

FINANCIAL FORECAST | TOWN OF MERRIMAC

A COMMUNITY COMPACT CABINET INITIATIVE

AUGUST 2018



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114-9569

www.mass.gov/dls



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Christopher C. Harding
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

August 16, 2018

Board of Selectmen
Town of Merrimac
2 School Street
Merrimac, MA 01860

Dear Board Members,

I am pleased to present the enclosed financial forecast for the Town of Merrimac as part of the Baker-Polito Administration's Community Compact Cabinet initiative. This collaborative program strives to create clear mutual standards, expectations, and accountability for both the state and municipalities. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

If you have any questions regarding the report, please contact Zack Blake, Technical Assistance Bureau Chief, at (617) 626-2358 or blakez@dor.state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

Supporting a Commonwealth of Communities

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INTRODUCTION

At the request of the board of selectmen, the Division of Local Services (DLS) Technical Assistance Bureau (TAB) developed a five-year financial forecast for the Town of Merrimac. This project is the result of the Community Compact Cabinet (CCC) initiative (www.mass.gov/CCC), whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government. To fulfill another CCC request, TAB has also produced a budget document, which is being provided separately.

As a best practice, a financial forecast is an essential planning and policymaking tool that projects revenues and expenditures over a multiyear period. It is designed to allow a municipality to evaluate the impact of various decisions and policy choices over time (e.g., development and growth, collective bargaining, capital planning, long-term obligations, etc.). As a living document, the forecast includes reasonable assumptions that must be continually evaluated and updated to reflect changing circumstances and events. By doing so, it provides a fair representation of the community's fiscal future to help guide strategic and budget planning processes.

To develop Merrimac's forecast, our team met with local officials, reviewed budget-related documents, and analyzed financial data. This report describes the various revenue and expenditure components and assumptions used to construct the five-year financial forecast contained in the accompanying Excel workbook. The source for all charts and graphs is the DLS databank unless otherwise noted.

COMMUNITY PROFILE

Merrimac (population 6,800) is located approximately 34 miles northeast of Boston along the New Hampshire border. Over time, the town has transformed from a rural village community focused on an agricultural economy to a largely residential one offering a greater variety of housing choices, along with easy access to I-495 and proximity to major employment centers.

For FY2018, town meeting approved an operating budget of about \$18.6 million funded through the property tax levy, state aid, local receipts, and other available revenue sources. The annual budget provides for a wide range of municipal services, including a full-time police force, fire department, public works department, water and sewer services, library, and council on aging. The Pentucket Regional School District (PRSD), supported by Merrimac, Groveland and West Newbury, provides education to students in grades PK through 12 to most of Merrimac's school-age residents.

Local officials have a history of preparing conservative, balanced budgets. The finance director works closely with town officials to project revenues that provide for a balance of town and educational services, manage cost increases prudently, and invest in capital assets. The adopted FY2018 operating budget is based on recurring revenues, with free cash appropriations being restricted to one-time and capital expenditures.

Merrimac continues to build reserves for long-term stability and weathering unforeseen events. These reserves include free cash and three stabilization funds (i.e., general, ambulance, and capital projects), whose total combined balance as of June 2016 was approximately \$1.8 million. The town appropriates from the capital stabilization fund for multiyear capital debt authorizations and for cash-funded projects, as dictated in Merrimac's long-term capital plan and its annually approved capital budgets. In addition, the town has been addressing its liability for other postemployment benefits (OPEB) by investing in a dedicated trust fund, which currently has a balance of over \$1.1 million.

As a part of Merrimac's continuing efforts to enhance financial planning, the town requested our assistance in developing a multiyear forecast. A revenue and expenditure forecast provides a framework for long-term planning, helps a community detect fiscal challenges sooner, enables the development of strategies to address emerging issues, and allows the opportunity to analyze impacts of multiyear contracts and other financial trends.

The timing of this report coincides with the change in fiscal years. The town's financial officers are in the process of closing the FY2018 books, reconciling accounts, and preparing annual reports, including the FY2019 tax recap sheet, which will not be completed for a couple months. As such, the financial forecast for FY2019 uses departmental budget information adopted at annual town meeting along with the latest information available from other relevant sources, such as the final state aid amounts.

ABOUT THE FIVE-YEAR FINANCIAL FORECAST

Financial forecasting involves projecting revenues and expenditures over a period of time, which allows the town to identify challenges, analyze scenarios, and budget sustainably for the future. The attached forecast is intended to:

- Capture annual, data-driven snapshots of the town's financial condition
- Project data for five-year period
- Integrate with the town's annual budget process and be updated for each budget cycle
- Serve as a public document that provides financial information to the community, town meeting, and relevant boards and committees
- Protect or otherwise enhance the town's credit rating

In the accompanying Excel workbook, we provide a five-year forecast with summary pages and detailed revenue and expense worksheets. The summary shown on the following page displays the general fund at the top, the combined enterprise funds below, and the amount of discretionary funds available (surplus) or the revenue gap (shortfall) for each of them. Also included are fiscal year-end balances for important accounts (such as the general and special purpose stabilization funds) based on annual appropriations to those accounts, consistent with policy or practice, nominal annual interest earnings, and scheduled transfers out. On the succeeding pages, we define each major revenue and expenditure category in greater detail along with the assumptions used to build the forecast.

To enhance the usability of a financial forecast, we recommend that the town develop and adopt financial policies on various topics, including financial reserves, capital planning, indirect costs allocation, debt management, and OPEB. A core set of financial policies provides guidance necessary for making decisions regarding the use of town resources. Sample policies can be downloaded from our [website](#).

Town of Merrimac

Summary of Projected Revenues and Expenditures

GENERAL FUND	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenues	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Property Tax Levy	11,459,815	12,036,795	12,491,445	12,977,954	13,383,885	13,799,734	14,226,424	14,668,536
State Aid Cherry Sheet	892,962	924,270	957,135	1,007,096	1,028,946	1,051,340	1,074,293	1,097,818
Estimated Local Receipts	1,606,323	1,632,500	1,636,200	1,658,100	1,680,360	1,702,987	1,726,089	1,749,573
Free Cash	573,988	439,506	798,737	0	0	0	0	0
Available Funds/Other Financing	16,400	457,270	231,692	10,000	10,000	10,000	10,000	10,000
Total Revenues	14,549,488	15,490,341	16,115,209	15,653,150	16,103,190	16,564,061	17,036,806	17,525,927

Expenditures

General Government	675,409	719,284	839,199	869,868	869,945	882,233	895,377	909,477
Public Safety	1,698,476	1,716,495	1,867,216	1,927,675	1,976,518	1,984,896	1,993,566	2,002,540
Education	8,086,251	8,514,924	8,879,179	9,204,854	9,626,537	10,058,496	10,531,781	11,007,677
Public Works/Cemetery	1,057,125	1,062,438	1,124,868	651,391	661,710	665,962	670,295	674,711
Health and Human Services	382,864	408,776	415,187	457,415	462,822	464,453	466,100	467,764
Culture & Recreation	283,214	288,852	299,589	305,357	310,144	311,244	312,355	313,477
Retirement of Debt	527,287	517,478	470,362	511,418	455,144	388,470	377,975	367,021
Employee Benefits	719,144	795,463	924,003	994,932	1,076,376	1,164,874	1,261,052	1,365,597
Risk Management	41,270	48,506	65,000	71,000	72,420	73,868	75,346	76,853
State Assessments	81,533	90,878	97,694	106,169	114,132	122,692	131,893	141,785
Transfers/Other Uses	575,388	891,776	1,020,344	338,500	355,000	373,150	393,115	415,077
Special Articles								
Other Amounts Raised	110,615	110,316	112,570	115,342	117,548	119,797	122,090	124,428
Total Expenditures	14,238,577	15,165,186	16,115,211	15,553,920	16,098,295	16,610,135	17,230,947	17,866,407
GENERAL FUND Surplus/(Deficit)	310,912	325,155	(2)	99,230	4,896	(46,074)	(194,141)	(340,481)

COLA Impact

GF Financial Impact of COLA Increase						46,061	108,396	171,978
Total Surplus/(Deficit) after COLA				99,230	4,896	(92,134)	(302,536)	(512,458)

① ENTERPRISE FUNDS

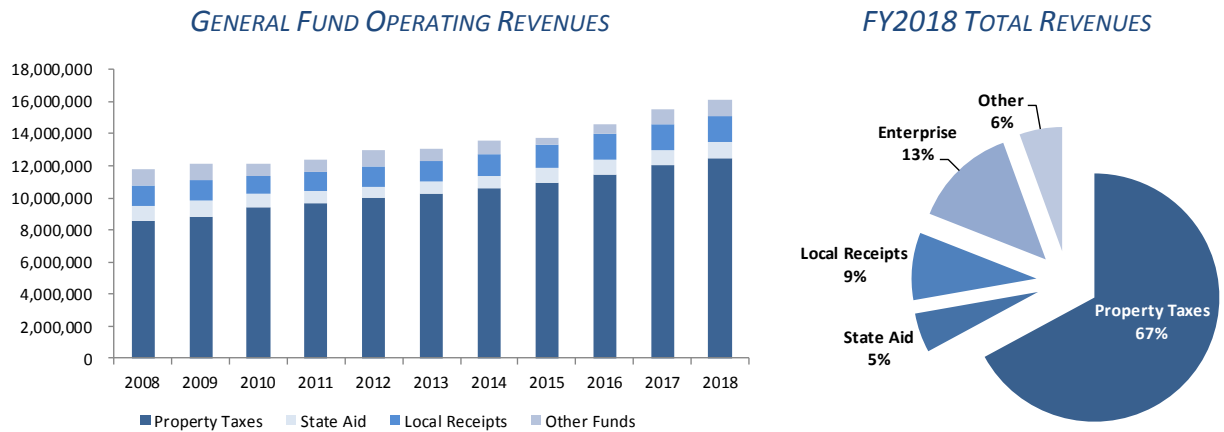
Enterprise Funds: Revenues	2,496,582	2,505,745	2,509,026	2,597,160	2,632,250	2,667,911	2,704,154	2,740,990
Enterprise Funds: Expenditures	1,890,463	2,255,441	2,509,027	2,446,413	2,477,515	2,485,943	2,509,361	2,504,813
ENTERPRISE Surplus/(Deficit)	606,119	250,304	(1)	150,747	154,735	181,968	194,793	236,177

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Equalized Valuation	\$746,617,400	\$746,617,400	\$746,617,400					
ASF-Value	\$338,894	\$348,594	\$372,513					
ASF-Tax Bill	\$5,477	\$5,696	\$5,871					
Tax Rate	\$16.16	\$16.34	\$15.76					

① Water and Sewer only; does not include Light

REVENUES

We recommend a moderately conservative approach to forecasting revenues. After reviewing historical information, conservative assumptions should be made about dollar and percentage adjustments to the current year’s revenues to arrive at projections for the first forecast year. The same analysis should be made for each successive year, and the forecast should be revised as new information becomes available or circumstances change. If projected revenues increase (e.g., Governor’s budget, new growth, user fees, and free cash), then a corresponding expenditure increase may be made to the recommended operating or capital budget. Alternatively, the potential revenue gain could be diverted to reserves or left unexpended and allowed to close at year-end to free cash. Conversely, in the case of decreased projected revenues, difficult decisions will be required to balance the budget.



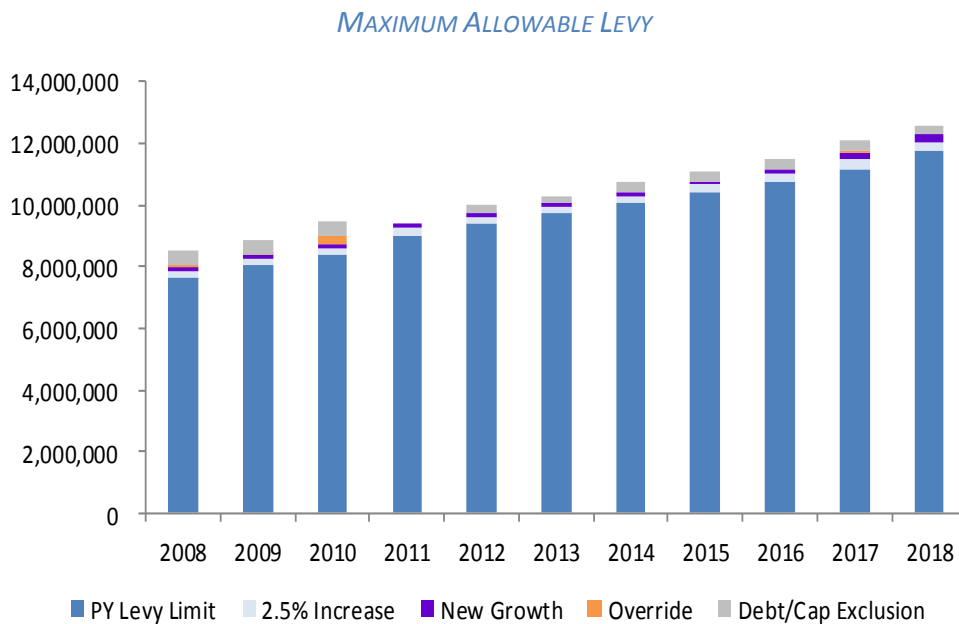
The Revenues worksheet has formula links to the Levy Worksheet, State Aid, Local Receipts, and Available Funds worksheets. It also displays projected revenues from the Enterprise Funds worksheet and calculates a grand total. For FY2018, Merrimac’s total revenue is \$18,624,235 and includes property taxes, state aid, local receipts, enterprise revenues, and other available funds such as free cash, receipts reserved for appropriation, sale of lots, and re-purposing prior year articles.

TAX LEVY

The property tax levy is the revenue a community raises through real and personal property taxes, with year-to-year increases constrained by Proposition 2½. The annual growth in the tax levy limit increases automatically by 2.5% over the previous year’s levy limit, plus an allowance for certain

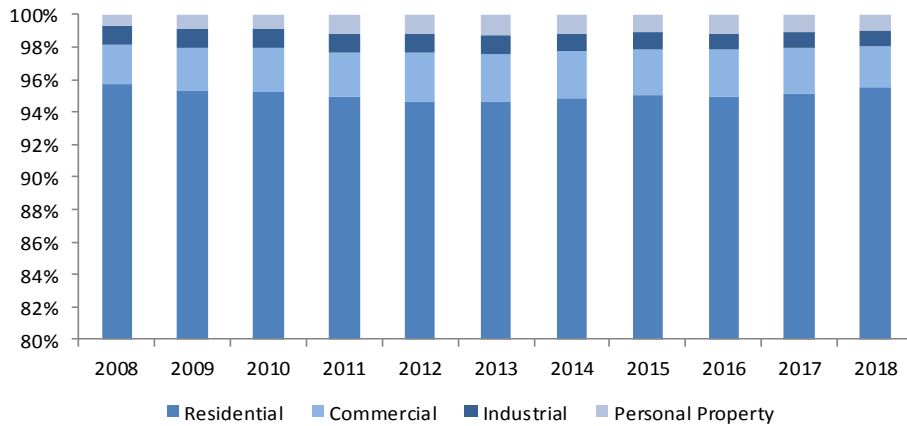
new construction and other additions to the tax rolls, known as new growth. A community may choose to increase its levy limit permanently through a voter-approved override or temporarily through a debt exclusion or capital outlay exclusion.

To fund operations, Merrimac relies heavily on property taxes to provide almost 78% of total operating revenues. Since FY2008, Merrimac’s property tax levy has increased 47%, from \$8.5M to over \$12.4M. The growth in the levy includes the allowable 2.5% annual increase plus four operational overrides, several debt exclusions for town and school infrastructure improvements, and moderate new growth.



The tax levy is comprised of real and personal property taxes. The real estate portion consists of property classified as residential, commercial, or industrial. Personal property, the non-real-estate share of the levy, generally includes goods, equipment, furniture, and other movable objects. Among the property classes, the residential property class supports over 95% of the tax levy while commercial, industrial, and personal property classes comprise the remaining 5%. Over the past five years, the residential property class has continued to support an increasing share of the tax levy.

TAX LEVY BY CLASS



Since 2002, voters approved five out of seven override referendums proposed to support the PRSD’s operating budget. In total, these authorizations have permanently added \$1.3 million to the tax levy. During the same period, voters approved four out of six override proposals related to the town’s operating budget, resulting in \$162,734 of additional levy.

