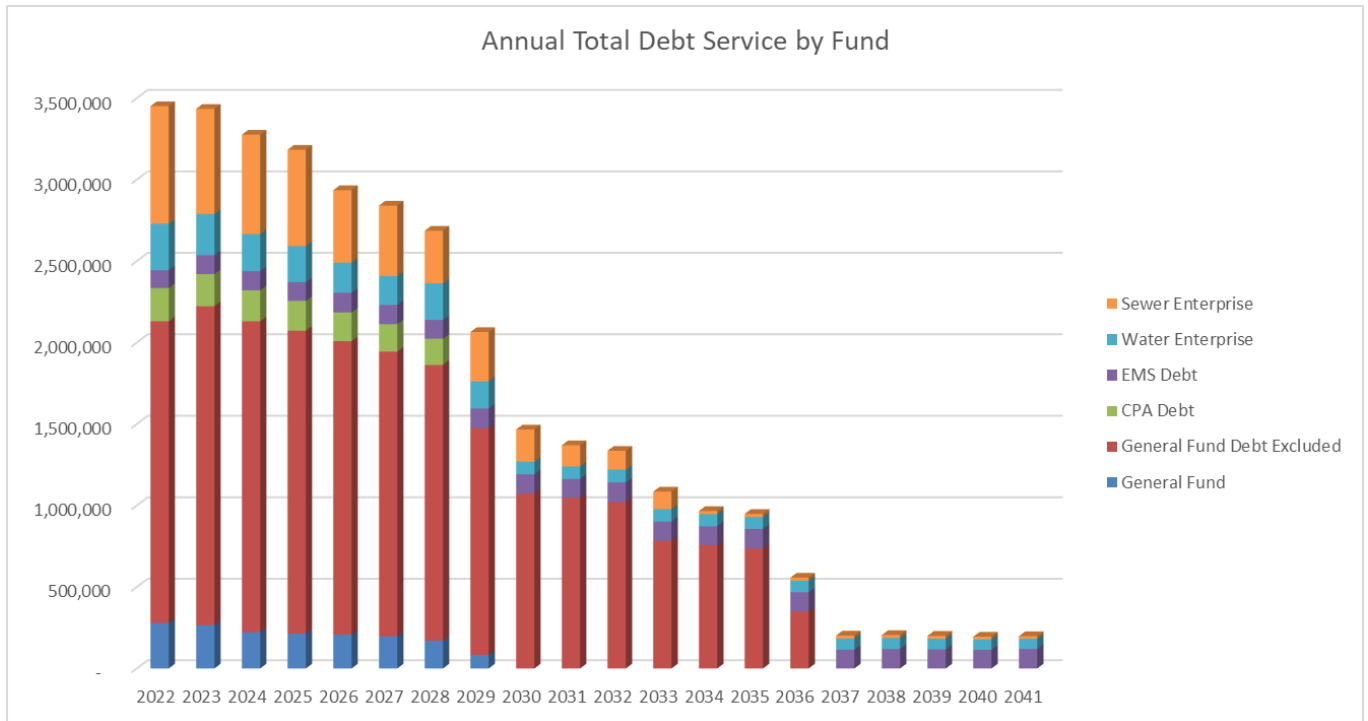
In May 2015, in conjunction with the first bond issuance for the Lincoln Street School project, Moody’s Investors Service upgraded the Town’s bond rating from Aa2 to Aa1, which is Northborough’s highest rating ever. During the review Moody’s cited the Town’s manageable debt levels, strong reserves, below 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.

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



Total Long-Term Debt Service - All Funds

The total long-term annual debt service from FY2022 through FY2036, including both principal and interest, is shown on the following page. The chart indicates the amount of long term debt service for the General Fund (both Debt Excluded and Non-Excluded), as well as the long term debt service for the Community Preservation Act (CPA) Fund, Emergency Medical Services Revolving Fund and the Water and Sewer Enterprise Funds. The figures include all existing debt, including projections for items currently in short-term debt. In addition, this table reflects the replacement plan whereby ambulances are replaced every three years, and those amounts are reflected in “EMS Debt” however no further Capital Plan purchases are included in the projections.



