

TOWN OF ROYALSTON

FINANCIAL FORECAST | A COMMUNITY COMPACT CABINET INITIATIVE

AUGUST 2016



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114

www.mass.gov/dls

Zack Blake, Chief, Technical Assistance Bureau

Marcia Bohinc, Project Manager, Technical Assistance Bureau



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Michael J. Heffernan
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

August 24, 2016

Board of Selectmen
Town Hall
13 On the Common
Royalston, MA 01368

Dear Board Members,

I am pleased to present the enclosed financial forecast for the Town of Royalston 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.

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

Table of Contents

Introduction	1
Community Profile.....	1
Financial Forecast	4
Revenues.....	5
Tax Levy	5
State Aid	7
Local Receipts.....	8
Available Funds/Other Financing Sources	10
Expenditures	13
Municipal Departments	13
Education.....	15
State Assessments.....	18
Risk Management.....	18
Employee Benefits.....	18
Other Amounts Raised	20
Miscellaneous/Other Financing Uses.....	21
Forecast Assumptions Table.....	22
Updating the Forecast.....	23
Other Observations	24
Appendix: Structural Changes	25
Appendix: Amortization Schedules.....	27
Appendix: Forecast Tables.....	29

INTRODUCTION

Through the Community Compact Cabinet initiative (www.mass.gov/CCC), the Technical Assistance Bureau for the Division of Local Services developed a financial forecast for the Town of Royalston. The goal of the program is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government.

As a best practice, a forecast is an essential financial planning and policymaking tool that conservatively 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, the forecast provides a fair representation of the community's fiscal future built to help guide the budget process and strategic planning.

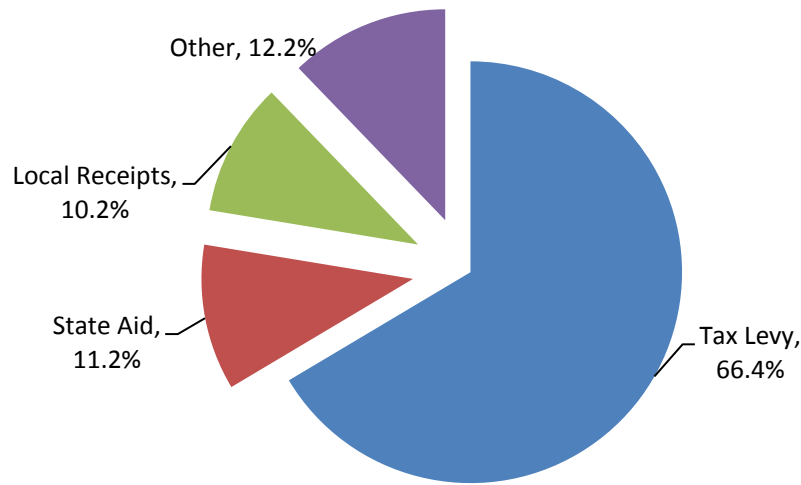
To develop Royalston's forecast, a team from the Division of Local Services (DLS) Technical Assistance Bureau met with local officials, reviewed budget related documents, and analyzed financial data. The forecast offers a comprehensive look into the various revenue and expenditure components and the assumptions used to construct a five-year financial forecast for the town. Provided also is a detail financial forecasting tool for local use.

COMMUNITY PROFILE

The Town of Royalston (population 1,263) is a rural community located in the northwestern corner of Worcester County. Operating under a selectmen-open town meeting form of government, the three-member, elected board of selectmen serves as the chief executive, overseeing day-to-day operations, and ultimately responsible for the fiscal well-being of the town.

Royalston's modest FY2016 total budget of \$2.4 million is a product of a small population, low property values, and low tax rate. Because of this, the town struggles to formulate its annual budget to provide a reasonable level of services using available recurring revenues of property tax levy, state aid, local receipts, and other available sources. There has been a growing reliance on the taxpayers as evidenced by an increase in the tax levy of almost 32 percent over the previous 10-year period, with

a budget growth of only 22 percent. State aid is not keeping pace; FY2017 state aid is \$2,747 less than the amount received in FY2007.



FY2016 TOTAL BUDGET REVENUE

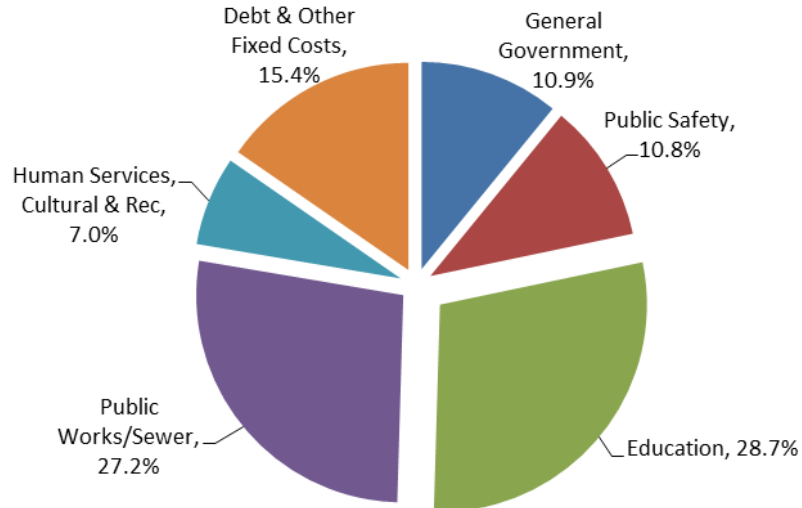
Source: Division of Local Services

The \$2.1 million general fund operating budget provides Royalston with part-time financial officers, education, part-time police, on-call fire department, highway department, public library, health department and sewer services. Public education is provided through the Athol-Royalston Regional School District and through the Montachusett Regional Vocational Technical School.

Royalston’s education-related costs represent less than 29 percent of operating budget, although education is still the largest single budget item. The assessment from the Athol-Royalston Regional School District, based on student enrollment, is 80.8 percent of the total education budget. As reported by the district, Royalston represents just 6.3 percent of the total FY2016 school enrollment (equaling 86 students). This does not provide Royalston much of a voice in district spending and resulting assessment. The remaining 19.2 percent of the education budget is the assessment from the Montachusett Regional Vocational Technical School for another 18 students, or 1.3 percent of that school enrollment.

Royalston’s budget for the department of public works, including that for snow and ice, almost equals the education appropriation. The third largest appropriation is for debt, including the Royalston Community School, and other fixed costs such as insurances and the retirement system

obligation. Emergency services dispatch, veteran’s services and animal control are all shared with neighboring communities. Royalston is also one of the 11 communities belonging to the Montachusett Public Health Network.



FY2016 GENERAL FUND OPERATING BUDGET
Source: Royalston May 2015 Annual Town Meeting

FINANCIAL FORECAST

In the attached Excel workbook, we provide a five-year forecast, which contains summary pages and detailed revenue and expense worksheets. The summary page shown below displays the general fund and indicates either the amount of discretionary funds available (surplus) or the existing revenue gap (shortfall). On the following pages, each major revenue and expenditure category is defined in greater detail along with the assumptions used to build the forecasting tool.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Revenues						
Property Tax Levy	1,609,956	1,708,226	1,756,568	1,768,252	1,825,997	1,878,627
State Aid Cherry Sheet	270,802	267,957	274,954	278,015	281,118	284,264
Estimated Local & Offset Receipts	316,098	303,197	300,364	297,194	297,218	296,296
Available Funds/Other Financing Sources	226,674	191,300	116,510	25,000	25,000	25,000
Total Revenues	2,423,530	2,470,680	2,448,396	2,368,462	2,429,333	2,484,187
Expenditures						
General Government	225,175	226,998	230,495	234,076	237,744	241,502
Public Safety	223,025	228,209	230,852	233,560	236,337	239,183
Education	593,290	637,811	665,742	695,030	725,742	757,949
Public Works/Cemetery	666,216	583,780	592,080	600,587	609,306	618,244
Human Services	87,617	88,401	90,117	91,877	93,680	95,528
Culture & Recreation	56,183	59,529	60,193	60,874	61,572	62,288
Debt Service/Capital Plan	120,362	164,833	161,035	123,556	128,871	127,773
Intergovernmental	13,545	13,553	13,568	13,583	13,598	13,613
Fixed Costs/Benefits	125,578	129,567	133,101	136,822	140,741	144,870
Risk Management	51,274	52,280	53,848	55,464	57,128	58,842
Other Amounts Raised	29,157	28,615	29,018	29,427	29,842	30,263
Free Cash/Other Fin. Uses	232,107	274,821	210,083	190,899	191,679	188,860
Total Expenditures	2,423,530	2,488,397	2,470,132	2,465,755	2,526,240	2,578,915
Grand Total Revenues	2,423,530	2,470,680	2,448,396	2,368,462	2,429,333	2,484,187
Grand Total Expenditures	2,423,530	2,488,397	2,470,132	2,465,755	2,526,240	2,578,915
Total Surplus/(Shortfall)	0	(17,717)	(21,736)	(97,294)	(96,908)	(94,728)
Financial Impact of COLA Increase	0	0	9,842	19,880	30,119	40,563
Total Surplus/(Shortfall) after COLA	2,423,530	2,488,397	(31,578)	(117,174)	(127,027)	(135,292)

FIVE-YEAR FINANCIAL FORECAST

Source: Division of Local Services

With a current and credible forecast, Royalston's officials will be able to evaluate the fiscal impact of any contemplated spending choices or revenue raising options. However, a requirement of a highly reliable forecast is accurate historical data, which unfortunately was not available. For this forecast, revenue information is as reported on the tax recapitulation sheet and expenditure detail as approved at town meetings.

