

# FINANCIAL MANAGEMENT ASSESSMENT | TOWN OF WEBSTER

---

A COMMUNITY COMPACT CABINET INITIATIVE

DECEMBER 2017



**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](http://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

December 13, 2017

Dear Board Members:

Please find enclosed our Financial Management Overview for the Town of Webster. It is my hope that the information presented here provides a clear backdrop of the financial issues impacting the town and recommendations to improve operations. I truly believe that if the community follows the guidance presented here, it will be better positioned for the future.

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](mailto: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*

Mass.gov/DLS | P.O. Box 9569 Boston, MA 02114-9569 | (617) 626-2300



# CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>
<b>OBSERVATIONS .....</b>	<b>2</b>
PARK AVENUE ELEMENTARY SCHOOL CONSTRUCTION PROJECT.....	2
DEBT AND CAPITAL PROJECT FINANCING.....	3
FREE CASH CERTIFICATION.....	4
FY2018 BUDGET.....	4
RECONCILIATIONS .....	5
OUTSTANDING RECEIVABLES .....	5
PROCUREMENT.....	5
PAYROLL .....	5
CASH FLOW .....	5
TIMELY SUBMISSIONS .....	6
INDEPENDENT AUDITOR .....	6
BOND RATING .....	6
<b>GUIDANCE.....</b>	<b>7</b>
CONSOLIDATE FINANCIAL MANAGEMENT OPERATIONS .....	7
REEVALUATE MAINTAINING A SELF-INSURED HEALTH CLAIMS TRUST .....	8
CONSIDER JOINING PENSION INVESTMENT RESERVES TRUST (PRIT) .....	8
<b>APPENDIX.....</b>	<b>10</b>
TOOLS FOR MUNICIPAL COLLECTIONS .....	10
GIC PROJECTED SAVINGS .....	13
COMPARISON OF RETURNS: ACTUAL VS. PRIT HYPOTHETICAL .....	14

## INTRODUCTION

At the select board's request, the town administrator sought support through the Community Compact Cabinet to review and provide guidance on the Town of Webster's financial management operations. The Community Compact's goal is to implement best practices that promote efficiency, accountability, and transparency in municipal government. A well-structured financial management operation is essential for establishing and reinforcing sound policies, procedures, and internal controls.

To begin assessing Webster's municipal finance operations, representatives from the Division of Local Services (DLS) met first with the town administrator, town accountant, treasurer, collector, chief assessor, and financial advisor. We later held a follow-up meeting with the town's finance team, town administrator, and select board chair to review Webster's audit findings with representatives from Roselli, Clark & Associates. During these meetings, we discussed employee roles, responsibilities, reporting relationships, coordination, and communications. We also discussed compliance with statutory requirements, internal control standards, and generally accepted financial management best practices.

It is evident from these meetings and DLS's years of involvement with Webster that local officials need to address longstanding deficiencies in the town's financial management practices. As far back as 2004, DLS reported subsequent to a financial management review that the town suffers from an "inability or unwillingness to fulfill fundamental responsibilities," including the obligations to clear tax titles, reconcile cash and receivables, implement checks and balances, and submit required reports to DLS on a timely basis. Many of these shortcomings persist to this day, and some have been exacerbated by turnover in key positions, lack of political will, and inadequate formal authority to hold staff accountable.

Webster operates under a board of selectmen-town meeting form of government, in which the elected, five-member select board serves as chief policymaking body and town meeting carries out legislative responsibilities. There is also an eight-member finance committee that reviews the annual budget, holds hearings, and makes recommendations to town meeting. Webster's town administrator serves as chief administrative and fiscal officer charged to oversee government operations. Appointed by the select board, the town administrator coordinates activities across town departments, including police, fire, highway, water/sewer, conservation, health, and finance. The position is also delegated responsibility for developing the annual operating and capital budgets, negotiating contracts, collective bargaining, procurement, and administering town policies and procedures.

Overall, Webster's organizational structure is relatively flat compared to other communities of similar size and budget. There are only a few management layers, and departments with similar responsibilities are not consolidated into divisions, such as finance or public works. Furthermore, appointing authority over several major departments falls outside the town administrator's purview. As a consequence, that position has relatively little direct authority to effectively oversee day-to-day operations or hold staff accountable. This managerial hindrance is amplified by separately elected status of the treasurer, collector, and chief assessor.

Webster's flat structure is generally associated with smaller communities with limited resources whose smaller workforces must take on more responsibilities and have fewer specialized functions and expertise. While this structure may have worked in years past, in our opinion it significantly hampers the town administrator's ability to direct strategic and financial planning efforts as chief administrative and fiscal officer. The presence of a town manager with the authority to direct operations and appoint department heads is more typical for a community of Webster's size.

The observations detailed below are intended to highlight recent struggles that have been impacting Webster's municipal operations. While we commend the town administrator and the board of selectmen for taking action to resolve several of these core issues, including closing large deficits associated with capital planning and the town's self-insured health trust, there remains much more work to be done. The report concludes with recommendations focused on restructuring the town's financial operations into a single, consolidated municipal finance department led by the town administrator, moving to a premium based health insurance system, and pooling locally administered retirement investments with the state trust fund.