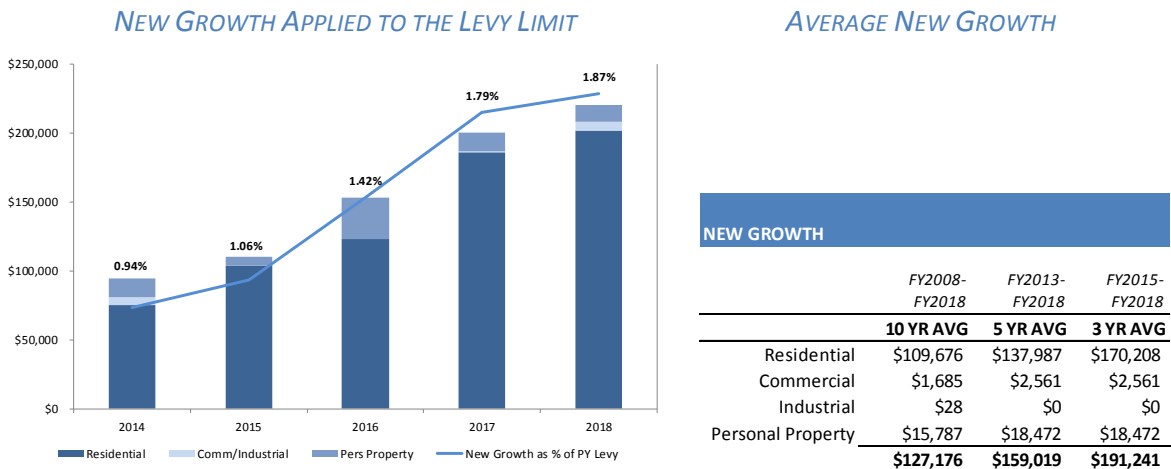
OVERRIDE			ALLOCATION	
	Amount	Description	Education	Non-Education
FY2002	\$167,768	Education assessments	\$1,311,086	\$162,734
FY2003	\$243,818	Education assessments	89.0%	11.0%
FY2005	\$35,034	Library		
FY2006	\$484,500	Education assessments		
FY2008	\$77,700	Elder Services & Fire/EMT		
FY2009	\$50,000	Fire/EMT		
FY2010	\$315,000	Education assessments		
FY2017	\$100,000	Education assessments		
	\$1,473,820			

As for temporary additions to the levy, no new debt exclusions have been proposed since 2002, when voters authorized excluded debt for town hall and library improvements. The debt service for these projects is still active in the levy and discussed further in the Expenditures section of this report.

New Growth: New growth represents additional value added to the property tax base from new construction or improvements to existing properties and other additions to the tax rolls. It can indicate whether or not the community is experiencing positive real estate development, and in turn, what to expect for property tax revenue growth. Conversely, it can also suggest what, if any, new expenditures to anticipate with new developments (e.g., additional school children, expansion to infrastructure, etc.).

In the past two years, the town experienced an uptick in new growth, including over \$220,000 added to the FY2018 levy. During this time period, Merrimac ranked 7th out of 34 Essex county communities in highest percentage of new growth applied to the prior year's levy limit. However, using a 10-year lookback, Merrimac's new growth averages \$127,000 annually. Therefore, the forecast conservatively projects new growth at \$100,000 annually.

The town executed a purchase and sale with North Shore Community Development Coalition to develop a 30-unit housing project on the former Coastal Metals site. No provision has been made in the forecast for this, but as details become known, local officials should update the revenues and expenditures associated with the project. Town officials should continually consult with the building and planning departments about permits and proposed construction within the town or nearby communities that might impact this analysis. The assessors submit new growth and property value information to DLS on Schedule LA-13, typically in the fall. The forecast should be updated with the new growth amount once it is certified by DLS.



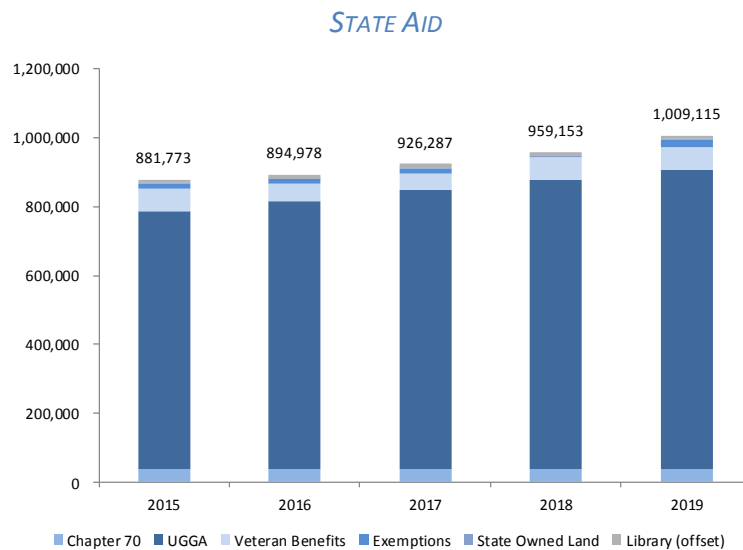
Debt Exclusions: To account for Merrimac's two active debt exclusions, we relied on figures obtained from the town's debt service schedules and amounts reported to DLS on the DE-1 schedule. The town will need to update the Debt, Available Funds, and Revenue worksheets with any new or anticipated debt service. For instance, town meeting recently approved \$500,000 for design and engineering costs to construct a standalone police station. Additionally, the town's 2017 annual report notes that proposals are being developed to address school and public safety infrastructure needs.

Excess Levy Capacity: The town consistently levies close to the maximum allowable under Proposition 2.5 thereby leaving very little excess levy capacity for future growth. Therefore the forecast makes no assumption about future excess levy capacity.

STATE AID

State aid, also referred to as local aid, is the combination of program revenues and reimbursements a community receives from the state as reported on the cherry sheets¹ (less any charges to be assessed). Local aid proposals begin with the Governor’s budget to the legislature in late January and continue through the spring and into June, when the House and Senate approve the final budget. The state budget progress, including each aid proposal and the final cherry sheets, may be found on the DLS website at: <https://www.mass.gov/lists/cherry-sheet-estimates>.

The FY2019 figures used in this forecast are based on the adopted budget as of July 2018. For future years of the forecast, local officials should begin with the Governor’s budget and then update the forecast as developments occur during the fiscal year.



¹ Named for the cherry colored paper on which they were originally printed, the Cherry Sheet is the official notification from the Commonwealth to cities, towns and regional school districts of next fiscal year's state aid and assessments.

Unrestricted General Government Aid (UGGA): By far Merrimac’s largest source of state aid, UGGA is based on equalized property valuation and population and is funded from lottery and gaming revenue to provide general purpose assistance. The forecast projects 2.5% annual increases.

Chapter 70: Using complex formulas, the Department of Elementary and Secondary Education (DESE) annually determines the total school foundation budget, minimum local contributions, and allocation of foundation budget between local and regional school districts. DESE then calculates the distribution of Chapter 70 educational aid and determines required net school spending (NSS) amounts. A community’s required local contribution is a historical figure that takes into account an estimate of the percentage change in revenue growth (i.e., the municipal revenue growth factor), enrollment trends, and inflation levels from the previous year.

For many communities, Chapter 70 is the largest component of local aid, but not so in Merrimac since the state sends aid for the PRSD directly to the district. Merrimac does however receive some Chapter 70 aid to offset the tuition of the few students attending Essex North Shore Agricultural & Technical School (Essex Tech). This amount has been level-funded in the forecast.

Other Local Aid Accounts: Merrimac receives reimbursements for veterans benefits, certain local property exemptions, and state-owned land. Reimbursement for veterans benefits is 75% of the amounts spent for allowable financial, medical, and burial benefits in the previous fiscal year. Property tax exemptions granted by the town to qualifying veterans, blind persons, surviving spouses, and elderly persons are fully reimbursed. Revenues lost due to tax-exempt, eligible state-owned land are reimbursed based on property values and the latest three-year statewide average tax rate. Because these categories are based on the town’s actual experience and subject to state appropriation, the aid amounts can be somewhat predictable. For this forecast, reimbursements for veterans benefits, property exemptions, and state-owned land are all level funded.

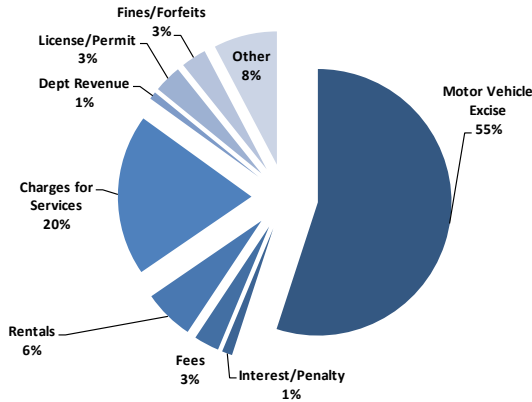
To encourage and supplement library services and resources, the state provides additional aid for public libraries to use strictly for library purposes. This amount offsets a corresponding appropriation and is projected with 1% annual increases.

LOCAL RECEIPTS

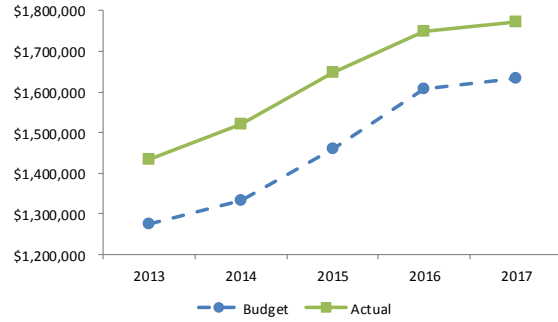
Local Receipts: Local receipts are locally generated revenues other than real and personal property taxes. These include motor vehicle excise, penalties and interest, investment income, fees, rentals, and other charges. These receipts, which generally reflect the health of the local economy, can

significantly impact free cash. For this reason, Merrimac conservatively estimates local receipts, closely monitors collection of actual receipts, and makes adjustments accordingly.

FY2018 ESTIMATED LOCAL RECEIPTS



LOCAL RECEIPTS: BUDGET VS. ACTUAL



Historical review of the town’s categories of local receipts reveals one-time events that do not have a long-term impact on projections. For example, the FY2016 estimated receipts for service charges showed a temporary surge. In that year, the town converted its solid waste collection charge from flat fee to flat fee plus pay-as-you-throw system. The increase was adjusted in future years as the disposal program matured and actual revenues normalized.

In this forecast, all local receipts have been conservatively projected at a growth rate between 1% and 2% (see the Local Receipts worksheet). Officials should monitor these receipts by comparing budget to actual amounts to ensure the forecast continues to be reasonable.

AVAILABLE FUNDS/OTHER FINANCING SOURCES

Aside from locally generated revenues and state aid, a community may be able to draw on other funding sources. These can include appropriations of reserves, such as available free cash and stabilization funds, as well as other recurring or nonrecurring sources of revenue and special revenue sources, like overlay surplus and receipts reserved for appropriation.

Communities primarily maintain reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Not recommended but sometimes necessary, a town may appropriate from reserves to fund some portion of the current operating budget, in effect using

one-time revenue. As a best practice, the town should avoid using free cash, stabilization funds, or any other nonrecurring revenue to support the operating budget or pay any recurring expenditures.

Free Cash: A community’s free cash represents the amount of unrestricted funds available for appropriation that have been certified by DLS as of July 1. Since free cash results from the spending and collection activity within a given fiscal year, it is vitally important that it not be routinely used to balance the budget, as there is no guarantee those monies will be available in successive years. This has not been an area of concern for Merrimac, however. As displayed in the table below, the town has been appropriating all of its annually certified free cash balances to offset snow and ice deficits, pay one-time expenditures, or build stabilization reserves.

FREE CASH APPROPRIATIONS

FREE CASH APPROPRIATIONS					
	FY2015	FY2016	FY2017	FY2018	FY2019
Snow & Ice Deficit	\$75,000	\$145,000	\$0	\$40,000	\$0
General Stabilization Fund	\$0	\$0	\$0	\$60,000	\$0
Capital Stabilization Fund	\$48,759	\$11,192	\$51,506	\$82,024	\$0
Ambulance Stabilization Fund	\$0	\$20,000	\$20,000	\$20,000	\$0
Annual Capital Plan	\$145,200	\$261,000	\$181,500	\$307,000	\$0
Articles - Current FY	\$38,050	\$36,796	\$61,500	\$58,270	\$0
OPEB Fund	\$97,519	\$100,000	\$125,000	\$150,000	\$0
Accrued Leave Payout	\$0	\$0	\$0	\$54,000	\$0
Adj/Corr to Budget	\$0	\$0	\$0	\$27,443	\$0
	\$404,528	\$573,988	\$439,506	\$798,737	\$0
Amount Certified	\$404,528	\$573,988	\$439,506	\$798,737	\$358,257
Certified as of	06/30/2014	06/30/2015	06/30/2016	06/30/2017	03/22/2018

Future free cash certifications are not included in the forecast as they cannot be projected and are not available for use until certified. Once certified, free cash use can be added to the forecast under the “Available Funds” tab.

Stabilization Funds: Merrimac has three stabilization funds, general, capital, and ambulance, established for different purposes as allowed under [M.G.L. c. 40, §5B](#). Unlike free cash, monies accumulated in stabilization funds carry forward from one fiscal year to another and retain all interest earned from investment. When funding is available, town meeting appropriates free cash into the stabilization funds.

The town uses the stabilization funds for capital purchases as recommended by the capital planning committee in their annual report. In this forecast beyond FY2019, there are no proposed appropriations from the town’s stabilization funds because Merrimac does not have a defined policy of using them to fund capital expenditures.

The Government Finance Officers Association recommends that communities maintain reserves between 5 and 15% of net operating revenue. Furthermore, credit rating agencies look more favorably on communities with healthy reserve levels. The table below shows Merrimac's stabilization fund balances relative to its budget from FY2014 to FY2018. When combined with free cash, the reserve balances averaged 10% over this period.

FREE CASH AND STABILIZATION BALANCES

RESERVES									
	Free Cash	Free Cash as % of Budget	General Stabilization	Ambulance Stabilization	Capital Stabilization	Total Stabilization Funds	Combined Reserves*	Combined Reserves as % of Budget	General Fund Budget
2014	\$609,241	4.5%	\$726,153	\$6,245	\$104,713	\$837,111	\$1,446,352	10.7%	\$13,559,962
2015	\$404,528	2.9%	\$730,206	\$153,522	\$6,265	\$889,993	\$1,294,521	9.4%	\$13,740,702
2016	\$573,988	3.9%	\$738,200	\$26,268	\$164,791	\$929,259	\$1,503,247	10.3%	\$14,549,488
2017	\$439,506	2.8%	\$746,358	\$34,528	\$216,381	\$997,267	\$1,436,773	9.3%	\$15,490,341
2018	\$798,737	5.0%	\$806,358	\$54,528	\$298,405	\$1,159,291	\$1,958,028	12.2%	\$16,115,209
<i>Average</i>	<i>\$565,200</i>	<i>3.8%</i>	<i>\$749,455</i>	<i>\$55,018</i>	<i>\$158,111</i>	<i>\$962,584</i>	<i>\$1,527,784</i>	<i>10.4%</i>	

** Combined reserves includes free cash and stabilization funds*

OPEB Fund: At the April 2012 town meeting, Merrimac adopted [M.G.L. c. 32B, §20](#) to establish a trust fund for other postemployment benefits. OPEB refers to benefits earned during employees' active working careers but not actually paid until after they retire. By far, the most significant of these is health insurance, but they may also include life insurance, dental, or other benefits. Since FY2013, the town has made annual contributions and invests those funds with Bartholomew & Company, Inc. In FY2018, Merrimac appropriated \$150,000 from the general fund, \$31,000 from sewer enterprise, and \$30,000 from water enterprise to continue its commitment to funding this obligation.

Based on discussions with the finance director, the town strives to meet its actuarially determined contribution (ADC) by appropriating from within the budget, as well as from free cash and retained earnings for the general and enterprise funds, respectively. After the pension obligation becomes fully funded in 2035, the town plans to annually direct the equivalent amount of the former pension appropriation to the OPEB fund, and thereby reduce the reliance on reserves as primary funding sources. The forecast includes annual increases of 3% for the enterprise funds and a 10% increase in the budgetary appropriation for the general fund. Additionally, the forecast allows for the general fund's OPEB appropriations to shift away from free cash and increasingly draw on funding from the operating budget. (Note: See Additional Guidance section regarding reacceptance of the OPEB trust fund.)