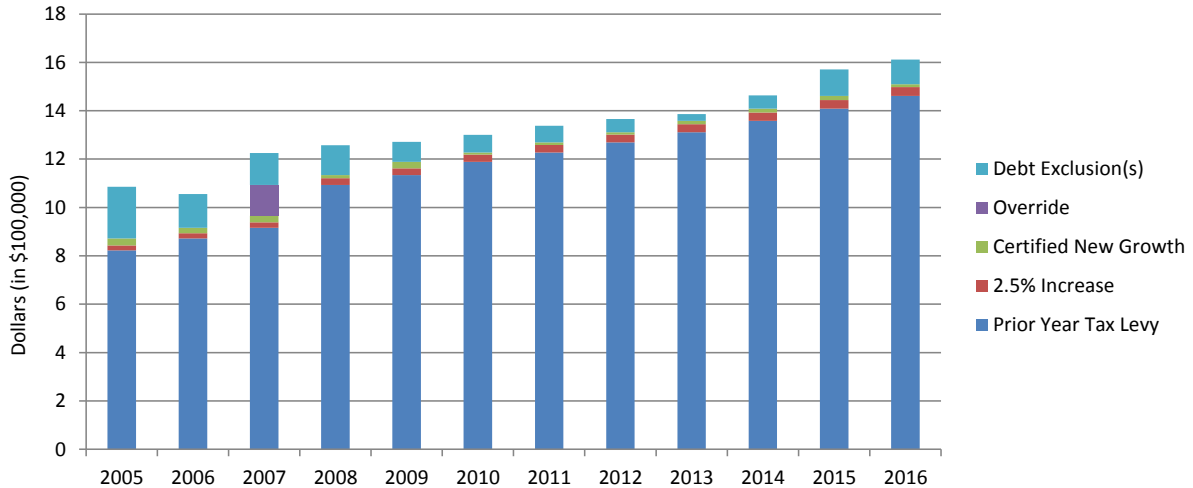
REVENUES

A moderately conservative approach for forecasting revenues is recommended. Upon review of historical information, conservative assumptions should be made about dollar or percentage adjustments to the current year's revenues in order to arrive at projections for the first forecast year. The same analysis should be made for each successive year in the forecast. As new information becomes available or circumstances change, the forecast is revised. With this approach, 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 reserve, or left unexpended and allowed to close at year-end to free cash.

Tax Levy

The property tax levy is the revenue a community can raise through real and personal property taxes. Proposition 2½ places constraints on how much the property tax levy can be increased from year to year. The annual growth in the tax levy limit increases automatically by 2.5 percent over the previous year's levy limit, plus an allowance for certain new construction and other additions to the tax rolls or new growth. In addition, a community may permanently increase its levy limit through a voter approved override or temporarily through a debt exclusion or capital outlay expenditure exclusion.

Since FY2005, Royalston's property tax levy has grown from almost \$1.1 to \$1.6 million. This 48 percent increase is driven by the regional school assessments and debt exclusions for the Royalston Community School, the Athol-Royalston Middle School, and a new fire engine. FY2017 will reflect the first year of levy increases for the excluded debt service on the wastewater treatment plant. A chart on the following page illustrates Royalston's levy components.



TAX LEVY

Source: Division of Local Services

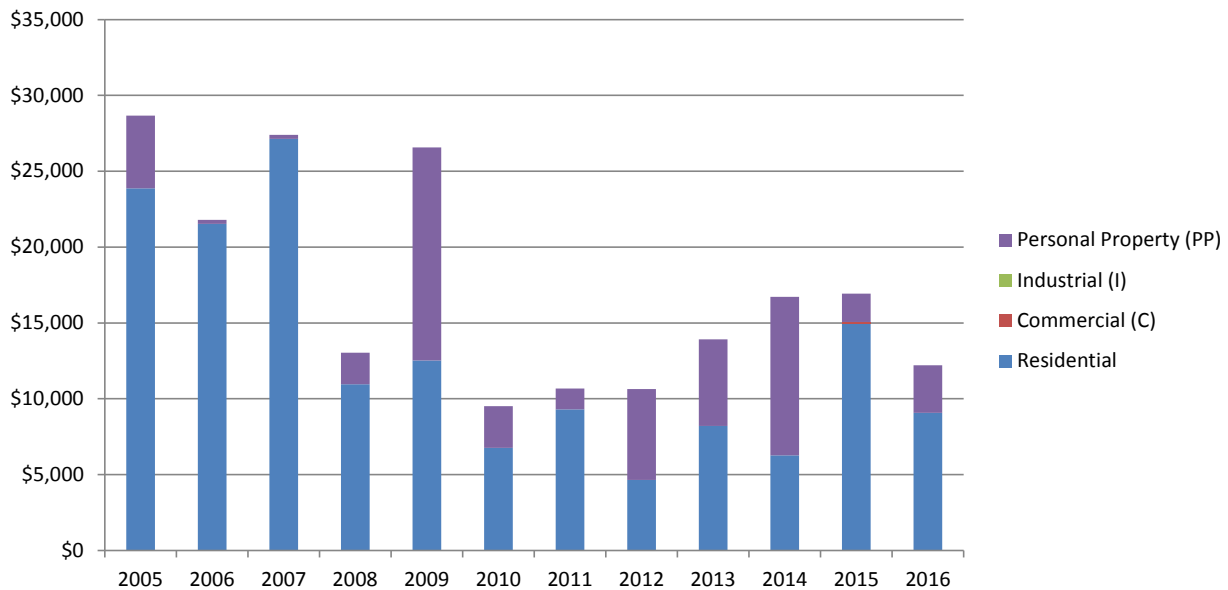
New Growth: New growth is a dollar increase in the annual levy limit that reflects additions to the tax base since the previous fiscal year, and is attributable to new construction, renovation, and any other growth in the tax base that is not the result of property revaluation. With 94 percent of Royalston’s tax base classified as residential, primarily single family homes or vacant land, its new growth amount is driven mainly by renovations to single family homes. Trends in new growth follow the general economy, and as with most communities, Royalston saw a sharp decline after FY2007. An update of all personal property accounts, resulting in increased values, mitigated the drop for FY2009, but growth has not returned to the pre-2008 activity. This translates into smaller annual new growth dollars applied to the levy limit (see *New Growth By Class* worksheet).

Consequently, in this forecast, new growth is projected conservatively. Taking into account the town’s three-year average for new growth dollars by property class, new growth for FY2017 and FY2018 is projected to be \$10,000 each year and then increase to \$10,500. The assessors submit new growth and property value information to the DLS on Schedule LA-13, typically in the fall. Once approved, the forecast should be updated to reflect the certified new growth.

New Growth			
	3-Year Average	5-Year Average	10-Year Average
Residential	10,105	8,634	10,983
Commercial/Industrial	30	18	9
Personal Property	5,148	5,428	4,766
Total	15,284	14,080	15,757

NEW GROWTH AVERAGES

Source: Division of Local Services



NEW GROWTH BY CLASS

Source: Division of Local Services

Debt Exclusions: Recently there have been three debt excluded projects: the Royalston Community School, to be retired in FY2018, a fire engine/pumper for seven years expiring in FY2021, and a 36-year loan for the wastewater treatment plant with the first payment due in FY2017. We projected debt exclusion amounts for the fire engine and wastewater treatment plant based on received debt amortization schedules. (*APPENDIX: AMORTIZATION SCHEDULES*) Debt for the Royalston Community School is shared between Athol and Royalston depending on the enrollment numbers and is forecast for FY2018 in the same amount as FY2017 (see *Revenues* and *Debt* worksheet). Any additional excluded debt or any changes should be added to the worksheet to update the total tax levy. Debt exclusion information is entered on Schedule DE-1 on the tax rate.

State Aid

State aid is a combination of programs and reimbursements the community receives from the Commonwealth as reported on the Cherry Sheet, which is the official notification from DLS of estimated state aid to be paid and charges to be assessed. As the state budget process unfolds, updated state aid proposals are posted on the DLS website. Cherry Sheets are issued once the state budget is enacted by the Legislature and approved by the Governor. The figures used in this forecast are based on the final state 2017 budget signed by the Governor in July. Current and historical Cherry Sheets may be found on the DLS Municipal Databank/Local Aid Section webpage, www.mass.gov/dls.

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 the local and regional school districts. DESE then calculates the distribution of Chapter 70 educational aid and determines required net school spending figures. A community's required local contribution is a historical figure that takes into account an estimate of the percentage change in revenue growth (municipal revenue growth factor or MRGF), enrollment trends, and inflation levels from the previous year. Royalston being a part of the Athol-Royalston School District does not receive any direct school funding. Understanding this calculation is still important as it is a driving factor, along with student population, in the annual assessment amount from the school district. More information on school finance may be found on at DESE/School Finance/Chapter 70 webpage, (www.doe.mass.edu/finance/chapter70/).

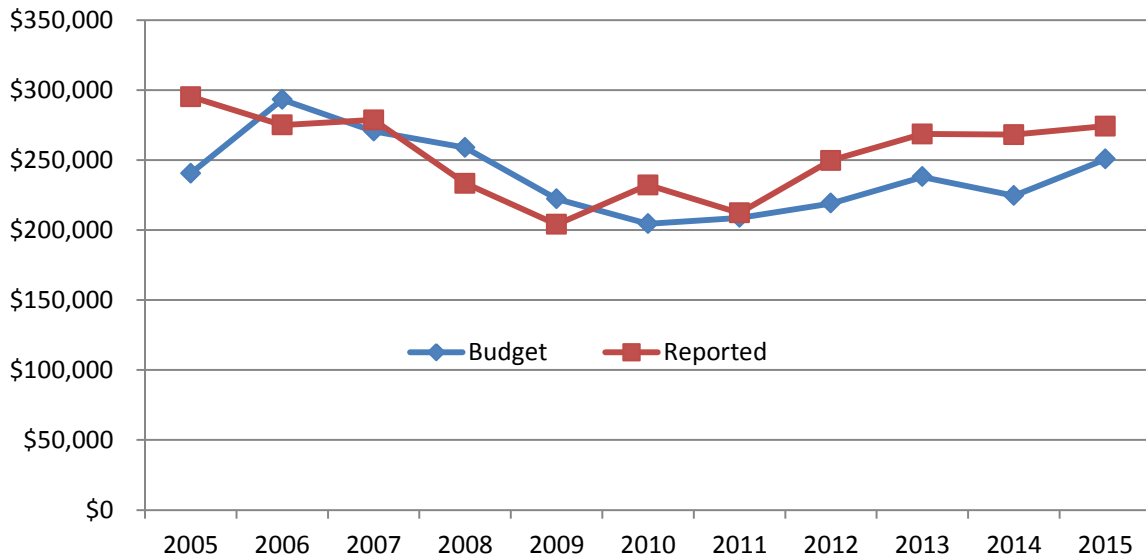
Unrestricted General Government Aid (UGGA): The FY2017 figure is based on the final state 2017 budget, and future projections reflect a 1.5 percent annual increase.

Other Local Aid Accounts: Royalston receives reimbursements for veterans' benefits, certain local property exemptions, and state-owned land. The final state 2017 budget figures are included in the forecast and level funded annually. Aid for public libraries offsets a corresponding appropriation and is level funded.