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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
2022	278,714	1,852,013	203,780	110,250	283,765	722,323	3,450,844
2023	265,384	1,958,058	196,805	115,750	253,691	644,955	3,434,643
2024	222,166	1,908,268	189,830	118,125	227,264	610,165	3,275,818
2025	214,686	1,858,043	182,855	115,375	221,199	590,975	3,183,133
2026	207,020	1,801,904	175,880	120,750	185,008	444,840	2,935,402
2027	197,168	1,747,159	168,905	118,000	176,428	433,135	2,840,794
2028	170,400	1,692,294	160,930	115,250	225,675	321,825	2,686,374
2029	83,200	1,391,325		120,625	167,081	302,475	2,064,706
2030		1,073,600		117,875	78,000	197,275	1,466,750
2031		1,047,950		115,125	76,500	130,750	1,370,325
2032		1,021,375		120,500	78,000	116,050	1,335,925
2033		783,800		117,750	76,200	107,870	1,085,620
2034		757,500		115,000	74,400	19,840	966,740
2035		736,350		120,375	72,600	19,360	948,685
2036		350,200		117,625	70,800	18,880	557,505
2037				114,875	69,000	18,400	202,275
2038				120,250	67,200	17,920	205,370
2039				117,500	65,400	17,440	200,340
2040				114,750	63,600	16,960	195,310
2041				120,125	61,800	16,480	198,405
	1,638,738	19,979,836	1,278,985	2,345,875	2,593,610	4,767,919	32,604,963



Undistributed Expenses

Section 6-17

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 FY2022 Assessments represented below are from the Governor’s Budget. Historically, the Town does not receive its final State Assessments until well after Town Meeting in April. Three categories of State assessments account for approximately 72% of the expenses—Mosquito Control, MBTA and Charter School Assessments.

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

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
STATE ASSESSMENTS						
Expenses						
56390 Mosquito Control Assessment	60,159	59,379	64,273	64,306	32,148	65,994
56400 Air Pollution Assessment	5,229	5,367	5,418	5,522	2,752	5,585
56420 MBTA	72,019	74,866	77,530	79,010	39,358	82,996
56430 Regional transportation Ch 161 B	26,271	25,601	26,104	23,374	11,896	20,552
56450 Parking Surcharge Ch 90	7,960	157	7,296	10,380	5,322	10,380
56440 Special Education	0	7,960	0	0	0	194
56455 School Choice Sending Tuition	18,180	28,595	30,369	29,359	15,408	33,741
56460 Charter School Sending Tuition	46,158	42,535	40,473	61,467	24,950	36,326
SUBTOTAL	235,976	244,460	251,463	273,418	131,834	255,768



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 FY2022, the proposed funding for the Overlay Reserve for Abatements and Exemptions is \$404,661, which represents approximately 0.9% 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 FY2022 is \$28,793 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, 2020, the balance in the Stabilization Fund is \$5.06 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 does not include a contribution to the Stabilization Fund from Free Cash due to the fiscal impacts of COVID-19. However, given the lower overall budget increases and the extra Free Cash being held in reserve, financial reserves as a percentage of the budget are estimated at 9%. Future contributions to the Stabilization Account will require a yearly review of the Town's financial position.

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

	FY2018 ACTUAL	FY2019 ACTUAL	FY2020 ACTUAL	FY2021 BUDGETED	FY2021 SIX MONTHS	FY2022 PROPOSED
STABILIZATION FUND CONTRIBUTION						
Expenses						
59950 Stabilization Fund	200,000	200,000	200,000	0	0	0
SUBTOTAL	200,000	200,000	200,000	0	0	0
TOTAL: STABILIZATION FUND CONTR.	200,000	200,000	200,000	0	0	0

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



Reserve Fund

Authorized by state statute, the Reserve Fund provides the Town operations with an option for the funding of extraordinary or unforeseen expenditures during the year. Transfers from this account require approval of the Appropriations Committee. 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 will be 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.

	FY2018	FY2019	FY2020	FY2021	FY2021	FY2022
	ACTUAL	ACTUAL	ACTUAL	BUDGETED	SIX MONTHS	PROPOSED
RESERVE FUND						
Expenses						
59810 Reserve Fund	0	0	0	375,000	0	175,000
SUBTOTAL	0	0	0	375,000	0	175,000
TOTAL: RESERVE FUND	0	0	0	375,000	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 FY2022, these warrant articles include \$175,000 for the Reserve Fund from Free Cash, and the FY2022 Capital Improvement Plan (CIP) which in total amounts to \$1,877,250. The funding sources for the CIP are \$805,000 from Free Cash, \$292,250 from Community Preservation Funds, \$150,000 in grant funding, \$80,000 from Water Enterprise Free Cash, \$50,000 in Water Enterprise Fund bonds, and \$500,000 from Sewer Enterprise Fund bonds. The CIP totals \$1,877,250, and together with the other warrant articles the total expenditures come to \$2,052,250.