OTHER POSTEMPLOYMENT BENEFITS						
	Free Cash	Budget	General Fund	Water	Sewer	Total Appropriated
FY2014	\$72,586		\$72,586	\$9,000	\$30,000	\$111,586
FY2015	\$97,519	\$20,000	\$117,519	\$18,000	\$0	\$135,519
FY2016	\$100,000	\$40,000	\$140,000	\$20,000	\$31,000	\$191,000
FY2017	\$125,000	\$40,000	\$165,000	\$30,000	\$31,000	\$226,000
FY2018	\$150,000	\$60,000	\$210,000	\$30,000	\$31,000	\$271,000
	\$545,105	\$160,000	\$705,105	\$107,000	\$123,000	\$935,105
FY2019	\$150,000	\$80,000	\$230,000	\$30,900	\$31,930	\$292,830
FY2020	\$150,000	\$88,000	\$238,000	\$31,827	\$32,888	\$302,715
FY2021	\$150,000	\$96,800	\$246,800	\$32,782	\$33,875	\$313,456
FY2022	\$150,000	\$106,480	\$256,480	\$32,782	\$33,875	\$323,136
FY2023	\$150,000	\$117,128	\$267,128	\$32,782	\$33,875	\$333,784

Overlay Surplus: At the conclusion of each fiscal year, the board of assessors submits an update of the overlay reserve with data that includes its gross balance, potential abatement liabilities, and any transfers to surplus. If the balance exceeds the amount of potential liabilities, the board of selectmen may request that the board of assessors vote to declare those balances surplus and available for any lawful purpose ([DLS Informational Guideline Release 17-23](#)). Any unappropriated overlay surplus at the end of the fiscal year becomes free cash. Merrimac does not routinely use overlay surplus as an available funding source and therefore the forecast does not project the availability or use of overlay surplus during the next five years.

Bond Premiums: As of November 7, 2016, the premium received for any debt must be used to offset the project's costs or be reserved for future capital projects ([DLS IGR 17-21](#)). For Merrimac's excluded debt (which was all issued prior to November 2016) the town has already reserved the funds to offset the stated interest costs of financing the projects and has a schedule to apply them against the debt payments prior to determining the annual debt exclusion amounts ([DLS IGR 17-22](#)), and this is reflected in the forecast.

Cemetery Sale of Lots: Merrimac appropriates funds collected from the sale of lots from the previous fiscal year to support the maintenance and improvement of its municipally owned cemetery. Given the small amount of sales activity (i.e., five or fewer per year), no revenue is estimated in the forecast.

Municipal Light Department subsidy: The Merrimac Municipal Light Department (MMLD) is a community-owned, locally controlled, not-for-profit electric utility that has been serving the town since 1904. Although the MMLD's budget and day-to-day operations are managed separately from the towns, the utility has a causal cost impact on certain town services, such as road maintenance and various administrative services. Under a formal agreement, the municipal light board computes an annual PILOT amount to the town of no less than \$10,000 to reduce the tax rate. The actual

calculation method used is the greater of either 0.10% of the previous year's kilowatt hours sold less the town's street lighting expense or \$10,000. In addition to the annual cash payment, MMLD waives the monthly charges for town-wide street lighting.

For forecasting purposes, an annual amount of \$10,000 has been assumed. We recommend the town and MMLD review the PILOT formula every five years to determine adequate recovery of service costs due to the town.

ENTERPRISE RECEIPTS

An enterprise fund ([M.G.L. c. 44, § 53F½](#)) gives a community the flexibility to establish a separate accounting and financial reporting mechanism for a municipal service for which a fee is charged in exchange for goods or services. Revenues and expenses for the service are segregated from the general fund and managed with its own budget and financial statements.

Merrimac currently operates enterprise funds for the water and sewer departments. Both are budgeted directly for personal services, operating and capital expenditures, and employee benefits (such as retirement, and insurances), and both reimburse the general fund. Historically, both utilities have recovered most of their operating expenses through user charges, other departmental revenue, and investment income while covering their capital spending through retained earnings. According to town officials, the general fund subsidizes some of the utilities' indirect costs, such as finance department salary and benefits, but is compensated by the enterprises for some others (e.g., medical and liability insurance).

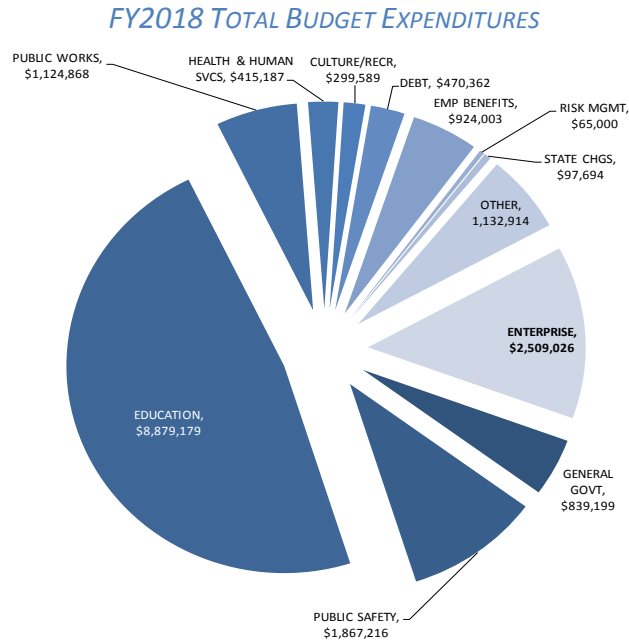
We recommend the town develop multiyear, formula-based indirect cost recovery agreements. The formulas should have long-term applicability so as to produce fair, consistent, and predictable annual payments to the town. A sample policy (e.g., Town of Rowley) can be found on our [website](#) and may be tailored to meet the needs of Merrimac.

To address upcoming water and sewer infrastructure upgrades, the town used grant money to commission comprehensive water and sewer rate studies conducted by Russell Consulting, LLC. Russell's reports, released in March 2018, identified deficits in the water enterprise fund in the immediate and coming years. As a result, the town authorized a 20% increase in water rates effective in FY2019. Accordingly, the forecast includes a surge in FY2019 estimated water revenues followed by 2% annual increases thereafter. The sewer rate analysis revealed that the operation currently breaks even. Assuming consistent sewer usage and expenditure levels, the study

concluded that the town does not need to increase sewer rates for at least three years. Based on a five-year historical trend, sewer revenues are projected to grow less than 1% annually.

EXPENDITURES

The Expenditures worksheet has formula links to the Debt, CIP, Revenues, and Available Funds worksheets. It also displays projected expenses from the Enterprise Funds worksheet and calculates a grand total. Total operating expenditures for FY2018 is \$18,624,237.



MUNICIPAL DEPARTMENTS

In this forecast, departments are grouped by major categories consistent with town and state expenditure reporting (see the Expenditures worksheet). These include: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture and Recreation. Further specified within each major category are functional groupings by Personal Services, Expenses, and Capital Outlay.

Personal Services: For this forecast, the town provided us with five union contracts including dispatch, highway, water, sewer and police, all of which have been recently renegotiated through June 30, 2020. Personal service projections for FY2018 and 2019 correspond to amounts approved by town meeting. The increases in FY2020 are based on supplied contracts to the extent that the data is identifiable in the wage grid. Beyond FY2020, all salaries and wages are level funded.

Proposed changes in personnel costs are captured separately in the cost-of-living adjustment (COLA) worksheet. The COLA worksheet estimates the impact of future contract settlements and nonunion increases appropriated by town meeting. By omitting personal service cost changes, the forecast can determine the remaining revenue. At the same time, the COLA information provides policymakers with a tool to analyze future cost impacts.

For illustration purposes, subsequent years (FY2021-2023) are presented with 2% COLAs for nonunion and union town employees. To consider different scenarios, percentage increases can be entered for each year to generate estimated impacts. Because any increase in enterprise fund personal services would be borne by each of the funds independently, these utility departments are also included in the COLA worksheet. However, only the general fund COLA impact is presented on the summary table below.

FINANCIAL IMPACT OF COLA

Town of Merrimac Financial Impact COLA Analysis								1.50%	2.00%	2.00%
	①	①	②	②						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023		
	Actuals	Actuals	Budget	Projected	Projected	Projected	Projected	Projected		
Elected Officials										
Selectmen (3)			3,500	3,500	3,500	3,500	3,500	3,500		
Assessors (3)										
Town Clerk (1)	45,608	43,942	52,545	61,017	61,932	61,932	61,932	61,932		
Total	45,608	43,942	56,045	64,517	65,432	65,432	65,432	65,432		
General Government	341,851	364,756	386,707	391,505	397,135	397,135	397,135	397,135		
Police	933,729	941,697	1,050,915	1,083,910	1,105,673	1,105,673	1,105,673	1,105,673		
Fire	411,248	305,134	325,087	345,675	350,860	350,860	350,860	350,860		
Ambulance		116,153	120,069	122,470	124,307	124,307	124,307	124,307		
Inspectional Services	65,632	65,136	76,814	78,326	79,182	79,182	79,182	79,182		
Sealer	1,699	1,740	1,788	1,824	1,844	1,844	1,844	1,844		
Emergency Mgmt	14,874	15,677	16,118	16,387	16,539	16,539	16,539	16,539		
Animal Control	16,704	17,269	18,390	18,721	18,909	18,909	18,909	18,909		
Parking	1,224	1,260	1,296	1,323	1,337	1,337	1,337	1,337		
Highway	326,019	320,065	366,859	374,461	379,957	379,957	379,957	379,957		
Cemetery	44,536	42,782	49,419	50,491	51,192	51,192	51,192	51,192		
Health	59,748	60,993	56,194	71,782	72,840	72,840	72,840	72,840		
Council on Aging	204,345	217,760	230,642	223,543	226,886	226,886	226,886	226,886		
Veterans Benefits										
Culture/Recreation	184,462	186,773	193,107	196,448	200,149	200,149	200,149	200,149		
Total	2,606,071	2,657,195	2,893,405	2,976,867	3,026,811	3,026,811	3,026,811	3,026,811		
COLA estimate						45,402	106,846	169,520		
Medicare						658	1,549	2,458		
Financial Impact of COLA - General Fund						46,061	108,396	171,978		
						1.5%	3.6%	5.7%		
ENTERPRISE										
Water	254,710	256,393	280,092	290,120	294,419	294,419	294,419	294,419		
Sewer	324,316	348,260	360,136	371,919	376,212	376,191	376,191	376,191		
Total	579,026	604,653	640,228	662,038	670,631	670,610	670,610	670,610		
COLA estimate						10,059	23,673	37,558		
Medicare						146	343	545		
Financial Impact of COLA - Enterprise Fund						13,607	13,804	14,004		
						2.0%	2.1%	2.1%		

- ① Actual expenditures as reported on town YTD expenditure report
- ② Appropriations reflect town meeting adopted budget

Expenses: Most expenses are projected to increase by a conservative 2% per year. Historical expenditures have fluctuated greatly by department and require yearly examination for proper funding.

EDUCATION

Over 60% of the town’s budget supports public education through assessments or tuition for the Pentucket, Whittier, and Essex Technical school districts. More than 91% of Merrimac’s 900 students attend PRSD, while 8% attend Whittier Tech, and less than 1% Essex Tech.

DESE determines the town’s annual NSS amount, which is the sum of the Chapter 70 aid plus a required local contribution. The required contribution is allocated by DESE to the district’s members based on foundation enrollment (the number of pupils for whom a school district is financially responsible as of October 1).

PRSD’s actual spending is consistently above the required NSS threshold, even as its overall foundation enrollment has steadily declined in each of the past five years. By exceeding NSS requirements, PRSD requires annual supplemental assessments from its member towns based on each town’s percentage share of the district’s student enrollment. Not part of the NSS calculation are two additional components that make up the annual assessment: 1) any additional capital assessment and 2) the transportation costs apportioned on district enrollment. The assessment is forecast to increase 4% annually and the debt is forecast according to the existing schedule.

PENTUCKET REGIONAL SCHOOL DISTRICT							
MERRIMAC SHARE OF PRSD							
	Foundation Budget	Required Local Contribution	Operating Assessment	Capital Assessment	Total	Total Assessment Incr (Decr)	% Above Required Local Contribution
FY2015	\$8,844,919	\$5,232,611	\$6,815,775	\$199,244	\$7,015,019	3.81%	30.26%
FY2016	\$8,362,391	\$5,138,821	\$7,047,248	\$150,718	\$7,197,966	2.61%	37.14%
FY2017	\$7,957,730	\$5,043,254	\$7,290,538	\$211,339	\$7,501,877	4.22%	44.56%
FY2018	\$8,017,013	\$5,084,712	\$7,637,936	\$213,824	\$7,851,760	4.66%	50.21%
FY2019 ^(a)	\$8,140,175	\$5,183,732	\$7,867,074	\$220,239	\$8,087,313	3.00%	51.76%
5-yr change	(\$704,744)	(\$48,879)	\$1,051,299	\$20,995	\$1,072,294		

PENTUCKET							
	Foundation Budget	Required Local Contribution	Required Net School Spending	Actual Net School Spending	Add'l spending beyond NSS	Required Local Contribution Incr (Decr)	Required Net School Spending (Incr (Decr))
FY2015	\$24,290,785	\$16,086,295	\$28,856,822	\$32,210,528	11.6%	2.85%	1.81%
FY2016	\$23,602,673	\$16,203,424	\$29,038,276	\$32,610,093	12.3%	0.73%	0.63%
FY2017	\$22,548,383	\$15,627,476	\$28,595,758	\$32,933,687	15.2%	-3.55%	-1.52%
FY2018 ^(b)	\$22,740,653	\$15,945,385	\$28,985,487	\$33,760,263	n/a	2.03%	1.36%
FY2019 ^(a)	\$23,260,316	\$16,423,478	\$29,510,980	n/a	n/a	3.00%	1.81%
5-yr change	(\$1,030,469)	\$337,183	\$654,158				

(a) From Town Meeting minutes
(b) FY18 Actual Net School Spending, Budgeted amount from DESE

As a member community, Merrimac is assessed for the students attending Whittier Tech based on NSS and local contribution requirements. The operating assessment fluctuates relative to the number of enrolled students and is forecast to increase 8% based on a three-year growth trend. The capital assessment is estimated to increase 3.6% annually.

WHITTIER REGIONAL VOCATIONAL TECHNICAL SCHOOL				
MERRIMAC SHARE OF WHITTIER				
	Operating Assessment	Capital Assessment	Total	Total Assessment Incr (Decr)
FY2014	\$590,622	\$17,214	\$607,836	
FY2015	\$622,290	\$18,134	\$640,424	5.4%
FY2016	\$791,257	\$18,134	\$809,391	26.4%
FY2017	\$900,127	\$16,478	\$916,605	13.2%
FY2018	\$885,563	\$19,262	\$904,825	-1.3%
FY2019	\$991,730	\$25,311	\$1,017,041	12.4%
<i>3-yr change</i>	<i>8.0%</i>	<i>13.1%</i>	<i>8.1%</i>	
FY2020	\$1,071,497	\$28,616	\$1,100,113	8.17%
FY2021	\$1,157,681	\$30,917	\$1,188,598	8.04%
FY2022	\$1,250,796	\$33,404	\$1,284,200	8.04%
FY2023	\$1,351,401	\$36,091	\$1,387,491	8.04%

Merrimac has seven students attending Essex Tech. As a nonmember, Merrimac pays an annual out-of-district tuition at the rate of \$15,563 per student plus transportation. The FY2019 approved tuition rate increased less than 1% over the prior year but may fluctuate up to 125% of the per-pupil foundation rate for vocational education. The town continues to have slowly increasing enrollment at Essex Tech. As result, the forecast increases student enrollment by one pupil every other year of the forecast, increases tuition rates by 1% annually, and estimates 25% of tuition costs for transportation. Town officials should monitor this and make adjustments as enrollment applications are completed in March and tuition rates are finalized.