Local Receipts

Local and offset receipts are locally generated revenues other than real and personal property taxes.

Local Estimated Receipts: These include motor vehicle and other excises, penalties and interest, investment income, charges, and fees, including solid waste fees from the transfer station. Over the past 10 years, Royalston’s local receipts, as reported on the tax recap, have been a low of almost 10



percent less than estimated for setting the tax rate, to a high of 19 percent greater, for an average reported amount of 5 percent over budget. As a critical element in the budgeting process, careful attention needs to be paid to not overestimating local receipts, or run the risk of a fiscal year-end revenue deficit. In this forecast, a conservative 95 percent of the previous 10-year reported average has been used. For FY2017, the average of the reported receipts for FY2006 through FY2015 is presented. Subsequent years are forecast using the preceding 10 years (see *Local Receipts* worksheet). Officials should monitor these receipts by comparing budget to actual to ensure that forecast figures continue to be reasonable. Local receipts are found on page 3 the tax rate recap.

BUDGET TO REPORTED LOCAL RECEIPTS

Source: Division of Local Services

Local Offset Receipts: Local offset receipts are those earmarked by law and appropriated for a specific purpose. Royalston accounts for its sewer revenue as an offset receipt. For the forecast, a 10-year reported average is used. Offset receipts are found on Schedule A-1 of the tax rate (see *Revenue* worksheet).

Community Preservation Receipts: Similar to offset receipts, community preservation receipts are assessed as a 3 percent surcharge on real estate bills and may only be used to support community preservation projects as outlined in [M.G.L. c. 44B](#). Fully enacted in Royalston for the FY2011 budget

cycle, a five-year reported average is used in the forecast. Community preservation receipts are found on Schedule A-4 of the tax rate (see *Revenue* worksheet).

Available Funds/Other Financing Sources

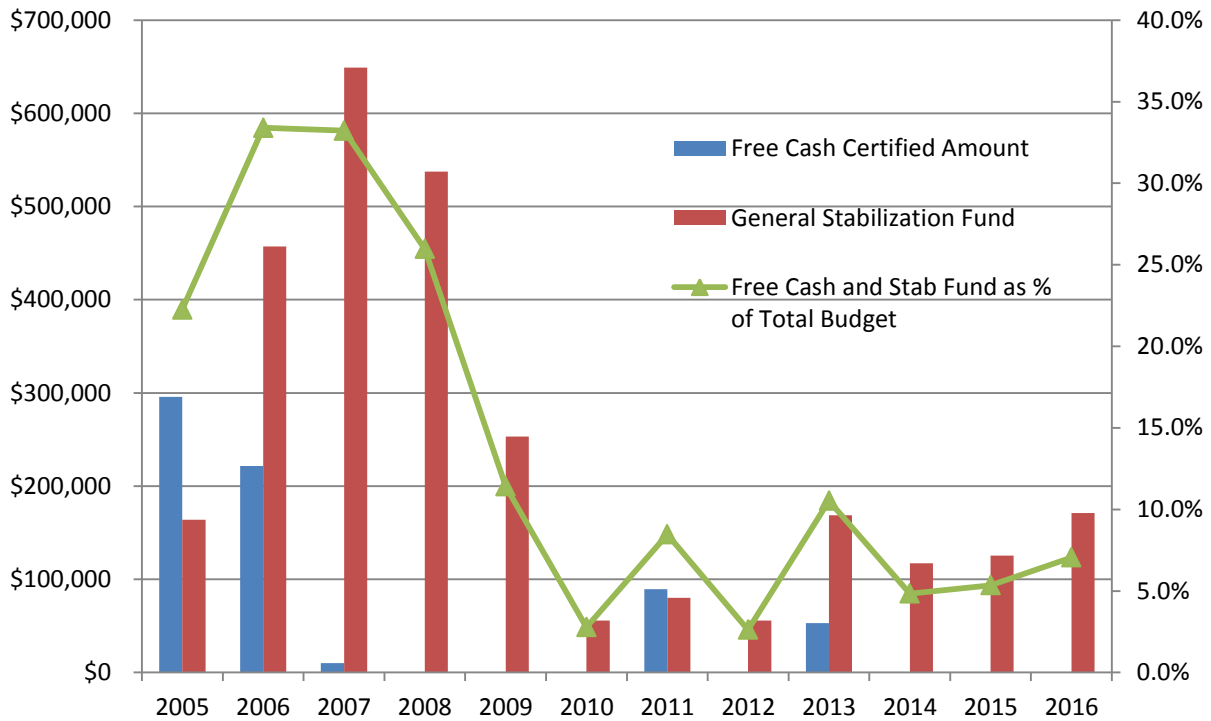
This group of revenues includes reserves (i.e., free cash and stabilization funds) and special revenue sources (e.g., Chapter 90 highway funds, overlay surplus, and receipts reserved for appropriation). It also includes other financing sources that the town has created through line-item transfers in recent years. Once the property tax rate is set, these available funding sources may be used to fund any lawful current or prior year expenditure.

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 1st. The *Available Funds* worksheet contains historical free cash amounts and uses. Royalston has certified free cash in only three of the last 10 years and twice used the full amount to fund the subsequent year's budget.

Stabilization Funds: Royalston has one general stabilization fund. As provided in [M.G.L. c. 40, §5B](#), one or more stabilization funds may be established for different purposes. Royalston has tried with three unsuccessful votes at town elections to establish a capital project stabilization fund. Unlike free cash, the monies accumulated in a stabilization fund automatically carry forward from one fiscal year to the next including earned interest.

In lieu of the certification process, Royalston has established a year-end practice of transferring anticipated unused appropriations from the general fund to the stabilization fund at June special town meetings. On paper, this provides a ready funding source for snow and ice deficits, cash purchases of capital equipment, building maintenance, and other one-time expenses. But we caution that, if the anticipated revenue as reported on the tax rate recap used to set the tax rate for that year is not received (tax revenues, local receipts, or state aid), making transfers of perceived excess appropriations may cause revenue deficits. Until the year-end close is completed and all revenues counted, any town meeting actions using current year balances are not fiscally sound.

The *Available Funds* worksheet shows the historical available stabilization fund balances, including the FY2016 fund balance addition based on the transfer approved at the June 2016 special town meeting, and the reduction of the 2017 fund balance based on the May 2016 annual town meeting.



FREE CASH AND STABILIZATION BALANCES AND USES
 Source: Division of Local Services

After FY2017, no balance is forecast. This account will need to be updated as the actual balance is known. It is important to note, because unverified unused general fund appropriations have been transferred to create the stabilization fund balance prior to the certification of the balance sheet and free cash for several years, there could very well be a general fund revenue deficit. Any remaining unappropriated stabilization fund balance may be needed to fund any such deficit.

As a best practice, neither free cash, the stabilization fund, nor any nonrecurring revenue source should be used to support the operating budget, reduce the tax rate or pay any recurring expenditures. This forecast has no projections of free cash, so it will not be available for any uses until certified.

Chapter 90/Highway Funds: Annually, the Massachusetts Department of Transportation notifies the town of awarded Chapter 90/Highway grant funds to which the town may be entitled. Because the grant amount is offset by an appropriation and subject to annual notification, the forecast does not include projections beyond the FY2017 grant amount of \$284,356.

Overlay Surplus: Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year may be certified by the assessors as

surplus and appropriated for any lawful purpose. The forecast does not project the availability or use of overlay surplus over the next five years. As of the setting of the FY2016 tax rate, there was a balance of over \$88,000 in the overlay account. This should be investigated for possible surplus and could be appropriated at a subsequent town meeting. Any unappropriated overlay declared surplus at the end of the fiscal year becomes free cash. This account should be reviewed annually as part of the budget process. Overlay amounts can be found Schedule OL-1 of the tax rate.

The Revenues worksheet has formula links to the *New Growth*, *Local Receipts*, and *Available Funds* worksheets and from them calculates a grand total.

EXPENDITURES

As a policy decision, Royalston should determine a particular approach for forecasting expenditures. The options to consider include a maintenance (level service) budget, a level funded budget, or a budget that adjusts expenditures by a specified percentage increase or decrease (either across the board or by department).

A maintenance budget projects what it costs to maintain the current level of staffing and mix of services into the future. In this approach, it is helpful to assume that all current laws and regulations remain in effect during the forecast period. Negotiated collective bargaining cost increases, salary step increases, and longevity pay can all be projected to the year a contract ends. Possible personnel costs associated with future contracts should not be included because the purpose of the forecast is to determine what revenue is left after the maintenance budget is funded. Because of contractual obligations and the impact of inflation on expenses, a maintenance budget will almost always be greater than the prior year appropriation.

A level funded budget appropriates the same amount of money to each municipal department and is tantamount to a budget cut from the prior-year appropriation. Inflation in mandated costs and other fixed expenses still must be covered, usually at the expense of the general government operating budget.

The following expenditure discussion is based on a maintenance budget with increases forecast based on historical appropriations. As previously noted, accurate historical data is needed for a reliable forecast. Actual expenditures for prior fiscal years were not available and, therefore all expenditure information is based on appropriations as approved at town meetings.

Municipal Departments

Departments are grouped by major categories consistent with town and state expenditure reporting (see *Expenditure* worksheet). Categories include: General Government, Public Safety, Education, Public Works, Human Services, and Culture/Recreation. Broken out separately are Personal Services, Expenses, and Capital Outlay/Special Articles.

Personnel Services: The town has three categories of appointed employees:

- Employees covered by a collectively bargained contract (expiring on June 30, 2017). These are all full-time and permanent part-time, non-uniformed employees, including the library

director, the clerk to the Board of Assessors, and all full-time employees of the Department of Public Works (DPW)

- Non-union police and fire personnel subject to a classification and compensation plan
- All other employees

All personnel service costs for FY2017 are taken from the May 2016 annual town meeting warrant, and are level funded for the projected years. 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 compensation plan increases for approval by town meeting. Not including personnel cost changes enables the forecast to determine any remaining revenue, and with the COLA information, provides policymakers data to support decisions regarding any changes.

For illustration and based on consistent historical appropriations, subsequent years (FY2018 through FY2021) are presented with a 2 percent COLA for all employees. Because the 'all other employees' group has received increases in appropriations each year, they have been included at the same percentage on the COLA worksheet. To consider different scenarios, percentage increases can be entered for each year to generate the estimated impacts. No increases have been estimated for elected officials. The COLA impact is presented on the summary page.