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 FY2022 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.
- \$150,000 for Police Cruiser Replacements (CIP) — This request provides for the replacement of three patrol vehicles for the use of the Police Department. Included in the funding request is the cost of outfitting the vehicles with ancillary equipment, including radars and emergency warning equipment. This article is funded from Free Cash.
- \$80,000 for Fire Car 3 Pickup Replacement (CIP) – This request provides for the replacement of a 2012, one-ton pickup truck. This vehicle is used to carry personnel, equipment, and bulk supplies for emergency responses, inspections, and investigations.
- \$76,000 for Fire Car-1 SUV Replacement (CIP)—This request provides funds to replace the 2015 command vehicle used by the Fire Chief.
- \$115,000 for One-Ton Dump Truck w/ Plow (CIP) — This request provides funds to replace a public works truck and related equipment. This article is funded from Free Cash.
- \$74,000 for One-Ton Pickup w/ Plow (CIP) — This request provides funds to replace a public works truck and related equipment. This article is funded from Free Cash.
- \$310,000 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.
- \$500,000 for Water/Sewer SCADA System (CIP) —This request provides funds for a Supervisory Control and Data Acquisition (SCADA) system which is needed to monitor and



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Undistributed Expenses

efficiently manage the Town's Water/Sewer utility infrastructure. This request is Phase 2 of the project provides for installation and implementation of the system, which follows completion of an assessment conducted under Phase I in FY2015. Funding is intended to be provided by borrowing, with debt service intended to be paid by the Water and Sewer Enterprise Funds, to be divided 44% Water and 56% Sewer.

- \$50,000 for Water Reservoir Dam Compliance (CIP) —This request provides funds for design and permitting to breach the Reservoir Dam which is currently in poor condition. \$150,000 of this project will be funded by grants and the last \$50,000 will be funded with debt service to be paid for by the Water Enterprise Fund.
- \$80,000 Utility Tractor – Water/Sewer (CIP)— This request is to replace a 2003 utility tractor with a trailer used by the water and sewer divisions. The cost of this equipment will be divided 40% Water Enterprise Free Cash and 60% Sewer Enterprise Free Cash.



Undistributed Expenses

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		FY2018	FY2019	FY2020	FY2021	FY2021	FY2022
		BUDGETED ⁹	BUDGETED	BUDGETED	BUDGETED	SIX MONTHS	PROPOSED
TOWN MEETING							
SPECIAL WARRANT ARTICLES							
Expenses							
51821	Fire Forestry Truck	65,000					
51823	DPW Six-Wheel Dump Truck	240,000					
51824	DPW One Ton Dump Truck	95,000					
51825	DPW Dump Truck w/ Chip Body	95,000					
51826	DPW Chipper	65,000					
51827	DPW Fisher Street Culvert Plans	50,000					
51828	DPW Crawford St Retaining Wall	200,000					
51830	Sewer Inspection Camera	110,000					
51831	Sewer W Main Pump Station	400,000					
51832	Water Service Truck Replacement	100,000					
51833*	Proctor School Roof Repairs	300,000					
51916	GIS Aerial Photography		140,000				
51917	DPW One-Ton Dump Truck		140,000				
51918	DPW Street Sweeper		231,000				
51919	DPW Skid Steer		105,000				
51921	Water Dept. Excavator		160,000				
51922	Water Main Repairs		350,000				
51923	Zeh School Boiler Replacement		357,000				
52012	Fire Ambulance Replacement			315,000			
52020	Fire Station Phase I			3,500,00			
52014	DPW One-Ton Dump Truck			90,000			
52015	DPW 20-Ton Dump Truck			271,000			
52017	Water/Sewer Garage Design			75,000			
52018	Assabet Water Tank Rehab.			70,000			
52019	School K-8 Security Upgrades			185,000			
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		

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.

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Undistributed Expenses



(Continued)

FY2018 FY2019 FY2020 FY2021 FY2021 FY2022
 BUDGETED¹⁰ BUDGETED BUDGETED BUDGETED SIX MONTHS PROPOSED

**TOWN MEETING
 SPECIAL WARRANT ARTICLES**

Expenses							
52123	Assabet Water Tank Rehab				725,000		
52124	MMS Accessibility & Parking Lot				50,000		
52211*	Police Cruiser Replacements	87,000	87,000	145,000	50,000		150,000
52212	Fire Dept Pickup Truck						80,000
52213	Fire Command Vehicle						76,000
52214*	DPW Road Improvements	300,000	300,000	300,000	300,000		310,000
52215	DPW One-ton Dump Truck						115,000
52216	DPW One-ton Pickup Truck						74,000
52217	Water/Sewer SCADA System						500,000
52218	Water Reservoir Dam Compliance						50,000
52219	Water/Sewer Utility Tractor						80,000
	SUBTOTAL	2,107,000	1,870,000	4,951,000	2,337,775		1,435,000
59810	Reserve Fund	175,000	175,000	175,000	375,000		175,000
59950	Stabilization Fund	200,000	200,000	200,000	0		0
	TOTAL	2,482,000	2,245,000	5,326,000	2,712,775		1,610,000

*Multiple account numbers combined for display purposes

¹⁰ 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.