ESSEX TECH					
	Tuition	Budget	# Merrimac Students^(a)	Tuition	Transportation
FY2015		\$ 60,239	3		
FY2016	\$ 17,556	\$ 78,894	3	\$ 52,668	\$ 26,226
FY2017 ^(b)	\$ 16,464	\$ 96,442	4	\$ 65,856	\$ 30,586
FY2018	\$ 15,481	\$ 122,594	6	\$ 92,886	\$ 29,708
FY2019	\$ 15,563	\$ 116,720	6	\$ 93,376	\$ 23,344
FY2020 ^(c)	\$ 15,718	\$ 137,535	7	\$ 110,028	\$ 27,507
FY2021 ^(c)	\$ 15,875	\$ 138,910	7	\$ 111,128	\$ 27,782
FY2022 ^(c)	\$ 16,034	\$ 160,342	8	\$ 128,274	\$ 32,068
FY2023 ^(c)	\$ 16,195	\$ 161,946	8	\$ 129,557	\$ 32,389

(a) From DESE

(b) Tuition set to maximum allowable for this fiscal year (125% of foundation tuition)

(c) Estimated based on increasing enrollment, increasing tuition, and 25% of cost for transportation

DEBT SERVICE AND CAPITAL PLAN

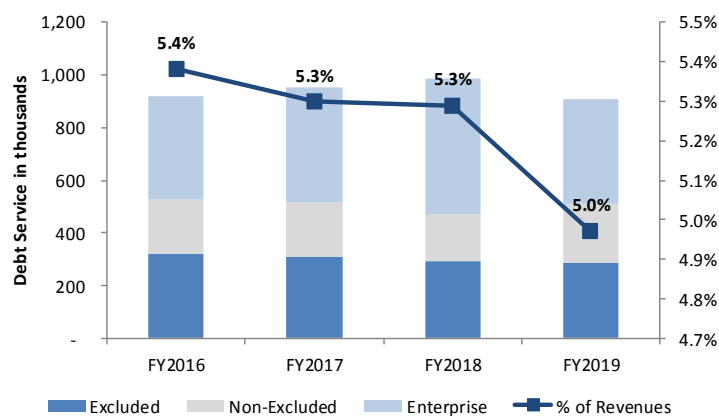
Projections for debt service are based on the town's existing payment schedules and indicate relatively modest total debt service averaging just over 5% of gross operating revenues per year. General fund debt, currently less than 3% of operating revenues, is comprised mainly of exempt debt scheduled to mature within five years.

As a generally accepted benchmark, debt service should be maintained at 5% to 10% of operating revenue for non-exempt debt, and a higher target may be reasonable if exempt debt is authorized. Merrimac is at the low end of the recommended debt level, indicating room for further capital investment in future years.

As previously noted the town has authorized \$500,000 for design and engineering services for a new public safety building. In addition, plans are in progress to determine future improvements to PRSD's middle and high school campus, with the anticipation that some costs will be reimbursed by the Massachusetts School Building Assistance program. In the absence of definitive final cost projections, no provision has been made in the forecast for these future expenses.

The town will need to determine whether future debt issuances for infrastructure improvements will require debt exclusions or can be done within the tax levy. In preparation, the town may wish to consider appropriating surplus revenues to the capital stabilization fund to reduce borrowings or offset future debt service payments.

TOTAL DEBT SERVICE AS PERCENTAGE OF TOTAL BUDGET



Following the town's capital planning bylaw and internal procedures, the finance director annually solicits requests from departments and updates the five-year capital plan. The capital planning committee evaluates each project submission and prepares a recommended capital budget with funding sources incorporated into the town's overall spending plan. A summary of the FY2019-FY2023 capital plan is presented in the CIP worksheet.

To support the FY2018 capital outlay, the town budgeted \$307,000 in free cash, \$155,000 from water retained earnings, \$100,000 from the water privilege fund balance, \$30,000 from sewer retained earnings, and the remainder from a combination of grants and general fund debt service. The capital planning committee does not project future funding sources so no projections have been built into the forecast. Whenever the town wishes to use free cash or stabilization funds to support the capital budget in future years, the Available Funds and CIP worksheets would have to be updated.

RISK MANAGEMENT

Risk management comprises workers' and unemployment compensations, casualty and liability insurances, including police and fire accident insurances, property and auto coverage, and public official bonds. Based on historical analysis, the casualty/liability insurance has been level funded in the forecast. The town continues to earn sufficient credits from its provider and has generated a turn back in each of the previous four years. Unemployment insurance is forecast with a modest annual increase of 1% while the workers' compensation insurance is increased 2% for each year of the forecast. These amounts should be monitored and revised as needed based on claims history, policy adjustments, and other related factors.

EMPLOYEE BENEFITS

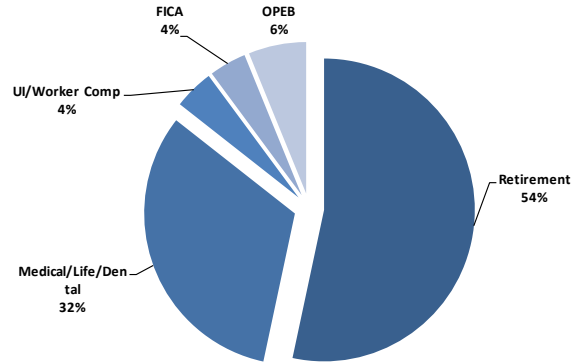
Employee benefits include group health and life insurances, Medicare, retirement, and OPEB, which together account for 6% of the town's overall operating expenditures. Health insurance, Medicare, and retirement are fully budgeted in the general fund, with reimbursements provided by the enterprise funds to cover their shares.

EMPLOYEE BENEFITS AND INSURANCES

	Retirement	Medical/Life/ Dental	UI/Worker Comp	FICA	OPEB	Total
2014	\$381,325	\$200,338	\$34,582	\$33,634	\$35,986	\$685,866
2015	\$393,318	\$202,988	\$38,001	35,986	37,692	\$707,985
2016	\$423,206	\$231,297	37,097	\$37,692	\$37,754	\$767,046
2017	\$474,044	\$247,039	41,878	\$37,754	\$38,500	\$839,215
2018*	\$517,003	\$312,000	\$41,400	\$38,500	\$60,000	\$968,903

	FY2018 Budget*	
Retirement	\$517,003	53.4%
Group Health/Dental Insurance	\$309,000	31.9%
Group Life Insurance	\$3,000	0.3%
Unemployment	\$6,400	0.7%
Workers Compensation	\$35,000	3.6%
Medicare/FICA	\$38,500	4.0%
OPEB - General	\$60,000	49.6%
General Fund - Employee Benefits	\$968,903	93.8%
OPEB - General	\$60,000	49.6%
OPEB - Water	\$30,000	24.8%
OPEB - Sewer	\$31,000	25.6%
Total - OPEB	\$121,000	100.0%
Grand Total	\$1,089,903	16,115,209
		6.8%

* Enterprise - reimburse Genl Fund \$44,900



Group Health and Life Insurance: For full-time, permanent part-time, and eligible retired employees, Merrimac offers group medical insurance through the Massachusetts Interlocal Insurance Association (MIIA) Health Benefits Trust. Depending upon the plan selected, the town contributes between 45 and 55% of the premium costs. Term life insurance is offered to eligible employees through Boston Mutual Life Insurance Company, for which the town pays 50% of the premium cost for full time employees and prorated shares for eligible part-time employees.

Each year, the finance director reviews the group health and life insurance plan designs to determine if changes are needed to address coverage issues or reduce costs. Because there is no certainty as to the cost of future insurance plans, and it is not possible to predict the percentage of employees who will enroll in them, the projected increase is 10% annually based on a five-year average, and this will need to be carefully monitored.

Medicare: For all employees hired after April 1, 1986, a 1.45% Medicare tax is withheld from their paychecks and matching amounts paid by the community. Based on a five-year trend, the forecast projects an annual increase of 2%. Local officials should modify this projection in conjunction with adjustments applied to the COLA worksheet.

Retirement: Merrimac is one of 47 members of the Essex Regional Retirement System (ERRS). Permanent employees working a minimum of 20 hours per week and earning at least \$5,000 per

year must become members of the ERRS. The funding schedule increases annually and is estimated to be fully funded in 2035 based on a 7.75% assumed rate of investment return. ERRS was approximately 52% funded as of the last actuarial analysis.

Projections are based on estimated appropriations issued by the Public Employee Retirement Administration Commission and incorporate a 1.9% discount for payments made on July 1 (as opposed to the mandatory December 31 date). In the Stone Consulting valuation for January 1, 2016, the actuary used a method whereby asset gains and losses are recognized over a five-year period to compensate for wide swings in asset value that may occur in any particular year. This resulted in a funding schedule with annual 7.41% increases for FY2018 through FY2022, followed by 6.36% increases through FY2027, and 4% increases thereafter until the final year, when the contribution will increase by 3.8%. The next valuation as of January 1, 2018 will reflect the investment return of the past two years, which has exceeded the assumed rate of return. This should produce a positive effect on the funding schedule beginning with FY2020, or the retirement board can use those gains to reduce the rate of return or adjust the funding date.

Assumptions about investment earnings, future salary increases, and employee population are some of the driving components used to calculate the required appropriations. Taking into account the actuarial method used and the current investment environment, this forecast projects an increase of 9% annually from the FY2019 requirement. However, instability in any of the contributing valuation factors and assumptions may cause great fluctuations and require this budget item to be updated as amounts become known. More information is available at www.mass.gov/orgs/essex-regional-retirement-board and www.mass.gov/perac-annual-reports.

OPEB Fund: The most recent actuarial analysis, for the period ending June 30, 2017 estimates the town's OPEB liability at \$3.5 million. Membership covered under this analysis includes 51 active employees along with 29 retirees or their beneficiaries. The town's general fund and enterprise operations have been annually appropriating amounts sufficient to cover the actuarially determined contribution, and as result, the town's OPEB trust fund has a net position of more than \$1.1 million.

In the forecast, appropriations from the general fund to the OPEB trust fund are projected to increase 10% annually in order to incrementally shift more of the revenue sourcing into the operating budget and away from reserves. The enterprise funds' appropriations are projected to increase at 3% annually, but they should be monitored to ensure that their ADC's are being met.

MISCELLANEOUS

Included here are various contractual services and the finance committee's reserve fund of \$40,000. The contractual services, including the annual financial audit, biennial actuarial studies, and various other professional services, are projected to increase 2% annually.

OTHER AMOUNTS TO BE RAISED

Typically raised on the tax rate recapitulation sheet rather than through operating budgets, these other amounts include prior-year deficits, court judgments, tax titles, cherry sheet offsets, intergovernmental charges, and the allowance for property abatements and exemptions (overlay). Cherry sheet offsets are expenses corresponding to the state aid received for the Merrimac Public Library. Despite the limited growth in the tax levy, the overlay is modestly projected to increase by 2% annually. Deficits and court judgments are not forecast and would need to be included in the event something materializes.

STATE ASSESSMENTS

Merrimac pays various state assessments for participating in state and regional programs reported on the cherry sheet. The largest assessment is for participation in the Merrimack Valley Regional Transit Authority bus program. Other state assessments include mosquito control, air pollution, and Registry of Motor Vehicles (RMV) surcharges. Based on historical experience from FY2014 through FY2019, regional transit is projected to increase 7.5% annually while all others are estimated at less than 2.5% for each year of the forecast. The RMV is reimbursed for marking licenses or registrations for nonrenewal due to nonpayment of taxes or fines. Based on a five-year trend, this has been level funded for all years of the forecast. Again, these estimates should be monitored annually and revised as needed.

OTHER FINANCING USES

These include transfers to other funds, including special revenue and stabilization funds and prior-year expenditures. Past practice indicates that the town appropriates free cash for one-time expenditures, leaving the remaining balance available for appropriation to reserves. Given the unpredictability of free cash, this forecast does not include future transfers from free cash into the town's stabilization funds.

Once the tax rate is set, the town may use available funds to supplement the current year's budget through June 30 and report the use on the subsequent tax rate recapitulation. In the current budget year, the prior-year expenditures are reported in this group, making sure that the budgeted revenues balance with gross appropriations as reported on the tax rate recapitulation. When the fiscal year-end closing is completed, expenses would be reflected in the appropriate department from the prior year.

ENTERPRISE FUNDS

The forecast projections for the water and sewer enterprise funds mirror the town's historical budgeting practices. Each enterprise fund budgets for direct personal services, expenses, and capital. For several years the enterprise funds have been appropriating retained earnings for OPEB and meeting their respective ADCs. The forecast includes a 3% increase in future OPEB appropriations, but this will need to be adjusted to assure alignment with the town's biennial actuarial valuation.

FORECAST ASSUMPTIONS TABLE

REVENUES:	
Levy	<ul style="list-style-type: none"> ▪ Conservative new growth estimates averaging \$100,000 annually ▪ Levy to the maximum amount allowed under within Proposition 2½
State Aid	<ul style="list-style-type: none"> ▪ Chapter 70 is level funded and reflects less than 10 students attending Essex Tech ▪ UGGA increased 2.5% annually ▪ Other local aid accounts are level funded
Local Receipts	<ul style="list-style-type: none"> ▪ Conservative projections not exceeding 2% ▪ Needs to be monitored closely to adjust for new revenue sources, changes in local fee structures, or material reductions in any local receipt category
Available Funds/Other Financing Resources	<ul style="list-style-type: none"> ▪ Free cash certifications are not projected ▪ Stabilization funds show available balances based on activity through June 2017, but they are not included as funding sources for future expenditures ▪ Overlay surplus is not projected
Enterprise Receipts	<ul style="list-style-type: none"> ▪ Water revenues include a 20% rate increase in FY2019 followed by a 2% increase thereafter. Sewer revenues include a 0.75% annual increase. ▪ OPEB contributions are projected to increase 3% annually but will need to be adjusted biennially to cover the actuarially determined contribution
EXPENDITURES:	
Personal Services	<ul style="list-style-type: none"> ▪ Personal services projections are based on the documents provided and do not reflect actual costs per position ▪ Refinement is needed to incorporate updated or additional collective bargaining agreements ▪ COLA worksheet estimates future potential settlements/increases ▪ Future COLA increases are included at 2% for impact
Expenses and Capital Outlay	<ul style="list-style-type: none"> ▪ Most operating expenses are projected to increase up to 2% annually except where trends in certain expenses reveal consistent increases above this level, such as insurances, retirement, and education assessments ▪ The town may wish to modify the forecast to include capital outlays at the departmental expenditure level.
Education	<ul style="list-style-type: none"> ▪ PRSD operating assessment is projected to increase 4% annually ▪ Whittier Tech is forecast to increase 8% annually to reflect increasing enrollment and assessments trends
Debt Service	<ul style="list-style-type: none"> ▪ Based on existing payment schedules ▪ No provisions included for a future police station or school building project
Capital Plan	<ul style="list-style-type: none"> ▪ Current FY2019 capital program with funding sources is included. ▪ Future capital recommendations are only noted in the CIP without specifying any funding sources.
Risk Management	<ul style="list-style-type: none"> ▪ Casualty/liability insurances and workers' compensation are conservatively forecast to increase up to 2% annually ▪ Unemployment compensation includes modest 1% annual increases corresponding to wage increases

Employee Benefits	<ul style="list-style-type: none"> ▪ Health insurance is projected to increase 10% annually ▪ Retirement is projected to increase 7.41% annually through FY2022, followed by 6.36% in FY2023 ▪ Medicare is projected to increase 2% annually and needs to be updated with any personal service cost changes ▪ OPEB appropriation is forecast to increase 10% annually
Miscellaneous	<ul style="list-style-type: none"> ▪ Finance committee reserve fund is level funded at \$40,000 each year
Other Amounts To Be Raised	<ul style="list-style-type: none"> ▪ Cherry sheet offset expenses are level funded ▪ Overlay is forecast to increase 2% annually
State Assessments	<ul style="list-style-type: none"> ▪ Regional transit is projected to increase 7.5% each year and the RMV non-renewal surcharge is level funded ▪ All other assessments are projected to increase up to 2% annually
Other Financing Uses	<ul style="list-style-type: none"> ▪ Continue annual appropriations to OPEB but transition away from reserves and include an increasing share in the operating budget
Enterprise Funds	<ul style="list-style-type: none"> ▪ Includes direct personal services, expenses, capital expenses ▪ Include annual appropriations for OPEB to cover actuarially determined contribution

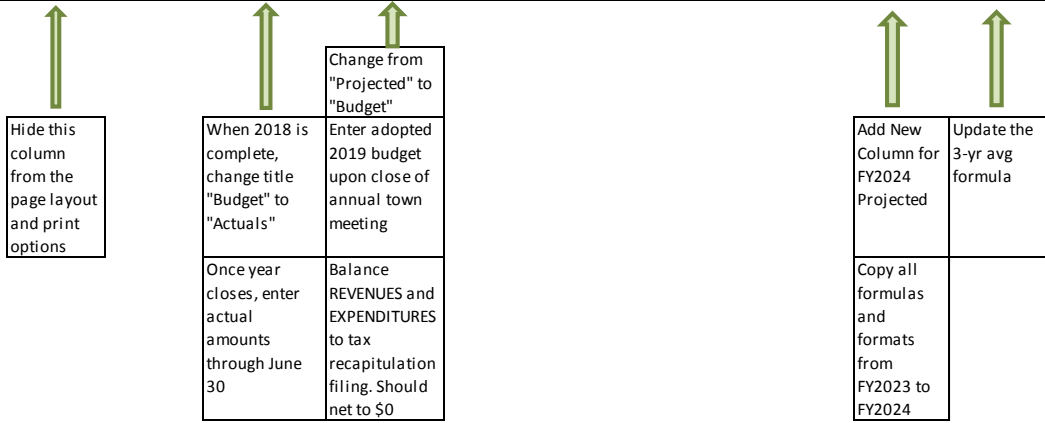
UPDATING THE FORECAST

To prepare for the upcoming budget cycle, the town should update the forecast after annual town meeting, at the end of each fiscal year, and upon approval of the tax recapitulation filing. To do this, the current budget year should be converted from “budget” to “actuals” and reflect expenditures of the most recently closed June 30 fiscal year. The town meeting adopted budget should be entered, and another column added to maintain the five-year forecast model. The concept of making these changes is straightforward, but great care should be taken to preserve the spreadsheets and formulas year over year. For this reason, Merrimac should create a copy of the forecast in an Excel workbook before proceeding.