Financial Impact Analysis					
		2%	2%	2%	2%
	FY2017 Budgeted	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
<u>Town Compensation Plan (effective 7/1/2016)</u>					
General Government	66,534	67,865	69,222	70,606	72,019
Public Safety	122,501	124,951	127,450	129,999	132,599
Human Services	19,746	20,141	20,544	20,955	21,374
Culture/Recreation	32,953	33,612	34,284	34,970	35,669
Town Compensation Plan Personal Services	241,734	246,569	251,500	256,530	261,661
Financial Impact of COLA		4,835	9,766	14,796	19,927
<u>DPW Contract (expires 6/30/17)</u>					
DPW Personal Services	250,349	255,356	260,463	265,672	270,986
Financial Impact of COLA		5,007	10,114	15,323	20,637
<hr/>					
TOTAL Financial Impact of COLA		9,842	19,880	30,119	40,563

FINANCIAL IMPACT OF COLA
Source: Division of Local Services

Expenses and Capital Outlay: Expenses are projected to increase by 2.5 percent per year based on historical appropriations. Capital outlay does not follow a documented capital plan, rather these costs are voted as separate articles at the annual town meeting. With the exception of the sewer department, which has had small capital outlays for the last several years, the approved capital expenditures are captured in the Miscellaneous/Other Financing Uses section.

Education

As stated in the revenue assumptions, DESE annually determines required net school spending (NSS), which is the sum of the Chapter 70 aid plus a required district 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). The Athol-Royalston Regional District’s budget has been exceeding DESE’s NSS requirement, therefore requiring its member towns to make supplemental contributions based on the actual district student enrollment. Two additional components make up the annual assessment, which are not part of the NSS calculation: the debt payment for the Royalston Community School allocated on enrollment in that school, and transportation apportioned on district enrollment. In addition, Royalston is a member the Montachusett Regional Vocational Technical School, whose assessment is also calculated based on a NSS requirement and required district contribution. The DESE enrollment amounts are higher than those provided by the district calculation for the supplemental amounts; however, the DESE numbers used for the Athol portion also are higher and the proportion is the same.

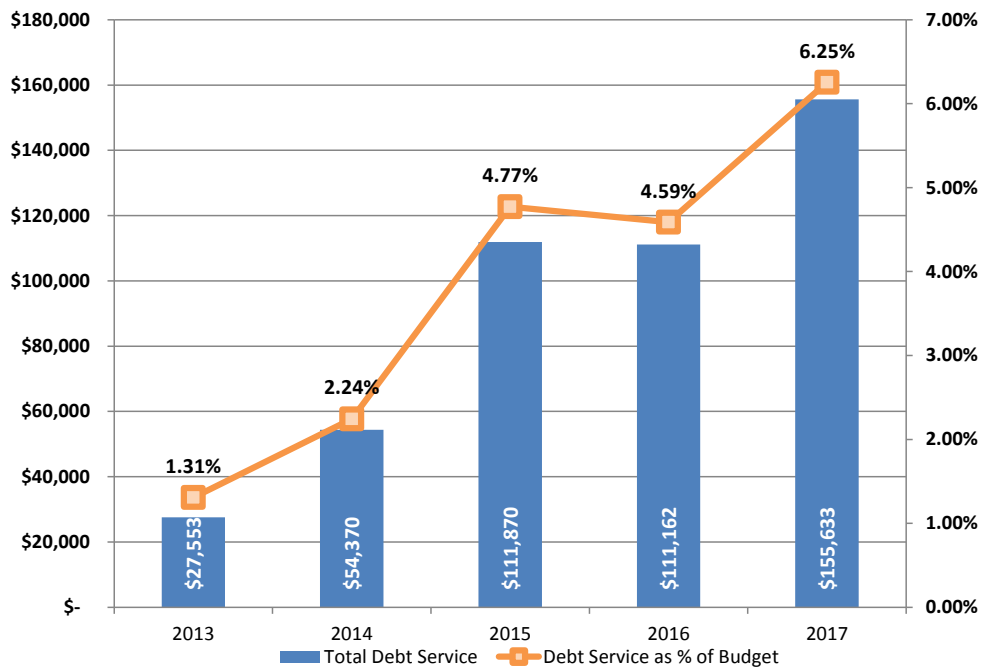
Education Assessments				
	2014	2015	2016	2017
Athol-Royalston Regional				
Student Enrollment (DESE)	122	108	107	131
Required Minimum Contribution (DESE)	325,953	337,236	372,514	419,140
Supplemental & Transportation	127,281	110,321	106,617	119,677
Debt	54,370	44,575	36,667	31,970
Total Assessment	507,726	492,240	515,905	570,918
Montachusett Regional Vocational Technical				
Student Enrollment (DESE)	24	23	20	19
Required Minimum Contribution (DESE)	94,098	106,464	101,757	87,950
Supplemental & Transportation	9,464	9,009	12,402	11,044
Total Assessment	103,562	115,473	114,159	98,994

EDUCATION ASSESSMENTS
Source: Division of Local Services

Changes in student enrollment at Athol-Royalston Regional over the past few years have resulted in a fluctuating assessment trend, including a FY2017 enrollment spike that increased the assessment, not including the debt component, over 12 percent. Not expecting additional large increases in student enrollment, this forecast projects an increase of 6 percent. Declining enrollment at Montachusett Regional has offset budgetary increases, and the projection used is 1 percent. For this forecast, the debt portion of the Athol-Royalston Regional assessment is shown in the debt section and not considered with the education appropriation.

Debt Service/Capital Plan

Debt service is projected based on the existing general fund payment schedules (see *Debt* worksheet). The retirement of the debt for the Royalston Community School results in a drop in debt service beginning in FY2018. Because the debt is excluded, no additional funds become available in the budget; however the retirement will have a positive effect on the tax rate. The current lease information is also reported in this section of the forecast. The DLS opinion on lease purchases is consistent with that of debt issuance in requiring a two-thirds vote at town meeting for multiyear authorizations. The town budget has various amounts to cover interest costs on temporary borrowing, so a small amount of this is also included. For planning purposes, debt is often looked at as a percentage of revenues or of operating budget. A recommended policy is to identify a debt service target, typically between five and ten percent of either, and as the debt is paid down, to maintain that target level through new capital investment. Debt service as a percentage of the full budget is provided.



DEBT SERVICE AS PERCENT OF BUDGET

Source: Division of Local Services

Incurring additional debt is anticipated in the next 12 to 24 months as part of the Last Mile wireless broadband project currently being piloted. Royalston has received grant funding for the initial phase, but it will need to borrow to complete the project. When the town issues the bonds, the forecast will need to be revised by adding the new debt payment schedule in the Debt worksheet.

The town has issued debt in excess of the tax levy limit (excluded) and pays cash for other capital purchases as articles at the annual town meeting. The capital committee, although dedicated, is not effective from a planning perspective. Only on an informal basis, the committee solicits input on capital needs from the departments, and does not report at town meeting. Any capital articles are put forth by the departments. A capital planning policy would provide a means for planning the maintenance and improvement of Royalston’s capital assets and infrastructure. It would also outline guidance for reviewing, planning, and coordinating capital improvements so as to promote a systematic acquisition and replacement schedule and ensure that, given limited resources, the town’s capital needs are met. The capital policy would also strengthen the capital committee’s role in checking departmental spending at town meeting and making long-term decisions.

A debt policy would support the capital planning policy to responsibly address the capital needs, provide flexibility in current and future operating budgets, control borrowing, and maintain capital

investment capacity. Also to be explored with the debt policy should be the financing of large purchases over several years instead of full cash purchases. That would allow the stabilization fund to not be depleted each annual town meeting and better position Royalston for emergency needs.

State Assessments

Royalston pays various state assessments for participating in state and regional programs that are reported on the Cherry Sheet. The small town road assistance program (STRAP) assessment is the largest and reimburses the state for a portion of the road assistance program grant made for certain capital construction projects. The state finances 100 percent of the cost of these projects in advance. Royalston must then repay 30 percent of the total state grant over a 10-year period. Because these payments are fixed at the time the grant agreement is finalized and no interest is charged, there is no increase in this forecast.

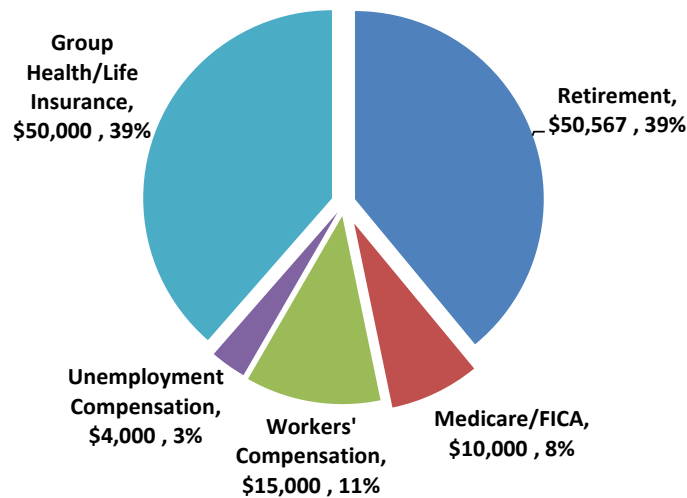
Other state assessments that Royalston pays are air pollution and Registry of Motor Vehicles surcharges. With very little difference year to year, these forecast projects the assessments to increase by 0.5 percent annually.

Risk Management

Risk management comprises the town's casualty and liability insurances, including police and fire accident insurance, property and auto coverage, and public official bonds. The police and fire accident insurance is provided as a three-year policy from VFIS. Based on previous appropriations, the insurances are all projected to increase 3 percent annually. The public official bonds are budgeted with the treasurer's expenses.

Employee Benefits

Employee benefits include retirement, Medicare/Federal Insurance Contributions Act (FICA), workers' and unemployment compensations, and group health and life insurances. Combined, these expenditures are \$130,000, or 6.3 percent of the total general fund budget of \$2,063,720 approved for FY2017.



FY2017 EMPLOYEE BENEFIT APPROPRIATION

Source: Division of Local Services

Retirement: Royalston is a member of the Worcester Regional Retirement System (WRRS). This system has a funding schedule that increases each year and is estimated to be fully funded in 2035. Every other year an actuarial valuation is prepared that takes into account system activity and investment return, so the numbers will change and should be revised accordingly. Based on Royalston’s portion of the retirement system, the town’s contributions are projected to increase 6 percent annually from the FY2017 requirement. As Royalston has experienced, this line item can fluctuate wildly and should be monitored in the forecast as amounts become known.

Medicare/FICA: For all employees hired after April 1, 1986, a 1.45 percent Medicare tax is withheld from their paychecks and matching amounts paid by the community. Because no wage increases are included in this forecast, this line has been forecast with level funding. The forecast will need to be revised with any personnel cost changes.

Part-time, seasonal or temporary employees who are not eligible to participate in the WRRS must be placed in Social Security or an equivalent retirement plan as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). A deferred compensation plan, which has a contribution level of at least 7.5 percent of an employee’s gross compensation per pay period, is considered a qualifying retirement plan and an appropriate vehicle for providing necessary benefits to employees not eligible for the WRRS. An advantage is that the town may avoid including employees in the Social Security system, which requires both employers and employees to contribute in excess of 7

percent of compensation by funding or requiring employees to contribute a total of at least 7.5 percent of compensation to the plan. All Royalston employees not eligible for the WRRS are contributing to an OBRA plan.

Workers' Compensation: This program is in place to make sure workers are protected by insurance if they are injured on the job or contract work-related illnesses. Royalston participates in the Massachusetts Education and Government Association (MEGA) pool. Based on recent appropriation history, this line has been forecast with level funding.

Unemployment Compensation: Unemployment compensation is designed to pay benefits to workers who lose their jobs through no fault of their own, and it is funded based on employees' salaries and claims filed. Based on the recent appropriation history and anticipating no reduction in staff, this line has been forecast with level funding.

Group Health & Life Insurance: Royalston offers medical insurance and group life insurance through Massachusetts Interlocal Insurance Association (MIIA) for employees regularly scheduled for 20 hours or more. Employees enrolled as of July 1, 2011 pay 25 percent of the premium with the town paying the remaining 75 percent. For employees hired after July 1, 2011, the town's portion decreases to 70 percent and the employee's increases to 30 percent of the premium. Additionally, full-time employees who choose not to enroll in the town's insurance because they are enrolled in another plan will receive an "opt-out" benefit of \$1,800 in lieu of a single plan or \$7,000 in lieu of a family plan.

OPEB: Other post-employment benefits (OPEB) are benefits other than pensions that are earned during the employee's active working career but not actually paid until after the employee retires. By far, the most significant of these is health insurance, but they may also include life insurance, dental or other benefits. With so few full-time employees eligible for these benefits, Royalston has not adopted [M.G.L. c. 32B, §20](#) to establish an OPEB trust fund and has not designated any funds for OPEB. OPEB has been excluded from this forecast; however, the liability for OPEB is required to be reported on the audited financial statements of the town's finances.

Other Amounts Raised

This includes amounts typically raised on the tax recap sheet rather than through operating budgets, which would include prior-year deficits, court judgments, Cherry Sheet offsets, intergovernmental charges, and allowance for property abatements and exemptions (overlay). Deficits and court judgments are not forecasted and would need to be included in the forecast in the event something materializes. The Cherry Sheet offsets are expenses that correspond to state

aid figures, which for Royalston is for the Newton Library. The overlay is projected to increase 1.5 percent annually, keeping pace with the growth in the levy net of the debt exclusion.

Although not included on the town meeting warrant, it is important to provide for the other amounts raised when budgeting. In this projection, using the forecast revenue as described, the expenditures approved at town meeting plus the required other amounts raised result in a revenue gap of \$17,717.

Miscellaneous/Other Financing Uses

These include the advisory committee's reserve fund, community preservation fund, special articles, transfers out of the general fund, and prior-year expenditures. The advisory reserve fund has been historically budgeted at \$20,000, and it has been continued. The community preservation is based on a five-year average, and the expenditures are set to equal the anticipated revenue. The special articles are capital outlay expenses for equipment purchases, building maintenance, and departmental requests, and they also include any snow and ice deficits. In FY2017, \$214,400 was appropriated for these as separate articles, including \$20,000 for snow and ice. For this forecast \$150,000 is entered as an initial discussion point.

Once the tax rate is set, a community may use available funds to supplement the current year's budget through June 30th, which would be reported on the subsequent tax recap. 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 recap. When the fiscal year-end closing is completed, expenses would be reflected in the appropriate department from the prior year.

FORECAST ASSUMPTIONS TABLE

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES:					
Levy	<ul style="list-style-type: none"> • Conservative new growth estimates • Levy to the maximum allowable amount 				
	<ul style="list-style-type: none"> • Debt exclusion based on provided schedules figures 				
State Aid	<ul style="list-style-type: none"> • Chapter 70: payments made directly to the Athol-Royalston School District • UGGA increased 1.5 percent annually • State owned land and the library offset increased 0.5 percent annually • Other local aid accounts are level funded 				
Local & Offset Receipts	<ul style="list-style-type: none"> • Conservative projections – rolling 10-year averages 				
Available Funds/ Other Financing Resources	<ul style="list-style-type: none"> • Free cash certifications are not projected • General stabilization fund shows available balances as calculated on activity thru June 2016. Not included as funding sources • Chapter 90/Highway Funds are not projected beyond FY2017 • Overlay surplus is not projected 				
EXPENDITURES:					
Personnel Services	<ul style="list-style-type: none"> • Based on existing contracts and the town’s compensation plan • COLA adjustment worksheet provided to estimate future potential settlements/increases • Future increases are included at 2percent 				
Expenses and Capital Outlay	<ul style="list-style-type: none"> • Expenses are projected to increase 2.5 percent annually • No capital outlay is projected 				
Education	<ul style="list-style-type: none"> • Regional school assessment is projected to increase 5 percent annually • Vocational technical school at 1 percent 				
Debt Service	<ul style="list-style-type: none"> • Based on existing general fund payment schedules • Temporary interest is projected to be \$2,000 annually 				
Capital Plan	<ul style="list-style-type: none"> • No projections for a capital plan 				
State Assessments	<ul style="list-style-type: none"> • Other state assessments are projected to increase 0.5 percent annually 				
Risk Management	<ul style="list-style-type: none"> • Police & fire accident and property & auto insurances are all projected to increase 3 percent 				
Employee Benefits	<ul style="list-style-type: none"> • Retirement is projected to increase 6 percent annually • Medicare/FICA are projected to increase 2 percent annually • Workers’ compensation is forecast as level • Unemployment compensation is level • Group health and life insurance are projected to increase 1 percent annually 				
Other Amounts To Be Raised	<ul style="list-style-type: none"> • Cherry sheet offsets expenses are equal to the estimated revenues • Overlay is forecast to increase 1.5 percent annually 				
Miscellaneous	<ul style="list-style-type: none"> • Local offset receipts expense is equal to the estimated revenue • Transfers to stabilization funds are not included • Special articles is forecast at \$150,000 each year • Reserve fund is level at \$20,000 				

UPDATING THE FORECAST

Annually, the town should update the forecast after the end of the fiscal year. The budget fiscal year should be updated to reflect actual expenditures, the current year’s budget entered, and another column added to maintain the five-year forecast model. The process of making these changes is straightforward, but great care should be taken to preserve the spreadsheets and formulas. For these reasons, Royalston should create a copy of the forecast in an Excel workbook before proceeding.

First: Insert a column after the last displayed year to each worksheet.

Second: Highlight the last projected column from the fiscal year to the bottom, and then from the bottom (a + will be in the corner) drag it to the right, creating a copy of the content and all links under a new fiscal year. Repeat this process in each worksheet. There should always be a blank column between the last projected year and the dark gray column preceding the Average Percent Change and/or Projection Percent columns.

FY2021		Average	
Projected		Percent	Projection
		Change	Percent

Third: Enter actual expenditures for the recently closed fiscal year and the new budget as adopted. The Projection Percent will carry forward to columns added in the above step, although the historical average percentage should be updated to include the recently closed fiscal year.

Particular attention should be paid to:

- State Aid – Enter final estimates.
- Local Receipts – Enter the actual collections on the lower part of the worksheet.
- Available funds – At the close of the fiscal year, the 6/30 available balances for the stabilization funds should be entered. Enter the free cash amount when certified by DLS.
- Debt — Enter from debt service payment schedules.

Fourth: When the new tax recap is approved by DLS, review and balance the current year’s budgeted revenues (*Revenues* worksheet) to the recap figures and the budgeted expenditures to the revenues on the Summary worksheet (the total surplus/(shortfall) should be zero). It is at this time that the new growth, levy limit, total tax levy, estimated receipts, and other amounts to be raised will be finalized.

OTHER OBSERVATIONS

It is recognized by DLS and Royalston that the town is challenged by several financial management problems, including setting the tax rate timely, having a formal budget process, and maintaining complete, reliable financial records. The selectmen applied through the Community Compact Cabinet for this financial forecast as well as a financial management structure review as a separate project. Those management problems and others are addressed in detail in the financial management structure report. Additionally, we make the following observations:

- Royalston should consider creating classification and compensation plans for all employees. Based on the current written job descriptions, all town positions (other than those filled by election) doing similar work or having equal responsibilities should be arranged accordingly into grouped classifications. A classification plan generally is organized by level reflective of increasing areas of responsibility. The compensation plan should have minimum salaries or wage rates and provide periodic step increases based on length of service up to the maximum compensation allowed and should be adopted by town meeting.
- A warrant article should be voted to appropriate an amount not to exceed the annual amount of Chapter 90 funds available. Currently Royalston votes an annual article for the treasurer to pay for projects using Chapter 90 funds and proceeds from STRAP grants, but funds are not appropriated and reported on the tax rate recap. Appropriation of Chapter 90 funds and full expenditure is reported on Schedule B2 of the tax rate.
- According to the Uniform Massachusetts Accounting System (UMAS), all assets and long term obligations for governmental funds should be accounted for in a general long term obligations account group (GLTOAG). In order for Royalston to maintain accurate records to account for its current long term obligations, the chart of accounts should be modified to include this group.