To set up the NEW YEAR in the Forecast Model

If current budget year is: FY2019 AND
New year being added is: FY2024

Town of Merrimac								3-yr	Forecast	
<i><Do this for each worksheet in the workbook></i>								Average	Projection	
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	% Chg	
	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected		
Description	100	200	300	400	500	600	700	800	0.00%	0.00%
Description	101	220	330	440	550	660	770	880	0.00%	0.00%



If you need assistance establishing the new forecast year in the Excel workbook, please email the Technical Assistance Bureau at tacontact@dor.state.ma.us.

ADDITIONAL GUIDANCE

OPEB Fund: Under article 25 of the April 2012 town meeting, Merrimac accepted M.G.L. c. 32B, §20 to create an OPEB trust fund. The Governmental Accounting Standards Board (GASB) subsequently issued Statement 75, which required that an OPEB trust fund comply with the following criteria: 1) the fund’s contributions and earnings are irrevocably committed to OPEB use; 2) the OPEB plan’s assets are dedicated exclusively to providing benefits to plan members; and 3) the OPEB plan’s assets are legally protected against creditors. In light of Statement 75, the Massachusetts legislature modified c. 32B, § 20 to meet the new GASB guidelines. Consequently, we advise the board of selectmen to present town meeting voters with articles that propose the following:

- Reaccept M.G.L. c. 32B, § 20 to establish a GASB-compliant OPEB trust fund.
- Authorize the prudent investor rule as detailed in [M.G.L. c. 203C](#) to make available the options required to meet the investment goals of the OPEB trust.
- Designate as the fund’s trustee either the treasurer or the Essex Regional Retirement Board or opt to establish a separate board of trustees. By statute, such a board must have between five and 13 members and minimally include a person with investment experience, citizen at-large, employee, retiree, and local official.

Further information may be found in the [Municipal Modernization Act FAQs](#) located on the DLS website.

Financial Policies: The Town of Merrimac is committed to safeguarding public funds, protecting local assets, and complying with financial standards and regulations. To that end, we recommend that the town develop and adopt a set of financial policies (illustrated below) to provide guidance for local planning and decision making. Policies as a whole are intended to outline objectives, provide direction, and define authority to help ensure sound fiscal stewardship and management practices. They should be considered living documents to be periodically reassessed and modified as conditions change. *Sample policies may be found on the [DLS website](#).*

Financial Planning	Financial Operations
1. Capital planning	1. Antifraud
2. Debt Management	2. Procurement Conflict of Interest
3. Financial Reserves	3. Reconciliations
4. Forecasting	4. Revenue Turnover
5. Indirect Cost Allocation	5. Tax Enforcement
6. Investments	6. Tax Recapitulation
7. OPEB	7. Year-end Closing

APPENDIX – FORECAST WORKSHEETS

REVENUE

Town of Merrimac

Revenue Forecast

	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
PROPERTY TAX LEVY								
Property Tax Levy	11,187,781	11,767,675	12,282,175	12,689,229	13,106,460	13,534,121	13,972,474	14,421,786
① Debt Exclusion(s)	319,375	309,025	293,825	288,725	277,425	265,613	253,950	246,750
② Capital Expenditure Exclusion(s)	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-
TOTAL Maximum Allowable Levy	11,507,156	12,076,700	12,576,000	12,977,954	13,383,885	13,799,734	14,226,424	14,668,536
LESS Excess Tax Levy Capacity	(47,341)	(39,905)	(84,555)	-	-	-	-	-
TOTAL Tax Levy	11,459,815	12,036,795	12,491,445	12,977,954	13,383,885	13,799,734	14,226,424	14,668,536
<i>% Incr (Decr) over prior year</i>	4.4%	5.0%	3.8%	3.9%	3.1%	3.1%	3.1%	3.1%

STATE AID CHERRY SHEET - FINAL ESTIMATED

Education Aid	39,015	39,015	39,015	39,015	39,015	39,015	39,015	39,015
General Government Aid	775,637	808,989	840,540	869,959	891,708	914,001	936,851	960,272
Other Aid	68,715	67,159	68,221	88,056	88,056	88,056	88,056	88,056
Offsets	9,595	9,107	9,359	10,066	10,167	10,268	10,371	10,475
TOTAL Cherry Sheet	892,962	924,270	957,135	1,007,096	1,028,946	1,051,340	1,074,293	1,097,818
<i>% Incr (Decr) over prior year</i>	1.5%	3.5%	3.6%	5.2%	2.2%	2.2%	2.2%	2.2%

LOCAL RECEIPTS

Estimated Local Receipts	1,606,323	1,632,500	1,636,200	1,658,100	1,680,360	1,702,987	1,726,089	1,749,573
TOTAL Local Receipts	1,606,323	1,632,500	1,636,200	1,658,100	1,680,360	1,702,987	1,726,089	1,749,573
<i>% Incr (Decr) over prior year</i>	10.0%	1.6%	0.2%	1.3%	1.3%	1.3%	1.4%	1.4%

AVAILABLE FUNDS

Free Cash	573,988	439,506	798,737	-	-	-	-	-
MSBA								
Other Available Funds	16,400	457,270	231,692	10,000	10,000	10,000	10,000	10,000
TOTAL Available Funds	590,388	896,776	1,030,429	10,000	10,000	10,000	10,000	10,000

TOTAL GENERAL FUND REVENUES	14,549,488	15,490,341	16,115,209	15,653,150	16,103,190	16,564,061	17,036,806	17,525,927
<i>% Incr (Decr) over prior year</i>	5.9%	6.5%	4.0%	(2.9%)	2.9%	2.9%	2.9%	2.9%

ENTERPRISE FUNDS

Water Enterprise Revenue	985,079	987,950	1,112,097	1,219,516	1,243,807	1,268,583	1,293,855	1,319,632
Water Retained Earnings	186,000	225,000	185,000	186,850	188,719	190,606	192,512	194,437
Sewer Enterprise Revenue	1,108,703	1,292,795	1,181,929	1,190,793	1,199,724	1,208,722	1,217,788	1,226,921
Sewer Retained Earnings	216,800	-	30,000	-	-	-	-	-
TOTAL Enterprise Funds	2,496,582	2,505,745	2,509,026	2,597,160	2,632,250	2,667,911	2,704,154	2,740,990

GRAND TOTAL REVENUES	17,046,070	17,996,086	18,624,235	18,250,310	18,735,440	19,231,972	19,740,960	20,266,916
<i>% Incr (Decr) over prior year</i>	6.3%	5.6%	3.5%	(2.0%)	2.7%	2.7%	2.6%	2.7%
Ties to Tax Recap Total	17,046,071	17,996,085	18,624,235					
Variance	(1)	1	(0)					

REVENUE DISTRIBUTION

Property Tax	78.8%	77.7%	77.5%	82.9%	83.1%	83.3%	83.5%	83.7%
State Aid	6.1%	6.0%	5.9%	6.4%	6.4%	6.3%	6.3%	6.3%
Local Receipts	11.0%	10.5%	10.2%	10.6%	10.4%	10.3%	10.1%	10.0%
Available Funds	4.1%	5.8%	6.4%	0.1%	0.1%	0.1%	0.1%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

① DLS Gateway, Tax Rate, DE-1 and DLS Gateway, Tax Rate, Votes - Debt Exclusion

② DLS Gateway, Votes-Capital Exclusion

STATE AID

Town of Merrimac

State Aid Forecast

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	Final Est	Final Est	Final Est	Final Est	Projected	Projected	Projected	Projected
① Chapter 70 Education Aid	39,015	39,015	39,015	39,015	39,015	39,015	39,015	39,015
② Unrestricted General Government Aid	775,637	808,989	840,540	869,959	891,708	914,001	936,851	960,272
Regional Public Libraries				-	-	-	-	-
③ Veterans Benefits	51,001	48,384	65,680	65,467	65,467	65,467	65,467	65,467
Exemptions VBS and Elderly	15,140	16,232		19,934	19,934	19,934	19,934	19,934
State Owned land	2,574	2,543	2,541	2,655	2,655	2,655	2,655	2,655
Public Libraries (offset)	9,595	9,107	9,359	10,066	10,167	10,268	10,371	10,475
Other				-	-	-	-	-
TOTAL Cherry Sheet Receipts	892,962	924,270	957,135	1,007,096	1,028,946	1,051,340	1,074,293	1,097,818
<i>% Incr (Decr) over prior year</i>	1.5%	3.5%	3.6%	5.2%	2.2%	2.2%	2.2%	2.2%

STATE ASSESSMENTS

County Tax				-	-	-	-	-
Mosquito Control	26,320	29,037	27,097	28,992	31,166	33,504	36,017	38,718
Air Pollution	1,819	1,865	1,871	1,925	2,069	2,225	2,391	2,571
RMV Non-Renewal Surcharge	5,880	5,880	5,880	5,880	6,321	6,795	7,305	7,853
MBTA				-	-	-	-	-
Regional Transit	47,514	56,695	62,846	69,372	74,575	80,168	86,181	92,644
① Essex Tech				-	-	-	-	-
Other/Adjustment				-	-	-	-	-
TOTAL Cherry Sheet Assessments	81,533	93,477	97,694	106,169	114,132	122,692	131,893	141,785
<i>% Incr (Decr) over prior year</i>	(2.9%)	14.6%	4.5%	8.7%	7.5%	7.5%	7.5%	7.5%

TOTAL Net State Aid	811,429	830,793	859,441	900,927	914,814	928,648	942,399	956,032
<i>% Incr (Decr) over prior year</i>	2.0%	2.4%	3.4%	4.8%	1.5%	1.5%	1.5%	1.4%

- ① Town is member of PRSD. Chapter 70 aid is for Essex Tech.
- ② Previously "Lottery Aid"
- ③ FY2018 exemptions reimbursement not on file

LOCAL RECEIPTS

Town of Merrimac
Local Receipt Forecast

① ESTIMATED LOCAL RECEIPTS	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
1. Motor Vehicle Excise	795,000	868,000	900,000	918,000	936,360	955,087	974,189	993,673
2a. Meals Excise	-	-	-	-	-	-	-	-
2b. Room Excise	-	-	-	-	-	-	-	-
2c. Other Excise	500	500	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Excises	23,000	28,000	20,500	20,500	20,500	20,500	20,500	20,500
4. Payment In Lieu of Taxes	28,000	10,000	1,200	1,200	1,200	1,200	1,200	1,200
5. Charges for Services-Water	-	-	-	-	-	-	-	-
6. Charges for Services-Sewer	-	-	-	-	-	-	-	-
8. Charges for Services-Solid Waste Fees	200,000	130,000	120,000	122,400	124,800	127,200	129,700	132,200
9. Other Charges for Services	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
10. Fees	55,800	50,000	50,000	50,000	50,000	50,000	50,000	50,000
11. Rentals	85,000	97,000	100,000	101,000	102,000	103,000	104,000	105,000
14. Dept. Revenue-Cemeteries	12,000	12,000	15,000	15,000	15,000	15,000	15,000	15,000
15. Dept. Revenue-Recreation	-	-	-	-	-	-	-	-
16. Other Departmental Revenue	-	-	-	-	-	-	-	-
17. Licenses/Permits	59,000	70,000	55,000	55,500	56,000	56,500	57,000	57,500
18. Special Assessments	-	-	-	-	-	-	-	-
19. Fines and Forfeits	57,000	52,000	50,000	50,000	50,000	50,000	50,000	50,000
20. Investment Income	8,000	13,500	23,000	23,000	23,000	23,000	23,000	23,000
21. Medicaid Reimbursement								
22. Misc. Recurring	83,023	101,500	101,500	101,500	101,500	101,500	101,500	101,500
23. Misc. Non Recurring								
TOTAL Local Receipts-Budget	1,606,323	1,632,500	1,636,200	1,658,100	1,680,360	1,702,987	1,726,089	1,749,573

② ACTUAL LOCAL RECEIPTS	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
1. Motor Vehicle Excise	900,904	934,416						
2a. Meals Excise	-							
2b. Room Excise	-							
2c. Other Excise	438							
3. Penalties/Interest on Taxes and Excises	29,141	21,693						
4. Payment In Lieu of Taxes		3,730						
5. Charges for Services-Water	-							
6. Charges for Services-Sewer	-							
8. Charges for Services-Solid Waste Fees	132,238	127,292						
9. Other Charges for Services	190,308	206,758						
10. Fees	52,030	51,070						
11. Rentals	97,051	102,884						
14. Dept. Revenue-Cemeteries	14,500	21,600						
15. Dept. Revenue-Recreation	-	-						
16. Other Departmental Revenue	-	-						
17. Licenses/Permits	79,531	60,125						
18. Special Assessments	-	-						
19. Fines and Forfeits	52,586	53,064						
20. Investment Income	13,661	23,906						
21. Medicaid Reimbursement	-	-						
22. Misc. Recurring	185,335	165,569						
23. Misc. Non-Recurring								
Offset Receipts (from A-2)								
TOTAL Local Receipts-Actual	1,747,723	1,772,107	0	0	0	0	0	0
Difference: Actual over Budget	141,400	139,607	(1,636,200)	(1,658,100)	(1,680,360)	(1,702,987)	(1,726,089)	(1,749,573)
<i>% Incr (Decr) over prior year</i>	<i>6.1%</i>	<i>1.4%</i>	<i>(100.0%)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

- ① DLS, Gateway, Tax Rate, Recap, page 3, col b
- ② DLS, Gateway, Tax Rate, Recap, page 3, col a

AVAILABLE FUNDS

Town of Merrimac
Available Funds Forecast

	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Free Cash Appropriated for								
⑦ Snow & Ice Deficit	145,000		40,000					
① General Stabilization Fund			60,000					
① Capital Stabilization Fund	11,192	51,506	82,024					
① Ambulance Stabilization Fund	20,000	20,000	20,000					
① Capital Projects (5 yr, \$10k+)	261,000	181,500	307,000					
① Articles - Prior FY								
① Articles - Current FY	36,796	61,500	58,270					
① OPEB Fund	100,000	125,000	150,000					
① Training, Sick, and Vacation Payouts [one-time HR related]			54,000					
① Reduce Tax Rate								
① Adjustment/Correction to Budget			27,443					
① Other (Tax Recap page 4, column C)								
Total Free Cash Appropriated	573,988	439,506	798,737	0	0	0	0	0