APPENDIX: STRUCTURAL CHANGES

For illustrative purposes, as discussed in our report for Royalston on financial management structure, the forecast below incorporates the following possible changes beginning with FY2018:

- Town coordinator budgeted at 24 hours per week with family insurance and retirement
- Finance director/town accountant budgeted at 12 hours per week
- Collector/treasurer budgeted at 16 hours per week
- Collector/treasurer staff personnel budgeted at 5 hours per week

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Revenues						
Property Tax Levy	1,609,956	1,708,226	1,756,568	1,768,252	1,825,997	1,878,627
State Aid Cherry Sheet	270,802	267,957	274,954	278,015	281,118	284,264
Estimated Local & Offset Receipts	316,098	303,197	300,364	297,194	297,218	296,296
Available Funds/Other Financing Sources	226,674	191,300	116,510	25,000	25,000	25,000
Total Revenues	2,423,530	2,470,680	2,448,396	2,368,462	2,429,333	2,484,187
Expenditures						
General Government	225,175	226,998	289,653	293,235	296,903	300,661
Public Safety	223,025	228,209	230,852	233,560	236,337	239,183
Education	593,290	637,811	665,742	695,030	725,742	757,949
Public Works/Cemetery	666,216	583,780	592,080	600,587	609,306	618,244
Human Services	87,617	88,401	90,117	91,877	93,680	95,528
Culture & Recreation	56,183	59,529	60,193	60,874	61,572	62,288
Debt Service/Capital Plan	120,362	164,833	161,035	123,556	128,871	127,773
Intergovernmental	13,545	13,553	13,568	13,583	13,598	13,613
Fixed Costs/Benefits	125,578	129,567	181,959	187,360	193,048	199,039
Risk Management	51,274	52,280	53,848	55,464	57,128	58,842
Other Amounts Raised	29,157	28,615	29,018	29,427	29,842	30,263
Free Cash/Other Fin. Uses	232,107	274,821	210,083	190,899	191,679	188,860
Total Expenditures	2,423,530	2,488,397	2,578,149	2,575,452	2,637,706	2,692,243
Grand Total Revenues	2,423,530	2,470,680	2,448,396	2,368,462	2,429,333	2,484,187
Grand Total Expenditures	2,423,530	2,488,397	2,578,149	2,575,452	2,637,706	2,692,243
Total Surplus/(Shortfall)	0	(17,717)	(129,753)	(206,990)	(208,373)	(208,057)
Financial Impact of COLA Increase	0	0	9,842	21,063	32,509	44,184
Total Surplus/(Shortfall) after COLA	2,423,530	2,488,397	(139,594)	(228,054)	(240,882)	(252,241)

FIVE-YEAR FINANCIAL FORECAST WITH STRUCTURAL CHANGES

Source: Division of Local Services

This illustration is found in the *Summary New Structure* worksheet.

The changes are found in the *New Structure Cost* worksheet and linked to the *New Structure Expenditure* worksheet, and modify the General Government and Employee Benefits sections. The

forecast did not take into account any other changes, but policy decisions, analysis of expenditures and a comprehensive budget plan most likely would provide funding for future structural changes.

Projected Structural Costs												
Current Title	2017 Budget	2018 Budget	Average Hours	Average FY18 Rate	New Title	Projected Hours	Projected Rate	Projected Salary	Insurance	Retirement	Medicare/FICA	
Administrative Assistant	15,675	15,989	19	16.18	Town Coordinator	24	45	56,160	24,000	15,000	582	
Town Accountant	12,497	12,747	6	40.86	Finance Director/Town Accountant	12	41	25,584	0	0	186	
Tax Collector	13,489	13,759	8	33.07	Collector/Treasurer	16	33	27,456	0	0	199	
Treasurer	12,497	12,747	10	24.51	Staff/Clerk	5	20	5,200	0	0	(109)	
Total	54,158	55,241						114,400	24,000	15,000	858	
Fiscal 2018 Increase Projected over Budget								59,159	24,000	15,000	858	

PROPOSED STRUCTURAL COSTS

Source: Division of Local Services

APPENDIX: AMORTIZATION SCHEDULES

Town of Royalston KME Pumper Republic First National Corporation

Principal 400,000.00
 Interest 3.450%
 7 Year Loan First Payment Due October 1, 2014
 Level Payments

		Balance	Principal Payment	Interest Payment	Total Payment
1	2015	400,000.00	52,130.96	13,164.39	65,295.35
2	2016	347,869.04	53,101.46	12,193.89	65,295.35
3	2017	294,767.58	54,962.83	10,332.52	65,295.35
4	2018	239,804.75	56,889.45	8,405.90	65,295.35
5	2019	182,915.30	58,883.60	6,411.75	65,295.35
6	2020	124,031.70	60,947.65	4,347.70	65,295.35
7	2021	63,084.05	63,084.05	2,211.30	65,295.35
			400,000.00	57,067.45	457,067.45

PUMPER AMORTIZATION SCHEDULE

Source: Royalston

**Town of Royalston
Wastewater Treatment Plant Loan
USDA Loan**

		Principal	1,147,000.00		
		Interest	1.875%		
		36 Year Loan			
		Level Principal			
		Balance	Principal Payment	Interest Payment	Total Payment
1	2017	1,147,000.00	31,861.12	21,506.25	53,367.37
2	2018	1,115,138.88	31,861.12	20,908.85	52,769.97
3	2019	1,083,277.76	31,861.12	20,311.46	52,172.58
4	2020	1,051,416.64	31,861.12	19,714.06	51,575.18
5	2021	1,019,555.52	31,861.12	19,116.67	50,977.79
6	2022	987,694.40	31,861.12	18,519.27	50,380.39
7	2023	955,833.28	31,861.12	17,921.87	49,782.99
8	2024	923,972.16	31,861.12	17,324.48	49,185.60
9	2025	892,111.04	31,861.12	16,727.08	48,588.20
10	2026	860,249.92	31,861.12	16,129.69	47,990.81
11	2027	828,388.80	31,861.12	15,532.29	47,393.41
12	2028	796,527.68	31,861.12	14,934.89	46,796.01
13	2029	764,666.56	31,861.12	14,337.50	46,198.62
14	2030	732,805.44	31,861.12	13,740.10	45,601.22
15	2031	700,944.32	31,861.12	13,142.71	45,003.83
16	2032	669,083.20	31,861.12	12,545.31	44,406.43
17	2033	637,222.08	31,861.12	11,947.91	43,809.03
18	2034	605,360.96	31,861.12	11,350.52	43,211.64
19	2035	573,499.84	31,861.12	10,753.12	42,614.24
20	2036	541,638.72	31,861.12	10,155.73	42,016.85
21	2037	509,777.60	31,861.12	9,558.33	41,419.45
22	2038	477,916.48	31,861.12	8,960.93	40,822.05
23	2039	446,055.36	31,861.12	8,363.54	40,224.66
24	2040	414,194.24	31,861.12	7,766.14	39,627.26
25	2041	382,333.12	31,861.12	7,168.75	39,029.87
26	2042	350,472.00	31,861.12	6,571.35	38,432.47
27	2043	318,610.88	31,861.12	5,973.95	37,835.07
28	2044	286,749.76	31,861.12	5,376.56	37,237.68
29	2045	254,888.64	31,861.12	4,779.16	36,640.28
30	2046	223,027.52	31,861.12	4,181.77	36,042.89
31	2047	191,166.40	31,861.12	3,584.37	35,445.49
32	2048	159,305.28	31,861.12	2,986.97	34,848.09
33	2049	127,444.16	31,861.12	2,389.58	34,250.70
34	2050	95,583.04	31,861.12	1,792.18	33,653.30
35	2051	63,721.92	31,861.12	1,194.79	33,055.91
36	2052	31,860.80	31,860.80	597.39	32,458.19
Total Payments			1,147,000.00	397,865.52	1,544,865.52

WASTEWATER TREATMENT PLANT AMORTIZATION SCHEDULE

Source: Royalston

APPENDIX: FORECAST TABLES

Revenue Projections

	FY2015 Budget	FY2016 Budget	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	Projection Percent
PROPERTY TAX LEVY								
Prior Year Tax Levy Limit	1,408,966	1,461,114	1,509,847	1,557,593	1,606,533	1,657,196	1,709,126	
Amended Prior Growth	0	0	0	0	0	0	0	
2.5% Increase	35,224	36,528	37,746	38,940	40,163	41,430	42,728	
Certified New Growth	16,924	12,205	10,000	10,000	10,500	10,500	10,500	See New Growth
Override	0	0						
TAX LEVY LIMIT TOTAL	1,461,114	1,509,847	1,557,593	1,606,533	1,657,196	1,709,126	1,762,354	
Debt Exclusion(s)	109,870	101,962	150,633	150,035	111,056	116,871	116,273	See Debt
Capital Expenditure Exclusion(s)	0	0	0	0	0	0	0	
Stabilization Fund Override	0	0	0	0	0	0	0	
MAXIMUM ALLOWABLE LEVY ①	1,570,984	1,611,809	1,708,226	1,756,568	1,768,252	1,825,997	1,878,627	
LESS Excess Tax Levy Capacity	767	1,853						
TOTAL Tax Levy ②	1,570,217	1,609,956	1,708,226	1,756,568	1,768,252	1,825,997	1,878,627	
① DLS, Gateway, Tax rate, Levy Limit								
② DLS, Gateway, Tax rate, Tax Rate Recap, Page 1								
STATE AID CHERRY SHEET								
Chapter 70 Education Aid	0	0	0	0	0	0	0	
Unrestricted General Government Aid	159,974	165,733	172,860	175,453	178,085	180,756	183,467	1.50%
Veterans Benefits	0	0	3,549	3,549	3,549	3,549	3,549	0.00%
Exemptions VBS and Elderly	13,059	18,545	6,024	10,000	10,000	10,000	10,000	0.00%
State Owned land	83,886	83,886	82,909	83,324	83,740	84,159	84,580	0.50%
Public Libraries (offset)	2,515	2,638	2,615	2,628	2,641	2,654	2,668	0.50%
TOTAL Cherry Sheet ③	259,434	270,802	267,957	274,954	278,015	281,118	284,264	
③ http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/								