	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Other Available Funds Used								
② General Stabilization Fund								
② Capital Stabilization Fund								
② Ambulance Stabilization Fund		11,750						
② Inspectional Services Revolving fund		120,000						
② Cable television funds (receipts reserved)		235,393	151,579					
② Interdepartmental Transfers			6,740					
② Overlay Surplus								
② Sale of Cemetery Lots	1,400	7,600	6,000					
② Revolving - CH40B								
② Receipts Reserved - Open Space Preservation								
② WPAT Receipts Reserved	5,000	5,000						
② Water Enterprise		42,000						
② Sewer Enterprise								
② Re-purpose PY Articles		35,527	57,288					
⑧ Municipal Light Dept (subsidy to reduce tax rate)	10,000	0	10,085	10,000	10,000	10,000	10,000	10,000
② Other								
Total Other Available Funds	16,400	457,270	231,692	10,000	10,000	10,000	10,000	10,000
<i>Proof (page 4, column d of recap)</i>	<i>6,400</i>	<i>457,270</i>	<i>221,607</i>					
<i>Recap, Pg 2 III d.2. (Muni Light to reduce tax rate)</i>	<i>10,000</i>	<i>0</i>	<i>10,085</i>					
TOTAL Available Funds	590,388	896,776	1,030,429	10,000	10,000	10,000	10,000	10,000

	Free Cash Certified as of:	07/01/2015	07/01/2016	07/01/2017	07/01/2018	07/01/2019	07/01/2020	07/01/2021	07/01/2022
③ Total General Fund Budget		14,549,488	15,490,341	16,115,209	15,653,150	16,103,190	16,564,061	17,036,806	17,525,927
④ Free Cash Certified Amount		573,988	439,506	798,737					
Free Cash as % of Total General Fund Budget		3.95%	2.84%	4.96%	0.00%	0.00%	0.00%	0.00%	0.00%

	Available Balance as of:	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022
⑤ General Stabilization Fund		738,200	746,358	806,358	806,358	806,358	806,358	806,358	806,358
⑤ Capital Stabilization Fund		164,791	216,381	298,405	298,405	298,405	298,405	298,405	298,405
⑤ Ambulance Stabilization Fund		26,268	34,528	54,528	54,528	54,528	54,528	54,528	54,528
⑤ Other (please describe)									
⑥ Combined Stabilization Funds Available Balance		929,259	997,267	1,159,291	1,159,291	1,159,291	1,159,291	1,159,291	1,159,291
Combined SF as % of Total General Fund Budget		6.39%	6.44%	7.19%	7.41%	7.20%	7.00%	6.80%	6.61%
<i>Combined Reserves as % of Total General Fund Revenues</i>		<i>10.33%</i>	<i>9.28%</i>	<i>12.15%</i>	<i>7.41%</i>	<i>7.20%</i>	<i>7.00%</i>	<i>6.80%</i>	<i>6.61%</i>

- ① DLS, Gateway, Tax Rate, Tax Rate Recap, Page 4 Col C in conjunction with Town Meeting minutes.
- ② DLS, Gateway, Tax Rate, B2 Other Funds and Town Meeting minutes
- ③ Computed but should match DLS, Gateway, Tax Rate, Tax Rate Recap, page 2, minus line III b. 2, 3 and 4
- ④ DLS, Gateway, Tax Rate, B1 Free Cash | DLS, Databank, Debt and Other Financial Indicators
- ⑤ Audited Financial Statements submitted to DLS & Balance Sheet Checklist, page 4 of 4 for FY2014-2017. FY18 and later are level funded and will need to be updated.
- ⑥ Reconcile amount to DLS, Gateway, Schedule A Part 6, Trust Funds [Total Stabilization Funds]
- ⑦ DLS, Gateway, Tax Rate, Tax Rate Recap, Page 2, Section II, Row II b, Line 9 [snow & ice deficit]
- ⑧ DLS, Gateway, Tax Rate, Tax Rate Recap, Page 2, Section II, Row III d, Line 2 [Muni Light Source]

EXPENDITURES

Town of Merrimac
Expenditure Forecast

	FY2016 Actuals	FY2017 Actuals	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
GENERAL GOVERNMENT								
1220-SELECTMEN								
Personnel Services	33,872	41,888	50,455	53,181	51,914	51,914	51,914	51,914
Operating Expenses	20,720	20,090	21,790	23,430	23,899	24,377	24,864	25,361
Total	54,593	61,978	72,245	76,611	75,812	76,290	76,778	77,275
1300-CAPITAL PLAN								
Operating Expenses	31	70	100	100	110	121	133	146
Total	31	70	100	100	110	121	133	146
1310-FINANCE COMM								
Personnel Services	0	0	800	800	800	800	800	800
Operating Expenses	406	496	500	500	505	510	515	520
Total	406	496	1,300	1,300	1,305	1,310	1,315	1,320
1320-RESERVE FUND								
Operating Expenses	0	0	40,000	40,000	40,000	40,000	40,000	40,000
Total	0	0	40,000	40,000	40,000	40,000	40,000	40,000
1350-TOWN ACCOUNTANT								
Personnel Services	68,414	69,786	73,244	76,900	75,492	75,492	75,492	75,492
Operating Expenses	7,404	8,372	8,372	19,504	19,894	20,292	20,698	21,112
Total	75,818	78,158	81,616	96,404	95,386	95,784	96,189	96,603
1410-ASSESSOR								
Personnel Services	37,871	34,899	38,260	45,931	39,270	39,270	39,270	39,270
Operating Expenses	27,443	25,286	29,716	19,856	20,253	20,658	21,071	21,493
Total	65,314	60,185	67,976	65,787	59,524	59,929	60,342	60,763
1450-FIN DIR/TREASURER								
Personnel Services	139,635	136,467	139,348	144,635	144,178	144,178	144,178	144,178
Operating Expenses	14,591	14,670	15,390	15,990	16,310	16,636	16,969	17,308
Total	154,226	151,137	154,738	160,625	160,487	160,814	161,146	161,486
1460-TAX COLLECTOR								
Personnel Services	38,514	50,002	54,045	57,210	55,691	55,691	55,691	55,691
Operating Expenses	19,624	19,153	20,893	13,248	13,513	13,783	14,059	14,340
Total	58,139	69,155	74,938	70,458	69,204	69,474	69,750	70,031
1490-BOND TOWN OFFICERS								
Operating Expenses	1,084	894	1,100	1,100	1,122	1,144	1,167	1,191
Total	1,084	894	1,100	1,100	1,122	1,144	1,167	1,191
1510-LEGAL/CONSULTING								
Operating Expenses	28,110	33,659	49,000	50,000	55,000	60,500	66,550	73,205
Total	28,110	33,659	49,000	50,000	55,000	60,500	66,550	73,205
1550-INFO TECH								
Personnel Services	1,273	1,300	1,333	1,360	1,333	1,333	1,333	1,333
Operating Expenses	12,918	14,488	16,419	16,419	16,747	17,082	17,424	17,772
Total	14,191	15,788	17,752	17,779	18,080	18,415	18,756	19,105
1600-CENSUS TAKERS								
Operating Expenses	1,428	1,661	2,122	2,322	2,561	2,825	3,116	3,437
Total	1,428	1,661	2,122	2,322	2,561	2,825	3,116	3,437
1610-TOWN CLERK								
Personnel Services	45,608	43,942	52,545	58,399	61,932	61,932	61,932	61,932
Operating Expenses	0	1,354	1,775	4,060	4,060	4,060	4,060	4,060
Total	45,608	45,296	54,320	62,459	65,992	65,992	65,992	65,992
1620-ELECTIONS								
Personnel Services	805	6,764	2,605	8,008	2,605	2,605	2,605	2,605
Operating Expenses	0	5,863	6,823	7,273	7,273	7,273	7,273	7,273
Total	805	12,627	9,428	15,281	9,878	9,878	9,878	9,878

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	FY2016 Actuals	FY2017 Actuals	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
1630-REGISTRARS								
Personnel Services	250	250	250	250	250	250	250	250
Operating Expenses	622	2,127	2,045	2,045	2,556	3,195	3,994	4,993
Total	872	2,377	2,295	2,295	2,806	3,445	4,244	5,243
1640-VITAL STATISTICS								
Personnel Services	0	150	150	545				
Operating Expenses	0	0	0	0	0	0	0	0
Total	0	150	150	545	0	0	0	0
1710-CONSERVATION								
Personnel Services	13,451	13,764	14,584	14,918	17,099	17,099	17,099	17,099
Operating Expenses	800	800	800	800	808	816	824	832
Total	14,251	14,564	15,384	15,718	17,907	17,915	17,923	17,931
1720-OPEN SPACE								
Personnel Services	0	0	0	0				
Operating Expenses	0	263	630	630	630	630	630	630
Total	0	263	630	630	630	630	630	630
1750-PLANNING BOARD								
Personnel Services	3,728	5,420	6,977	7,124	7,203	7,203	7,203	7,203
Operating Expenses	1,299	1,258	2,150	2,150	2,193	2,237	2,282	2,327
Total	5,027	6,678	9,127	9,274	9,396	9,440	9,484	9,530
1760-ZBA								
Personnel Services	4,037	4,067	4,656	4,750	4,802	4,802	4,802	4,802
Operating Expenses	203	277	425	425	434	442	451	460
Total	4,240	4,344	5,081	5,175	5,235	5,244	5,253	5,262
1770-MVPC								
Operating Expenses	2,201	2,256	2,312	2,370	2,417	2,466	2,515	2,565
Total	2,201	2,256	2,312	2,370	2,417	2,466	2,515	2,565
1850-RENT CONTROL								
Operating Expenses	0	0	200	200	200	200	200	200
Total	0	0	200	200	200	200	200	200
1920-MAINT (TOWN BLDGS)								
Operating Expenses	148,059	156,549	176,285	172,335	175,782	179,297	182,883	186,541
Total	148,059	156,549	176,285	172,335	175,782	179,297	182,883	186,541
1930-INSURANCE								
Operating Expenses	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0
1940-TOWN GARDENS								
Operating Expenses	600	600	600	600	600	600	600	600
Total	600	600	600	600	600	600	600	600
1950-TOWN REPORT								
Operating Expenses	407	400	500	500	510	520	531	541
Total	407	400	500	500	510	520	531	541
1990-CABLE ACCESS TV								
Operating Expenses	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0
TOTAL General Government	675,409	719,284	839,199	869,868	869,945	882,233	895,377	909,477
<i>% Incr (Decr) over prior year</i>	<i>-2.9%</i>	<i>6.5%</i>	<i>16.7%</i>	<i>3.7%</i>	<i>0.0%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>1.6%</i>
<i>Personnel Services</i>	<i>387,459</i>	<i>408,698</i>	<i>439,252</i>	<i>474,011</i>	<i>462,568</i>	<i>462,568</i>	<i>462,568</i>	<i>462,568</i>
<i>Expenses and Capital</i>	<i>287,950</i>	<i>310,586</i>	<i>399,947</i>	<i>395,857</i>	<i>407,377</i>	<i>419,666</i>	<i>432,810</i>	<i>446,909</i>
PUBLIC SAFETY								
2100-POLICE								
Personnel Services	933,729	941,697	1,050,915	1,084,789	1,105,673	1,105,673	1,105,673	1,105,673
Operating Expenses	99,210	100,402	105,577	112,106	117,052	122,217	127,609	133,239
Capital Outlay					0	0	0	0
Total	1,032,939	1,042,099	1,156,492	1,196,895	1,222,725	1,227,890	1,233,282	1,238,912
2200-FIRE								
Personnel Services	411,248	305,134	325,087	330,739	350,860	350,860	350,860	350,860
Operating Expenses	133,747	88,003	79,411	85,911	87,629	89,382	91,169	92,993
Capital Outlay					0	0	0	0
Total	544,995	393,137	404,498	416,650	438,490	440,242	442,030	443,853

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	FY2016 Actuals	FY2017 Actuals	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
2201-AMBULANCE								
Personnel Services	0	116,153	120,069	122,470	124,307	124,307	124,307	124,307
Operating Expenses	0	47,180	46,930	46,930	47,869	48,826	49,802	50,799
Capital Outlay					0	0	0	0
Total	0	163,333	166,999	169,400	172,176	173,133	174,110	175,106
2410-INSPECTIONAL SERVICES								
Personnel Services	65,632	65,136	76,814	81,668	79,182	79,182	79,182	79,182
Operating Expenses	7,887	5,491	9,470	9,470	9,659	9,853	10,050	10,251
Total	73,519	70,627	86,284	91,138	88,842	89,035	89,232	89,433
2440-SEALER OF W&M								
Personnel Services	1,699	1,740	1,788	1,824	1,844	1,844	1,844	1,844
Operating Expenses	0	119	250	250	253	255	258	260
Total	1,699	1,859	2,038	2,074	2,097	2,099	2,102	2,104
2910-EMERGENCY MGMT								
Personnel Services	14,874	15,677	16,118	16,441	16,539	16,539	16,539	16,539
Operating Expenses	10,009	8,713	12,141	12,141	12,384	12,631	12,884	13,142
Total	24,882	24,390	28,259	28,582	28,923	29,171	29,424	29,681
2920-ANIMAL CONTROL								
Personnel Services	16,704	17,269	18,390	18,656	18,909	18,909	18,909	18,909
Operating Expenses	2,464	2,437	2,500	2,500	2,550	2,601	2,653	2,706
Total	19,168	19,706	20,890	21,156	21,459	21,510	21,562	21,615
2930-PARKING CLERK								
Personnel Services	1,224	1,260	1,296	1,320	1,337	1,337	1,337	1,337
Operating Expenses	50	85	460	460	469	479	488	498
Total	1,274	1,345	1,756	1,780	1,806	1,816	1,825	1,835
OTHER								
Personnel Services								
Operating Expenses								
Total	0	0	0	0	0	0	0	0
TOTAL Public Safety	1,698,476	1,716,495	1,867,216	1,927,675	1,976,518	1,984,896	1,993,566	2,002,540
<i>% Incr (Decr) over prior year</i>	<i>3.0%</i>	<i>1.1%</i>	<i>8.8%</i>	<i>3.2%</i>	<i>2.5%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.5%</i>
<i>Personnel Services</i>	<i>1,445,110</i>	<i>1,464,065</i>	<i>1,610,477</i>	<i>1,657,907</i>	<i>1,698,653</i>	<i>1,698,653</i>	<i>1,698,653</i>	<i>1,698,653</i>
<i>Expenses and Capital</i>	<i>253,367</i>	<i>252,430</i>	<i>256,739</i>	<i>269,768</i>	<i>277,865</i>	<i>286,243</i>	<i>294,913</i>	<i>303,887</i>
EDUCATION								
3010-WHITTIER [LEA 885]								
Whittier Tech Assessment	791,257	900,127	885,563	991,730	1,071,068	1,156,754	1,249,294	1,349,238
Whittier Tech Capital Assmt	18,134	16,478	19,262	25,311	26,222	27,166	28,144	29,157
Total	809,391	916,605	904,825	1,017,041	1,097,291	1,183,920	1,277,438	1,378,395
3020-PENTUCKET [LEA 745]								
Pentucket Regional Assessment	7,047,248	7,290,538	7,637,936	7,841,302	8,154,954	8,481,152	8,820,398	9,173,214
Pentucket Regional Capital Assmt	150,718	211,339	213,824	220,239	236,757	254,514	273,602	294,122
Total	7,197,966	7,501,877	7,851,760	8,061,541	8,391,711	8,735,666	9,094,001	9,467,337
3030-ESSEX TECH [LEA 817]								
Essex Technical	78,894	96,442	122,594	126,272	137,535	138,910	160,342	161,946
Essex Technical Transportation								
Total	78,894	96,442	122,594	126,272	137,535	138,910	160,342	161,946
TOTAL Education	8,086,251	8,514,924	8,879,179	9,204,854	9,626,537	10,058,496	10,531,781	11,007,677
<i>% Incr (Decr) over prior year</i>	<i>4.8%</i>	<i>5.3%</i>	<i>4.3%</i>	<i>3.7%</i>	<i>4.6%</i>	<i>4.5%</i>	<i>4.7%</i>	<i>4.5%</i>
PUBLIC WORKS								
4200-HIGHWAY								
Personnel Services	326,019	320,065	366,859	374,511	379,957	379,957	379,957	379,957
Operating Expenses (incl Park/Recr)	273,753	320,870	323,790	190,790	194,606	198,498	202,468	206,517
Snow & Ice								
Roadway Repairs								
Capital Outlay	0	0	0	0	0	0	0	0
Total	599,772	640,935	690,649	565,301	574,563	578,455	582,425	586,474

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	FY2016 Actuals	FY2017 Actuals	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
4330-LANDFILL								
Operating Expenses	410,000	375,000	380,000	30,000	30,300	30,603	30,909	31,218
Total	410,000	375,000	380,000	30,000	30,300	30,603	30,909	31,218
4910-CEMETERY								
Personnel Services	44,536	42,782	49,419	50,490	51,192	51,192	51,192	51,192
Operating Expenses	2,817	3,720	4,800	5,600	5,656	5,713	5,770	5,827
Total	47,353	46,503	54,219	56,090	56,848	56,904	56,961	57,019
TOTAL Public Works	1,057,125	1,062,438	1,124,868	651,391	661,710	665,962	670,295	674,711
<i>% Incr (Decr) over prior year</i>	11.3%	0.5%	5.9%	-42.1%	1.6%	0.6%	0.7%	0.7%
<i>Personnel Services</i>	370,554	362,847	416,278	425,001	431,149	431,149	431,149	431,149
<i>Expenses and Capital</i>	686,570	699,591	708,590	226,390	230,562	234,813	239,147	243,563
HEALTH & HUMAN SERVICES								
5100-BOARD OF HEALTH								
Personnel Services	59,748	60,993	56,194	71,791	72,840	72,840	72,840	72,840
Operating Expenses	2,629	2,946	3,700	4,450	4,495	4,539	4,585	4,631
Total	62,377	63,940	59,894	76,241	77,335	77,380	77,425	77,471
5410-COUNCIL ON AGING								
Personnel Services	204,345	217,760	230,642	224,143	226,886	226,886	226,886	226,886
Operating Expenses	28,548	28,378	29,629	28,439	28,723	29,011	29,301	29,594
Total	232,893	246,139	260,271	252,582	255,609	255,896	256,187	256,480
5430-VETERANS BENEFITS								
Personnel Services	0	0	0	0				
Operating Expenses	87,594	98,698	95,022	128,592	129,878	131,177	132,488	133,813
Total	87,594	98,698	95,022	128,592	129,878	131,177	132,488	133,813
TOTAL Health & Human Services	382,864	408,776	415,187	457,415	462,822	464,453	466,100	467,764
<i>% Incr (Decr) over prior year</i>	-0.1%	6.8%	1.6%	10.2%	1.2%	0.4%	0.4%	0.4%
<i>Personnel Services</i>	264,094	278,754	286,836	295,934	299,726	299,726	299,726	299,726
<i>Expenses and Capital</i>	118,771	130,023	128,351	161,481	163,096	164,727	166,374	168,038
CULTURE & RECREATION								
6100-LIBRARY								
Personnel Services	184,462	186,773	193,107	196,451	200,149	200,149	200,149	200,149
Operating Expenses	90,482	92,582	94,182	96,606	97,572	98,548	99,533	100,529
Capital Outlay	0	0	0	0	0	0	0	0
Total	274,944	279,355	287,289	293,057	297,721	298,697	299,682	300,677
6300-PARK & RECR								
Personnel Services								
Operating Expenses	8,270	9,497	12,300	12,300	12,423	12,547	12,673	12,799
Total	8,270	9,497	12,300	12,300	12,423	12,547	12,673	12,799
Total Culture & Recreation	283,214	288,852	299,589	305,357	310,144	311,244	312,355	313,477
<i>% Incr (Decr) over prior year</i>	2.6%	2.0%	3.7%	1.9%	1.6%	0.4%	0.4%	0.4%
<i>Personnel Services</i>	184,462	186,773	193,107	196,451	200,149	200,149	200,149	200,149
<i>Expenses and Capital</i>	98,752	102,079	106,482	108,906	109,995	111,095	112,206	113,328
DEBT SERVICE/CAPITAL PLAN								
7100-LONG TERM DEBT								
Maturing Debt	369,850	366,590	326,777	326,816	321,855	261,896	256,937	251,979
Maturing Interest	64,222	56,445	47,805	40,423	30,818	22,566	15,453	7,840
Total	434,073	423,035	374,582	367,239	352,674	284,462	272,390	259,819
7500-SHORT TERM DEBT								
Lease	71,291	72,520	73,780	75,179	82,471	84,008	85,585	87,203
Short Term/Other	21,923	21,923	22,000	69,000	20,000	20,000	20,000	20,000
Total	93,214	94,443	95,780	144,179	102,471	104,008	105,585	107,203
TOTAL Debt Service	527,287	517,478	470,362	511,418	455,144	388,470	377,975	367,021
<i>% Incr (Decr) over prior year</i>	8.4%	-1.9%	-9.1%	8.7%	-11.0%	-14.6%	-2.7%	-2.9%
RISK MANAGEMENT								
9450-PROP/LIAB INSURANCE								
Operating Expenses	41,270	48,506	65,000	71,000	72,420	73,868	75,346	76,853
Total	41,270	48,506	65,000	71,000	72,420	73,868	75,346	76,853
TOTAL Risk Management	41,270	48,506	65,000	71,000	72,420	73,868	75,346	76,853
<i>% Incr (Decr) over prior year</i>	-20.8%	17.5%	34.0%	9.2%	2.0%	2.0%	2.0%	2.0%
9100-EMPLOYEE BENEFITS								
Benefit Offset (from enterprise)	(50,148)	(45,252)	(44,900)	(48,000)	(48,960)	(49,939)	(50,938)	(51,957)
Retirement	423,206	474,044	517,003	536,032	575,752	618,415	664,240	713,460
Group Health/Dental Insurance	230,059	246,432	309,000	329,000	361,900	398,090	437,899	481,689
Group Life Insurance	1,238	606	3,000	3,000	3,150	3,308	3,473	3,647
Unemployment	4,064	4,385	6,400	6,400	6,464	6,529	6,594	6,660
Workers Compensation	33,033	37,493	35,000	35,000	35,700	36,414	37,142	37,885
Medicare/FICA	37,692	37,754	38,500	43,500	44,370	45,257	46,163	47,086
OPEB	40,000	40,000	60,000	80,000	88,000	96,800	106,480	117,128
Other (salary adjustment)				10,000	10,000	10,000	10,000	10,000
TOTAL Employee Benefits	719,144	795,463	924,003	994,932	1,076,376	1,164,874	1,261,052	1,365,597
<i>% Incr (Decr) over prior year</i>	12.1%	10.6%	16.2%	7.7%	8.2%	8.2%	8.3%	8.3%

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	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
9460-STATE & COUNTY	Actuals	Actuals	Budget	Projected	Projected	Projected	Projected	Projected
County Tax				0	0	0	0	0
Mosquito Control	26,320	26,438	27,097	28,992	31,166	33,504	36,017	38,718
Air Pollution	1,819	1,865	1,871	1,925	2,069	2,225	2,391	2,571
RMV Non-Renewal Surcharge	5,880	5,880	5,880	5,880	6,321	6,795	7,305	7,853
MBTA				0	0	0	0	0
Regional Transit	47,514	56,695	62,846	69,372	74,575	80,168	86,181	92,644
Essex County Agr Tuition				0	0	0	0	0
② Other/Adjustment				0	0	0	0	0
TOTAL Assessments	81,533	90,878	97,694	106,169	114,132	122,692	131,893	141,785
% Incr (Decr) over prior year	-2.9%	11.5%	7.5%	8.7%	7.5%	7.5%	7.5%	7.5%
TOTAL General Fund Appropriations	13,552,573	14,163,094	14,982,297	15,100,079	15,625,747	16,117,188	16,715,741	17,326,903
% Incr (Decr) over prior year	4.8%	4.5%	5.8%	0.8%	3.5%	3.1%	3.7%	3.7%
				14,993,323				
OTHER AMOUNTS TO BE RAISED				587				
① Amounts certified for tax title (IIb1)								
① Debt not included on page 4 (IIb2)								
① Deficits/Judgements/Tax title (IIb3)								
① Overlay Deficit (IIb4)								
① Cherry Sheet Offsets (IIb5)	9,595	9,107	9,359	10,066	10,167	10,268	10,371	10,475
① Revenue Deficits (IIb6)								
① Snow and Ice Deficit (Ch 44 Sec 31D)								
Intergovernmental								
① Allow for Abatements & Exemptions	101,020	101,209	103,211	105,276	107,381	109,529	111,719	113,954
Other								
TOTAL Other Amounts Raised	110,615	110,316	112,570	115,342	117,548	119,797	122,090	124,428
% Incr (Decr) over prior year	-4.3%	-0.3%	2.0%	2.5%	1.9%	1.9%	1.9%	1.9%
TOTAL General Fund and Other Amts	13,663,189	14,273,410	15,094,867	15,215,420	15,743,295	16,236,985	16,837,832	17,451,331
% Incr (Decr) over prior year	4.7%	4.5%	5.8%	0.8%	3.5%	3.1%	3.7%	3.6%
OTHER FINANCING USES								
Transfer to General Stabilization	0	0	60,000					
Transfer to Capital Stabilization	11,192	51,506	82,024					
Transfer to Ambulance Stabilization	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Transfer to OPEB Trust	100,000	125,000	150,000	165,000	181,500	199,650	219,615	241,577
Free Cash for Special Articles	36,796	66,000	139,713					
Snow and Ice Deficit	145,000		40,000					
Capital Projects Articles	261,000	177,000	307,000	150,000	150,000	150,000	150,000	150,000
Cable Receipts Reserved (for Cable Budget)		135,393	151,579					
Sale of Lots	1,400	7,600	6,000	3,500	3,500	3,500	3,500	3,500
Other Funds for CY Special Articles		111,750						
④ Repurpose from PY Articles/Cont Approp		35,527	64,028					
Other		162,000						
TOTAL Other Appropriations	575,388	891,776	1,020,344	338,500	355,000	373,150	393,115	415,077
% Incr (Decr) over prior year	41.3%	55.0%	14.4%	-66.8%	4.9%	5.1%	5.4%	5.6%
	573,988	439,506	798,737	Free cash-pg 4				
	6,400	457,270	221,607	Other avail - pg 4				
	(5,000)	(5,000)	-	MWPAT				
ENTERPRISE FUNDS								
③ Water Fund	834,043	1,114,905	1,297,097	1,159,728	1,172,037	1,169,102	1,182,801	1,162,365
③ Sewer Fund	1,056,420	1,140,536	1,211,930	1,286,685	1,305,479	1,316,840	1,326,560	1,342,448
TOTAL Enterprise Funds	1,890,463	2,255,441	2,509,027	2,446,413	2,477,515	2,485,943	2,509,361	2,504,813
GRAND TOTAL Expenditures	15,553,652	16,528,851	17,603,894	17,661,833	18,220,810	18,722,927	19,347,193	19,956,144
% Incr (Decr) over prior year	1.7%	6.3%	6.5%	0.3%	3.2%	2.8%	3.3%	3.1%

- ① Page 2, Tax Rate Recapitulation
- ② DLS Gateway, Tax Rate Recap, Page 2 (II)(c)
- ③ See Enterprise tab of forecast workbook
- ④ DLS Gateway, Tax Rate Recap, Schedule B2

ENTERPRISE FUNDS

Town of Merrimac
Enterprise Funds Forecast

	FY2016 Actual	FY2017 Actual	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
SUMMARY								
Water Revenues	1,008,251	1,094,782	1,297,097	1,214,516	1,238,807	1,263,583	1,288,855	1,314,632
Water Expenditures	834,043	1,114,905	1,297,097	1,159,728	1,172,037	1,169,102	1,182,801	1,162,365
Water Surplus Revenue/(Shortfall)	174,208	(20,123)	(0)	54,789	66,770	94,480	106,053	152,267
Sewer Revenues	1,256,997	1,255,796	1,211,929	1,190,793	1,199,724	1,208,722	1,217,788	1,226,921
Sewer Expenditures	1,056,420	1,140,536	1,211,930	1,286,685	1,305,479	1,316,840	1,326,560	1,342,448
Sewer Surplus Revenue/(Shortfall)	200,577	115,260	(1)	(95,891)	(105,754)	(108,118)	(108,772)	(115,527)
Enterprise Surplus/(Shortfall)	374,785	95,137	(1)	(41,103)	(38,984)	(13,638)	(2,719)	36,740

	Certified as of:		6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
Water Retained Earnings			261,168	195,614	161,223					
Sewer Retained Earnings			553,855	691,741	760,065					
Enterprise Certified Retained Earnings			815,023	887,355	921,288	0	0	0	0	0
<i>% Incr (Decr) over prior year</i>			<i>(10.9%)</i>	<i>8.9%</i>	<i>3.8%</i>					

WATER ENTERPRISE

Revenues - Estimated								
Receipts	980,079	987,950	1,012,097	1,214,516	1,238,807	1,263,583	1,288,855	1,314,632
Retained Earnings	186,000	225,000	185,000	186,850	188,719	190,606	192,512	194,437
Privilege Fund			100,000	5,000	5,000	5,000	5,000	5,000
Other	5,000							
WATER - Total Estimated Revenues	1,171,079	1,212,950	1,297,097	1,406,366	1,432,525	1,459,189	1,486,366	1,514,068
<i>% Incr (Decr) over prior year</i>	<i>4.4%</i>	<i>3.6%</i>	<i>6.9%</i>	<i>8.4%</i>	<i>1.9%</i>	<i>1.9%</i>	<i>1.9%</i>	<i>1.9%</i>

Revenues - Actual								
Receipts - Actual	1,008,251	1,074,639						
Other Financing Sources - Actual		20,143						
WATER - Total Revenues & Other Financing Sources	1,008,251	1,094,782						

WATER - Revenues Actual over Estimate	23,172	106,832
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Expenditures								
Personal Services	254,710	256,393	280,092	290,120	290,120	294,419	294,419	294,419
Expenses	184,646	294,108	322,292	328,738	335,313	342,019	348,859	355,836
Capital Outlay	56,077	225,000	255,000	188,000	189,880	191,779	193,697	195,634
Debt Service	167,148	218,146	306,713	193,120	190,093	166,985	164,241	126,763
Indirect Costs	109,462	91,258	103,000	128,850	134,804	141,119	147,820	154,935
Transfer to General Fund	42,000							
Transfer to Trust Funds (OPEB)	20,000	30,000	30,000	30,900	31,827	32,782	33,765	34,778
WATER - Total Expenditures	834,043	1,114,905	1,297,097	1,159,728	1,172,037	1,169,102	1,182,801	1,162,365
<i>% Incr (Decr) over prior year</i>	<i>(25.6%)</i>	<i>33.7%</i>	<i>16.3%</i>	<i>(10.6%)</i>	<i>1.1%</i>	<i>(0.3%)</i>	<i>1.2%</i>	<i>(1.7%)</i>
WATER Enterprise Surplus/(Shortfall)	174,208	(20,123)	(0)	246,639	260,489	290,086	303,565	351,704

Continued on next page

	FY2016 Actual	FY2017 Actual	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
SEWER ENTERPRISE								
Revenues - Estimated								
Receipts	1,108,703	1,232,795	1,181,929	1,190,793	1,199,724	1,208,722	1,217,788	1,226,921
Retained Earnings	216,800		30,000					
Other		60,000		0	0	0	0	0
① SEWER - Total Estimated Revenues	1,325,503	1,292,795	1,211,929	1,190,793	1,199,724	1,208,722	1,217,788	1,226,921
% Incr (Decr) over prior year	13.6%	(2.5%)	(6.3%)	(1.7%)	0.7%	0.8%	0.8%	0.8%
Revenues - Actual								
Receipts - Actual	1,256,997	1,249,250						
Other Financing Sources - Actual		6,546						
⑥ SEWER - Total Revenues & Other Financing Sources	1,256,997	1,255,796						
SEWER - Revenues Actual over Estimate								
	(68,506)	(36,999)						
Expenditures								
②a Personal Services	324,316	348,260	360,136	371,919	376,212	376,191	376,191	376,191
②b Expenses	366,349	372,700	459,248	470,729	482,497	494,560	506,924	519,597
② Capital Outlay	27,258	73,533	50,000	50,000	52,500	55,125	57,881	60,775
⑦ Debt Service	201,005	195,834	185,546	203,135	195,101	183,028	168,321	158,759
⑤ Indirect Costs ("Benefit Reimbursement")	106,492	119,208	126,000	158,972	166,280	174,062	182,353	191,189
② Transfer to Other Funds (OPEB and others)	31,000	31,000	31,000	31,930	32,888	33,875	34,891	35,937
SEWER - Total Expenditures	1,056,420	1,140,536	1,211,930	1,286,685	1,305,479	1,316,840	1,326,560	1,342,448
% Incr (Decr) over prior year	(5.9%)	8.0%	6.3%	6.2%	1.5%	0.9%	0.7%	1.2%
SEWER Enterprise Surplus/(Shortfall)	200,577	115,260	(1)	(95,891)	(105,754)	(108,118)	(108,772)	(115,527)