Revenue Projections Continued

	FY2015 Budget	FY2016 Budget	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	Projection Percent
ESTIMATED LOCAL RECEIPTS								
1. Motor Vehicle Excise	132,500	135,000	114,851	112,867	111,358	110,702	111,535	See Receipts
2a. Meals Excise	0	0	0	0	0	0	0	See Receipts
2b. Room Excise	0	0	0	0	0	0	0	See Receipts
2c. Other Excise	0	0	0	0	0	0	0	See Receipts
3. Penalties/Interest on Taxes and Excises	31,500	32,500	21,301	21,409	20,794	21,311	21,982	See Receipts
4. Payment In Lieu of Taxes	0	0	0	0	0	0	0	See Receipts
5. Charges for Services-Water	0	0	0	0	0	0	0	See Receipts
6. Charges for Services-Sewer	0	0	0	0	0	0	0	See Receipts
7. Charges for Services-Hospital	0	0	0	0	0	0	0	See Receipts
8. Charges for Services-Solid Waste Fees	38,000	35,000	42,828	41,778	39,916	38,518	38,152	See Receipts
9. Other Charges for Services	0	3,000	0	0	0	0	0	See Receipts
10. Fees	2,750	2,500	3,946	3,607	3,597	3,647	3,631	See Receipts
11. Rentals	17,000	17,500	15,050	15,045	15,030	15,017	15,096	See Receipts
12. Dept. Revenue-Schools	0	0	0	0	0	0	0	See Receipts
13. Dept. Revenue-Libraries	0	0	0	0	0	0	0	See Receipts
14. Dept. Revenue-Cemeteries	0	0	0	0	0	0	0	See Receipts
15. Dept. Revenue-Recreation	0	0	0	0	0	0	0	See Receipts
16. Other Departmental Revenue	5,100	7,000	5,876	6,130	6,460	6,603	6,796	See Receipts
17. Licenses/Permits	10,000	10,000	10,227	9,509	8,850	8,893	8,852	See Receipts
18. Special Assessments	0	0	0	0	0	0	0	See Receipts
19. Fines and Forfeits	13,500	5,000	8,326	8,621	8,620	8,973	9,432	See Receipts
20. Investment Income	200	0	4,081	3,707	3,622	3,409	3,350	See Receipts
21. Medicaid Reimbursement	0	0	0	0	0	0	0	See Receipts
22. Misc. Recurring	0	0	0	0	0	0	0	See Receipts
23. Misc. Non-Recurring	0	0	0	0	0	0	0	See Receipts
TOTAL Local Receipts	250,550	247,500	226,486	222,672	218,246	217,073	218,825	
OFFSET/CPF RECEIPTS								
Sewer	36,410	36,598	37,072	37,609	38,049	38,466	38,611	10-year average
Community Preservation	55,775	32,000	39,639	40,083	40,899	41,679	38,860	5-year average
TOTAL Offset/CPF Receipts	92,185	68,598	76,711	77,692	78,948	80,145	77,471	
AVAILABLE FUNDS/OTHER FINANCING								
Free Cash	0	0	0	0	0	0	0	Available Funds
Other Available Funds	171,334	226,674	191,300	116,510	25,000	25,000	25,000	Available Funds
Other - Stabilization	0	0	0	0	0	0	0	
Other - MSBA Payoff	0	0	0	0	0	0	0	
TOTAL Available Funds	171,334	226,674	191,300	116,510	25,000	25,000	25,000	
TOTAL GENERAL FUND REVENUES	2,343,720	2,423,530	2,470,680	2,448,396	2,368,462	2,429,333	2,484,187	
<i>Ties to Recap Total</i>	<i>2,343,720</i>	<i>2,423,530</i>						

Available Funds

	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
Free Cash-Appropriated									
Prior Year Purposes	0	0	0	0	0	0	0	0	0
General Stabilization Fund (SF)	0	0	0	0	0	0	0	0	0
Capital Equipment Needs SF	0	0	0	0	0	0	0	0	0
Current Year Purposes	0	53,020	0	0	0	0	0	0	0
Reduce Tax Rate	0	0	0	0	0	0	0	0	0
Total Free Cash Appropriated ①	0	53,020	0	0	0	0	0	0	0
Other Available Funds									
General stabilization fund (SF)	37,500	122,800	79,300	98,600	151,300	91,510	0	0	0
Capital Equipment Needs SF	0	0	0	0	0	0	0	0	0
Chapter 90/Highway funds	0	0	0	0	0	0	0	0	0
Overlay Surplus	0	0	0	0	0	0	0	0	0
Other	121,870	231,211	92,034	128,074	40,000	25,000	25,000	25,000	25,000
Total Other Available Funds ②	159,370	354,011	171,334	226,674	191,300	116,510	25,000	25,000	25,000
TOTAL Available Funds	159,370	407,031	171,334	226,674	191,300	116,510	25,000	25,000	25,000

① DLS, Gateway, Tax rate, Tax Rate Recap, pages 2 and 4 and town meeting minutes.

② DLS, Gateway, Tax rate, B2 Other Funds.

Fiscal Year	2013 7/1/2012	2014 7/1/2013	2015 7/1/2014	2016 7/1/2015	2017 7/1/2016	2018 7/1/2017	2019 7/1/2018	2020 7/1/2019	2021 7/1/2020
Total Budget③	2,107,796	2,422,402	2,343,720	2,423,530					
Free Cash Certified Amount ④	53,020	0	0	0					
Free Cash as % of Total Budget	2.52	-	-	-					

③ DLS, Gateway, Tax rate, Tax Rate Recap, page 1, 1a

④ DLS, Gateway, Tax rate, B1 Free Cash

Available Balance as of:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
General Stabilization Fund (SF) Available Balance	168,895	117,268	125,345	171,047	242,810	91,510	0	0	0
Capital Equipment Needs SF Available Balance	0	0	0	0					
Free Cash and SF as % of Total Budget	10.53%	4.84%	5.35%	7.06%					

Projected SF Balances:

General Stabilization Fund (SF) Amount	0	0	91,510	91,510	91,510
Capital Equipment Needs SF Amount	0	0	0	0	0

Local Receipts - Budget/Projected

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Average	Projection
	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Percent	Percent
										Change	
1. Motor Vehicle Excise	115,000	115,000	132,500	135,000	114,851	112,867	111,358	110,702	111,535	3.22%	95% of 10 year a
2a. Meals Excise	0	0	0	0	0	0	0	0	0		
2b. Room Excise	0	0	0	0	0	0	0	0	0		
2c. Other Excise	0	0	0	0	0	0	0	0	0		
3. Penalties/Interest on Taxes and Excises	19,500	19,500	31,500	32,500	21,301	21,409	20,794	21,311	21,982	4.93%	95% of 10 year a
4. Payment In Lieu of Taxes	3,800	0	0	0	0	0	0	0	0		
5. Charges for Services-Water	0	0	0	0	0	0	0	0	0		
6. Charges for Services-Sewer	0	0	0	0	0	0	0	0	0		
7. Charges for Services-Hospital	0	0	0	0	0	0	0	0	0		
8. Charges for Services-Solid Waste Fees	41,000	37,000	38,000	35,000	42,828	41,778	39,916	38,518	38,152	1.74%	95% of 10 year a
9. Other Charges for Services	0	0	0	3,000	0	0	0	0	0		
10. Fees	4,200	4,400	2,750	2,500	3,946	3,607	3,597	3,647	3,631	38.60%	95% of 10 year a
11. Rentals	15,900	16,800	17,000	17,500	15,050	15,045	15,030	15,017	15,096	1.88%	95% of 10 year a
12. Dept. Revenue-Schools	0	0	0	0	0	0	0	0	0		
13. Dept. Revenue-Libraries	0	0	0	0	0	0	0	0	0		
14. Dept. Revenue-Cemeteries	0	0	0	0	0	0	0	0	0		
15. Dept. Revenue-Recreation	0	0	0	0	0	0	0	0	0		
16. Other Departmental Revenue	7,500	9,500	5,100	7,000	5,876	6,130	6,460	6,603	6,796	81.22%	95% of 10 year a
17. Licenses/Permits	13,000	6,300	10,000	10,000	10,227	9,509	8,850	8,893	8,852	-0.15%	95% of 10 year a
18. Special Assessments	0	0	0	0	0	0	0	0	0		
19. Fines and Forfeits	12,000	11,500	13,500	5,000	8,326	8,621	8,620	8,973	9,432	17.80%	95% of 10 year a
20. Investment Income	4,500	2,000	200	0	4,081	3,707	3,622	3,409	3,350	-22.09%	95% of 10 year a
21. Medicaid Reimbursement	0	0	0	0	0	0	0	0	0		
22. Misc. Recurring	0	2,500	0	0	0	0	0	0	0		
23. Misc. Non-Recurring	1,500	0	0	0	0	0	0	0	0		
TOTAL Local Receipts-Budget ①	237,900	224,500	250,550	247,500	226,486	222,672	218,246	217,073	218,825	0.94%	

Local Receipts - Reported

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Average Percent Change
	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	
1. Motor Vehicle Excise	122,384	137,051	137,052	0	0	0	0	0	0	0.24%
2a. Meals Excise	0	0	0	0	0	0	0	0	0	
2b. Room Excise	0	0	0	0	0	0	0	0	0	
2c. Other Excise	0	0	0	0	0	0	0	0	0	
3. Penalties/Interest on Taxes and Excises	19,028	42,422	34,601	0	0	0	0	0	0	7.79%
4. Payment In Lieu of Taxes	0	0	0	0	0	0	0	0	0	
5. Charges for Services-Water	0	0	0	0	0	0	0	0	0	
6. Charges for Services-Sewer	0	0	0	0	0	0	0	0	0	
7. Charges for Services-Hospital	0	0	0	0	0	0	0	0	0	
8. Charges for Services-Solid Waste Fees	36,576	39,256	37,298	0	0	0	0	0	0	-2.18%
9. Other Charges for Services	0	0	3,440	0	0	0	0	0	0	
10. Fees	4,304	2,716	2,882	0	0	0	0	0	0	47.22%
11. Rentals	16,725	16,975	18,100	0	0	0	0	0	0	5.28%
12. Dept. Revenue-Schools	0	0	0	0	0	0	0	0	0	
13. Dept. Revenue-Libraries	0	0	0	0	0	0	0	0	0	
14. Dept. Revenue-Cemeteries	0	0	0	0	0	0	0	0	0	
15. Dept. Revenue-Recreation	0	0	0	0	0	0	0	0	0	
16. Other Departmental Revenue	9,478	5,132	7,385	0	0	0	0	0	0	11.98%
17. Licenses/Permits	6,208	10,438	10,213	0	0	0	0	0	0	2.21%
18. Special Assessments	0	0	0	0	0	0	0	0	0	
19. Fines and Forfeits	11,626	13,985	5,895	0	0	0	0	0	0	15.02%
20. Investment Income	1,797	184	0	0	0	0	0	0	0	-29.16%
21. Medicaid Reimbursement	0	0	0	0	0	0	0	0	0	
22. Misc. Recurring	2,791	0	0	0	0	0	0	0	0	
23. Misc. Non-Recurring	37,674	0	17,415	0	0	0	0	0	0	
TOTAL Local Receipts-Actual ①	268,591	268,159	274,281	0	0	0	0	0	0	-0.18%
Difference: Actual over Budget	30,691	43,659	23,731	-247,500	-226,486	-222,672	-218,246	-217,073	-218,825	
① DLS, Gateway, Tax rate, Tax Rate Recap, page 3										
Percent budget to actual	12.90%	19.45%	9.47%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	