- ① DLS, Gateway, Tax Rate, A-2 Enterprise Funds, column b [Estimated Revenues]
- ② FY18 Town YTD Expenditure Summary report. Prior to FY18 = Schedule A, Part 5 (with exceptions noted below)
- ②a Enterprise Pers Svcs: Town YTD expenditure reports FY15-FY17. FY18-FY23 on COLA worksheet. Note: Benefit reimbursement reflected in expenditures; not personal svcs
- ②b Enterprise Expenditures: Town YTD expenditure reports. Note: Benefit reimbursement reflected in expenditures; not personal services
- ③ DLS, Gateway, Tax Rate, Certified Free Cash/Retained Earnings
- ④ Town did not operate Enterprise Funds prior to FY2007
- ⑤ Town YTD Expenditure report shown under "Benefit Reimbursement"
- ⑥ Actuals Prior to FY2018: DLS, Gateway, Schedule A, Part 5 Enterprise Funds [Actual Revenues and Other Financing Sources]
- ⑦ FY2016 - FY2023 debt service from Town Debt Schedule. Prior to FY2016, data is from DLS, Gateway, Schedule A, Part 5

	30-Jun-16	30-Jun-17	30-Jun-18
Tax Recap	2,496,582	2,505,745	2,509,026
Water	1,171,079	1,212,950	1,297,097
Sewer	1,325,503	1,292,795	1,211,929
Sub-Total	2,496,582	2,505,745	2,509,026
Variance	-	-	-

DEBT

**Town of Merrimac
Debt Service Forecast**

Debt Service Summary	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
General Fund Debt Service	185,988	186,530	154,537	153,693	157,719	102,858	104,025	100,271
General Fund Excluded Debt Service	319,375	309,025	293,825	288,725	277,425	265,613	253,950	246,750
Regional School Debt Service (Excluded)	-	-	-	-	-	-	-	-
Temporary Interest/Issue Costs	21,923	21,923	22,000	69,000	20,000	20,000	20,000	20,000
TOTAL General Fund	527,287	517,478	470,362	511,418	455,144	388,470	377,975	367,021
<i>General Fund Revenues</i>	<i>14,549,488</i>	<i>15,490,341</i>	<i>16,115,209</i>	<i>15,653,150</i>	<i>16,103,190</i>	<i>16,564,061</i>	<i>17,036,806</i>	<i>17,525,927</i>
<i>GF Debt as a % of General Fund Revenues</i>	<i>3.6%</i>	<i>3.3%</i>	<i>2.9%</i>	<i>3.3%</i>	<i>2.8%</i>	<i>2.3%</i>	<i>2.2%</i>	<i>2.1%</i>

Enterprise Debt Service	389,836	436,037	514,722	396,255	385,194	350,013	332,562	285,522
Temporary Interest/Issue Costs								
TOTAL Other	389,836	436,037	514,722	396,255	385,194	350,013	332,562	285,522
TOTAL Debt Service	917,122	953,514	985,084	907,673	840,339	738,484	710,537	652,543
<i>Enterprise Revenues + Retained Earnings</i>	<i>2,496,582</i>	<i>2,505,745</i>	<i>2,509,026</i>	<i>2,597,160</i>	<i>2,632,250</i>	<i>2,667,911</i>	<i>2,704,154</i>	<i>2,740,990</i>
<i>Total Revenues</i>	<i>17,046,070</i>	<i>17,996,086</i>	<i>18,624,235</i>	<i>18,250,310</i>	<i>18,735,440</i>	<i>19,231,972</i>	<i>19,740,960</i>	<i>20,266,916</i>
<i>Total Debt as a % of Total Revenues</i>	<i>5.4%</i>	<i>5.3%</i>	<i>5.3%</i>	<i>5.0%</i>	<i>4.5%</i>	<i>3.8%</i>	<i>3.6%</i>	<i>3.2%</i>

Non-Excluded Principal

\$2.38M FY28 INSIDE	37,188	37,188	35,000	35,000	35,000	-	-	-
\$2.38M FY28 OUTSIDE	26,563	26,563	20,000	20,000	20,000	-	-	-
\$3.971M (FY24) INSIDE	15,000	15,000	15,000	15,000	15,000	15,000	15,000	10,000
MWPAT \$860K (FY36) OUTSIDE	-	1,739	1,777	1,816	1,855	1,896	1,937	1,979
② \$1.0218 (FY25) LEASE AMERESCO [ENERGY]	52,997	55,648	58,401	61,347	70,323	73,747	77,302	80,992
TITLE V SEPTIC	11,100	11,100						
\$378K FY17 INSIDE	10,000	10,000						
Total Principal	152,848	157,238	130,178	133,162	142,178	90,642	94,238	92,971

Non-Excluded Interest

\$2.38M FY28 INSIDE	6,752	5,334	3,710	2,689	630	-	-	-
\$2.38M FY28 OUTSIDE	4,180	3,168	2,120	1,195	360	-	-	-
\$3.971M (FY24) INSIDE	2,925	2,625	2,325	2,025	1,650	1,238	825	450
MWPAT \$860K (FY36) OUTSIDE	-	798	825	790	753	716	678	640
② \$1.0218 (FY25) LEASE AMERESCO [ENERGY]	18,294	16,872	15,379	13,832	12,147	10,261	8,284	6,211
TITLE V SEPTIC								
\$378K FY17 INSIDE	990	495	-	-	-	-	-	-
Total Interest	33,141	29,291	24,359	20,531	15,541	12,215	9,787	7,300
TOTAL Non-Excluded Debt	185,988	186,530	154,537	153,693	157,719	102,858	104,025	100,271

Excluded Debt

School Buildings (net of MSBA)								
Donahue Bldg (net of MSBA)								
Sweetsir Bldg (net of MSBA)								
Town Hall Renovations	175,225	145,000	140,000	140,000	135,000	135,000	130,000	130,000
Library Building	144,150	120,000	115,000	115,000	115,000	110,000	110,000	110,000
Renovation Town Hall								
Interest		44,025	38,825	33,725	27,425	20,613	13,950	6,750
TOTAL Excluded Debt (Town)	319,375	309,025	293,825	288,725	277,425	265,613	253,950	246,750

Regional School Debt (Excluded)

Pentucket Building Refinance								
Pentucket Building								
Whittier Regional Voc Technical								
Essex North Shore Agricultural								
TOTAL Excluded Debt (School)	-	-	-	-	-	-	-	-

TOTAL Excluded Debt	319,375	309,025	293,825	288,725	277,425	265,613	253,950	246,750
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	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
ENTERPRISE								
\$2.38M (FY28): Water Ref	21,250	21,250	20,000	20,000	20,000			
\$3.971M (FY24):								
Engineering	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Tonka Filters	35,000	35,000	35,000	30,000	30,000	30,000	30,000	
Storage Tanks	25,000	25,000	25,000	25,000	25,000	25,000	25,000	20,000
Well Fields	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000
Booster Stations	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
MWPAT \$860K (FY36): Water Mains		33,049	33,767	34,500	35,251	36,016	36,799	37,599
\$1.0218 (FY25) Lease Ameresco [Energy]	2,715	2,851	2,992	3,138	3,598	3,773	3,955	4,143
Total WATER - Principal	138,965	172,150	171,759	162,639	163,848	144,789	145,754	111,742
\$2.38M (FY28): Water Ref	3,858	3,048	2,120	1,195	360			
\$3.971M (FY24):								
Engineering	3,075	2,775	2,475	2,175	1,800	1,388	975	525
Tonka Filters	4,900	4,200	3,500	2,850	2,100	1,275	450	
Storage Tanks	4,625	4,125	3,625	3,125	2,500	1,813	1,125	1,125
Well Fields	5,625	5,025	4,425	3,875	3,250	2,563	1,875	450
Booster Stations	2,150	1,950	1,750	1,550	1,300	1,025	750	450
MWPAT \$860K (FY36): Water Mains	813	15,160	15,679	15,004	14,314	13,609	12,888	12,152
\$1.0218 (FY25) Lease Ameresco [Energy]	937	864	4,506	708	621	525	424	318
Temporary Borrowing/Bond Issue Cost	2,200	8,849	96,874					
Adjustment/Other								
Total WATER - Interest	28,183	45,997	134,954	30,481	26,245	22,196	18,487	15,020
Total WATER	167,148	218,146	306,713	193,120	190,093	166,985	164,241	126,763
①								
\$4.23M (FY24):								
Sewer Facility	85,000	85,000	85,000	85,000	85,000	85,000	85,000	80,000
Betterment- Chur/Flr	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Betterment - Red Oaks	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
\$3.971M (FY24):								
Attitash Lift	40,000	40,000	40,000	40,000	35,000	35,000	35,000	35,000
C/F Betterment	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Ridgefield (FY20)	15,000	15,000	10,000	10,000	10,000	10,000		
River Rd SRF (FY20)	7,553	7,530	7,438	7,304	7,195			
\$1.0218 (FY25) Lease Ameresco [Energy]	16,119	16,925	17,762	18,562	21,278	22,314	23,390	24,506
Total SEWER - Principal	173,672	174,455	170,200	170,866	168,473	162,314	153,390	149,506
\$4.23M (FY24):								
Sewer Facility	29,706	26,476	23,140	19,719	16,234	12,664	9,009	5,380
Betterment- Chur/Flr	887	792	694	593	491	386	278	168
Betterment - Red Oaks	887	792	694	593	491	386	278	168
\$3.971M (FY24):								
Attitash Lift	7,875	7,075	6,275	5,475	4,550	3,588	2,625	1,575
C/F Betterment	925	825	725	625	500	363	225	75
Ridgefield (FY20)	2,600	2,019	1,488	1,063	674	213		
River Rd SRF (FY20)	572	325	117					
\$1.0218 (FY25) Lease Ameresco [Energy]	5,564	5,131	4,677	4,201	3,689	3,116	2,516	1,886
Temporary Borrowing/Bond Issue Cost								
Adjustment/Other								
Total SEWER - Interest	49,016	43,435	37,809	32,268	26,628	20,714	14,931	9,253
TOTAL Sewer	222,687	217,890	208,009	203,135	195,101	183,028	168,321	158,759
TOTAL Enterprise Debt Service	389,836	436,037	514,722	396,255	385,194	350,013	332,562	285,522

① Variances were observed between amortization schedule and accounting records. Where different, the higher amount was used.

CAPITAL IMPROVEMENT PLAN

**Town of Merrimac
Capital Improvement Plan**

		FY2019	FY2020	FY2021	FY2022	FY2023
		Projected	Projected	Projected	Projected	Projected
Project Name	Funding Source					
PUBLIC SAFETY						
POLICE						
Police Cruiser	Free Cash	45,000	45,000	45,000	45,000	45,000
① Police Building	Borrowing/Debt Exclusion	5,500,000	-	-	-	-
Sub-Total: POLICE		5,545,000	45,000	45,000	45,000	45,000
FIRE						
Ambulance	Free Cash (\$100k), Cap Stab (\$50k), Amb Stab (\$50k)	200,000	-	-	-	-
Pumper	Borrowing/Lease	900,000	-	-	-	-
Sub-Total: FIRE		1,100,000	-	-	-	-
TOTAL PUBLIC SAFETY		6,645,000	45,000	45,000	45,000	45,000
EDUCATION						
DONAGHUE						
Replace Fire Alarm System	Free Cash/Borrowing	50,000				
Replace Stairwell treads	TBD		40,000			
Facility wide infrared scan	TBD			10,000		
Classroom electrical upgrade	TBD		30,000			
Replace PA system	TBD			100,000		
Renovate restrooms	TBD			100,000		
Repair/seal coat	TBD			75,000		
Sub-Total: DONAGHUE		50,000	70,000	285,000	-	-
SWEETSIR						
Remove asbestos tiles	TBD		150,000			
Repalce lights with LED	TBD		20,000			
Replace sewer pump	TBD		15,000			
Replace fire alarm system	Free Cash/Borrowing	50,000				
Misc painting	TBD			150,000		
Repalce PA system	TBD			100,000		
Renovate restrooms	TBD			200,000		
Repair/seal coat	TBD			75,000		
Sub-Total: SWEETSIR		50,000	185,000	525,000	-	-
MIDDLE/HIGH SCHOOL						
① New building/renovation	Borrowing/MSBA	15,000,000				
Sub-Total: MIDDLE/HIGH SCHOOL		15,000,000	-	-	-	-
TOTAL EDUCATION		15,100,000	255,000	810,000	-	-

Continued on next page

OTHER

COA						
① Building Addition	Borrowing/Grants					1
Sub-Total: COA		-	-	-		1

HIGHWAY						
Front End Loader	Borrowing/Lease		177,764			
Culvert Repair/Engineering	Free Cash	107,000				
6 wheel dump/plow	Borrowing/Lease	188,280				
Sub-Total: HIGHWAY		295,280	177,764	-	-	-

LIBRARY						
Metal Roof replacement	Borrowing	470,000				
Sub-Total: LIBRARY		470,000	-	-	-	-

TOWN HALL						
Slate roof	Borrowing/Grants	402,000				
Replacement windows	Borrowing/Grants	405,000				
Repainting bricks	Borrowing/Grants	338,000				
Sub-Total: TOWN HALL		1,145,000	-	-	-	-

PLAYGROUND						
Equipment	Free Cash	25,000				
Sub-Total: PLAYGROUND		25,000	-	-	-	-

OPEN SPACE						
Land	Open Space Account	10,000				
Sub-Total: OPEN SPACE		10,000	-	-	-	-

TOTAL OTHER		1,945,280	177,764	-	1	-
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TOTAL TOWN DEPARTMENTS		23,690,280	477,764	855,000	45,001	45,000
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ENTERPRISE

WASTEWATER						
2 Hydromagnetic pumps	Retained Earnings	16,000				
Main building generator	Retained Earnings	200,000				
Sewer meter replacement	Retained Earnings	30,000	30,000	30,000	30,000	
Sub-Total:		246,000	30,000	30,000	30,000	-

WATER						
Water infrastructure	Retained Earnings	125,000	125,000	125,000	125,000	125,000
Water meter replacement	Retained Earnings	30,000	30,000	30,000	30,000	
Underground electrical	Retained Earnings	33,000				
Sub-Total: WATER		188,000	155,000	155,000	155,000	125,000

TOTAL ENTERPRISE		434,000	185,000	185,000	185,000	125,000
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GRAND TOTAL: CAPITAL IMPROVEMENT PLAN		24,124,280	662,764	1,040,000	230,001	170,000
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① Included for informational purposes only at this time

FUNDING SUMMARY	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Free Cash	377,000	TBD	TBD	TBD	TBD
Borrowing/Lease	22,058,280	TBD	TBD	TBD	TBD
General Stabilization	-	TBD	TBD	TBD	TBD
Ambulance Stabilization Fund	50,000	TBD	TBD	TBD	TBD
Capital Stabilization Fund	50,000	TBD	TBD	TBD	TBD
Raise & Appropriate	-	TBD	TBD	TBD	TBD
Grants	1,145,000	TBD	TBD	TBD	TBD
Overlay	-	TBD	TBD	TBD	TBD
Open Space Account	10,000	TBD	TBD	TBD	TBD
Other					
GENERAL	23,690,280	477,764	855,000	45,001	45,000
Wastewater - Retained Earnings	246,000	30,000	30,000	30,000	-
Water - Retained Earnings	140,000	155,000	155,000	155,000	125,000
Water Privilege Fund	48,000	-	-	-	-
Other	-	-	-	-	-
ENTERPRISE	434,000	185,000	185,000	185,000	125,000
TOTAL: FUNDING SOURCES	24,124,280	662,764	1,040,000	230,001	170,000