New Growth Dollars by Property Class

	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Projected	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected
Residential New Growth	8,199	6,274	14,966	9,076	8,000	8,000	8,250	8,250	8,250
Commercial (C)	0	0	90	0	0	0	0	0	0
Industrial (I)	0	0	0	0	0	0	0	0	0
Personal Property (PP)	5,710	10,448	1,868	3,129	2,000	2,000	2,250	2,250	2,250
CIP New Growth	5,710	10,448	1,958	3,129	2,000	2,000	2,250	2,250	2,250
TOTAL New Growth ①	13,909	16,722	16,924	12,205	10,000	10,000	10,500	10,500	10,500

① DLS, Gateway, Tax rate, LA-13
Tax Levy Base Growth, column K

3-year average									
Residential	7,383	6,376	9,813	10,105	0	0	0	0	0
CI	0	0	30	30	0	0	0	0	0
PP	4,356	7,381	6,009	5,148	0	0	0	0	0
Total	11,739	13,757	15,852	15,284	0	0	0	0	0
5-year average									
Residential	8,285	7,036	8,678	8,634	0	0	0	0	0
CI	0	0	18	18	0	0	0	0	0
PP	5,973	5,254	5,077	5,428	0	0	0	0	0
Total	14,258	12,289	13,773	14,080	0	0	0	0	0
10-year average									
Residential		13,118	12,227	10,983	0	0	0	0	0
CI		0	9	9	0	0	0	0	0
PP		4,773	4,481	4,766	0	0	0	0	0
Total		17,891	16,717	15,757	0	0	0	0	0

Expenditure Projections

	FY2015 Budget	FY2016 Budget	FY2017 Budget/ATM	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	Average Percent Change	Projection Percent
GENERAL GOVERNMENT									
Elected Officials	22,932	23,511	25,752	25,881	26,010	26,140	26,271	6.03%	0.50%
Personal Services Expenses	62,919	65,489	66,534	66,534	66,534	66,534	66,534	2.84%	COLA/not inc
Capital Outlay	139,555	136,175	134,712	138,080	141,532	145,070	148,697	-1.75%	2.50%
Reserve Fund	0	0	0	0	0	0	0		0.00%
TOTAL General Government	225,406	225,175	226,998	230,495	234,076	237,744	241,502		0.00%
PUBLIC SAFETY									
Police Personal Services (Dispatch)	72,999	71,823	72,893	72,893	72,893	72,893	72,893	-0.06%	COLA/not inc
Police Expenses	41,273	43,585	45,854	47,000	48,175	49,380	50,614	5.40%	2.50%
Police Capital Outlay/Special Articles	4,300	0	0	0	0	0	0		0.00%
Total Police	118,572	115,408	118,747	119,893	121,068	122,273	123,507		
Fire Personal Services	34,660	35,600	37,000	37,000	37,000	37,000	37,000	3.32%	COLA/not inc
Fire Expenses (EMS)	53,062	54,256	54,256	55,612	57,003	58,428	59,888	1.13%	2.50%
Fire Capital Outlay/Special Articles	6,100	0	0	0	0	0	0		0.00%
Total Fire	93,822	89,856	91,256	92,612	94,003	95,428	96,888		
Inspectional Services Personal Services	12,300	12,300	12,608	12,608	12,608	12,608	12,608	1.25%	COLA/not inc
Inspectional Services Expenses	3,461	5,461	5,598	5,738	5,881	6,028	6,179	30.15%	2.50%
Total Inspectional Services	15,761	17,761	18,206	18,346	18,489	18,636	18,787		
TOTAL Public Safety	228,155	223,025	228,209	230,852	233,560	236,337	239,183		
EDUCATION									
Athol-Royalston Regional	448,000	479,131	538,817	565,758	594,046	623,748	654,935	6.08%	5.00%
Montachusett Regional Vocational Technical	115,473	114,159	98,994	99,984	100,984	101,994	103,014	-7.21%	1.00%
TOTAL Education	563,473	593,290	637,811	665,742	695,030	725,742	757,949		

Expenditure Projections

	FY2015 Budget	FY2016 Budget	FY2017 Budget/ATM	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	Average Percent Change	Projection Percent
PUBLIC WORKS									
Cemetery Elected Officials	650	650	650	650	650	650	650	0.00%	0.00%
DPW/Cemetery Personal Services	239,420	246,000	250,349	250,349	250,349	250,349	250,349	2.26%	COLA/not inc
DPW/Cemetery Expenses/Snow&Ice Transfer	344,234	347,618	259,530	266,018	272,669	279,485	286,473	-12.18%	2.50%
DPW/Cemetery Maintenance	33,000	33,250	33,250	34,081	34,933	35,807	36,702		2.50%
Total DPW/Cemetery	617,304	627,518	543,779	551,099	558,601	566,291	574,173		
Waste Water Treatment Elected Officials	822	800	800	800	800	800	800	-1.34%	0.00%
Waste Water Treatment Expenses	36,410	36,598	37,901	38,849	39,820	40,815	41,836	2.04%	2.50%
Waste Water Treatment Capital Outlay	1,300	1,300	1,300	1,333	1,366	1,400	1,435	0.00%	2.50%
Total Waste Water Treatment	38,532	38,698	40,001	40,981	41,986	43,015	44,071		
TOTAL Public Works	655,836	666,216	583,780	592,080	600,587	609,306	618,244		
HUMAN SERVICES									
Personal Services	16,544	18,647	19,746	19,746	19,746	19,746	19,746	9.30%	COLA/not inc
Expenses	67,040	68,970	68,655	70,371	72,131	73,934	75,782	1.21%	2.50%
Capital Outlay	0	0	0	0	0	0	0		
TOTAL Human Services	83,584	87,617	88,401	90,117	91,877	93,680	95,528		
CULTURE/RECREATION									
Personal Services	29,794	31,342	32,953	32,953	32,953	32,953	32,953	5.17%	COLA/not inc
Expenses	23,510	24,191	25,426	26,062	26,713	27,381	28,066	4.00%	2.50%
Events	2,650	650	1,150	1,179	1,208	1,238	1,269	0.73%	2.50%
TOTAL Culture/Recreation	55,954	56,183	59,529	60,193	60,874	61,572	62,288		
DEBT SERVICE/CAPITAL PLAN									
Debt Service	0	0	0	0	0	0	0		
Debt Excluded Debt Service	109,870	101,962	150,633	150,035	111,056	116,871	116,273		
Temporary Interest	2,000	9,200	5,000	2,000	2,000	2,000	2,000		
Lease Payments	12,200	9,200	9,200	9,000	10,500	10,000	9,500		
Proposed Debt Excluded Debt Service	0	0	0	0	0	0	0		
Capital/Special Articles	0	0	0	0	0	0	0		
Chapter 90 Projects	0	0	0	0	0	0	0		
TOTAL Debt Service & Capital	124,070	120,362	164,833	161,035	123,556	128,871	127,773		

Expenditure Projections

	FY2015 Budget	FY2016 Budget	FY2017 Budget/ATM	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	Average Percent Change	Projection Percent
STATE ASSESSMENTS									
County Tax	0	0	0	0	0	0	0		
Air Pollution	356	334	342	344	345	347	349	-1.89%	0.50%
RMV Non-Renewal Surcharge	2,660	2,660	2,660	2,673	2,687	2,700	2,714	0.00%	0.50%
STRAP	10,551	10,551	10,551	10,551	10,551	10,551	10,551	0.00%	0.00%
TOTAL State Assessments	13,567	13,545	13,553	13,568	13,583	13,598	13,613		
RISK MANAGEMENT									
				0	0	0	0		
Police & Fire Insurance	10,200	13,000	13,080	13,472	13,877	14,293	14,722	14.03%	3.00%
Property & Auto Insurance	35,974	38,274	39,200	40,376	41,587	42,835	44,120	4.41%	3.00%
Public Officials Bonds	0	0	0	0	0	0	0		
TOTAL Risk Management	46,174	51,274	52,280	53,848	55,464	57,128	58,842		
EMPLOYEE BENEFITS									
Retirement	25,333	46,578	50,567	53,601	56,817	60,226	63,840	46.21%	6.00%
Medicare/FICA	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0.00%	0.00%
Workers' Compensation	20,000	14,000	15,000	15,000	15,000	15,000	15,000	-11.43%	0.00%
Unemployment Compensation	9,000	5,000	4,000	4,000	4,000	4,000	4,000	-32.22%	0.00%
Group Health/Life Insurance	50,000	50,000	50,000	50,500	51,005	51,515	52,030	0.00%	1.00%
TOTAL Employee Benefits	114,333	125,578	129,567	133,101	136,822	140,741	144,870		
OTHER AMOUNTS TO BE RAISED									
Deficits/Judgements/Tax title	0	0	0	0	0	0	0		
Cherry Sheet Offsets	2,515	2,638	2,615	2,628	2,641	2,654	2,668	2.01%	See Revenues
Intergovernmental	0	0	0	0	0	0	0		
Abatements & Exemptions (Overlay)	25,233	26,519	26,000	26,390	26,786	27,188	27,595	1.57%	1.50%
TOTAL Other Amounts Raised	27,748	29,157	28,615	29,018	29,427	29,842	30,263		
MISC./ OTHER FINANCING USES									
Reserve Fund	32,000	20,000	28,421	20,000	20,000	20,000	20,000		0.00%
Special Articles	63,790	62,400	214,400	150,000	150,000	150,000	150,000		
Community Preservation	55,775	32,000	32,000	40,083	40,899	41,679	38,860		See Revenues
Transfer to Special Revenue Funds	0	0	0	0	0	0	0		
Transfer to Capital Project Funds	0	0	0	0	0	0	0		
Transfer to OBEP Fund	0	0	0	0	0	0	0		
Transfer to Stabilization Funds	53,855	117,707	0	0	0	0	0		See Available Fu
TOTAL Misc. Appropriations	205,420	232,107	274,821	210,083	190,899	191,679	188,860		
TOTAL GENERAL FUND	2,343,720	2,423,530	2,488,397	2,470,132	2,465,755	2,526,240	2,578,915		