## **OBSERVATIONS**

Based on our interviews with local officials, outside auditor, DLS staff, and a review of documentation, we observed the following challenges that are impacting Webster's overall financial stability and its ability to deliver services effectively and efficiently.

### **Park Avenue Elementary School Construction Project**

Town officials must settle some outstanding items with the Massachusetts School Building Authority (MSBA) before completing the project closeout process. According to the school district's project report on the MSBA website, the estimated remaining reimbursement is \$2,743,241. The MSBA will not complete the closeout and release the final payment until the town resolves a long standing dispute with a contractor over ledge removal. The school's owner project manager is seeking a work credit for \$510,000, but the contractor is offering \$200,000. The parties met with an outside mediator, who determined that their positions were too far apart to settle, and the

contractor has since submitted a formal claim for payment. Based on these circumstances, it is unlikely that the town will submit necessary paperwork for MSBA to complete its final closeout audit and approval by late fall 2018 at the earliest.

A review of the MSBA’s project reimbursement log showed the town spent \$345,046 in eligible costs that were rejected or deemed ineligible due to nonsubmittal of required supporting documentation. The town still needs to resubmit \$4,442 in eligible school feasibility study invoices to MSBA that remains a deficit in the capital project account. Without resolution, the town will forfeit reimbursements totaling close to \$350K.

**Debt and Capital Project Financing**

Webster routinely overspent its capital project accounts because officials failed to secure financing on a timely basis. In FY2016, for example, the town’s capital project deficits total \$6.8M:

Park Avenue Elementary School	\$-4,364,265
Park Avenue Elementary School Feasibility Study	-4,442
Middle School Renovation	-388,226
Bartlett Jr/Sr High School Renovation	-147,983
Bartlett Jr/Sr High School Technology Upgrades	-240,126
Fire Department Equipment	-46,381
Police Station Upgrades	-596
Highway Department Replacement Vehicles	-52,600
Highway Wing Plow	-26,999
Storm Water Management	-116,539
Town Hall HVAC	-52,104
Library Boiler	-3,333
Athletic Field Lights	-109
Water Treatment Plant	-132,550
Rawson Road Water Main	-104,941
SCADA Study	-34,365
Wastewater Treatment Plant Upgrades	-592,832
WWTF HVAC	-4,882
SCADA	-98,592
SCADA Phase 2	-383,410
Order Control System	-42,996
<b>Total:</b>	<b>\$-6,838,271</b>

In addition, the town voted to exclude a wastewater project that was never reported and as a result was provided for by the general fund; did not amortize and apply a \$536,000 bond premium for police/fire building; and did not amortize and apply a \$492,854 bond premium for the Park Avenue



Elementary School. It also appeared bond proceeds would not cover capital project expenditures due to required short-term debt pay downs in the amount of \$178,084.

At the end of FY2017, the town issued \$9,234,433 in bond anticipation notes payable in five months, most of which were renewed for another 12 months. Webster is lacking a clear debt strategy for timely borrowing and converting short-term debt to permanent bonds, resulting in additional costs and fees. The town also lacks a comprehensive schedule detailing debt purpose, category, principal and interest.

### **Free Cash Certification**

DLS certified Webster's FY2015 free cash at -\$3,089,420, due largely to a number of unresolved capital project account deficits. The certification was completed on 3/28/2017 over a year late because of the town's inability to close its books timely and submit an accurate balance sheet. Subsequently, on 5/5/2017, Webster submitted its FY2016 balance sheet for free cash certification that resulted in a growing negative balance of -\$4,129,811 due to mounting capital project account deficits carried over from the prior fiscal year. Upon our review of the FY2016 balance sheet, DLS noted 65 different accounts that are either overdrawn or in deficit. In May and June 2017 Webster issued bond anticipation notes to cover the elementary school and other capital project deficits. Although over 60 other accounts remain in deficit as of the end of FY2017, DLS certified free cash at \$2,649,329 on 10/5/2017.

### **FY2018 Budget**

Webster struggled to fund its FY2018 budget by increasing estimated local receipts by 10.9 percent over FY2017 actual receipts (\$411,660). This was done by tripling demand fees (from \$10 to \$30), increasing rental payments on town-owned land, and assessing indirect costs to the regional communications center. The town also continued its long history of taxing to the levy limit, leaving just \$2,214 in excess capacity. In addition, the total budget approved at annual town meeting was slightly less than the published budget document (\$42,493,864 vs. department totals of \$42,494,558), missed a debt service appropriation for \$113,000, and did not disclose all funding sources (\$200,000 gift for the police/fire-rescue building). An additional \$373,748 appropriation was also necessary after the budget was developed to correctly fund the employee's share of the health claims trust fund. Because free cash was certified in October, it was available to fund both the debt and trust fund. Additional free cash was used to rebuild the stabilization fund (\$450,000) and purchase capital equipment (\$288,945).

When developing the FY2019 budget, the town should exercise caution projecting any increase in local receipts, determining and using other available sources, and using one-time revenue such as free cash to balance, plus ensure all fixed costs, including insurances, are fully provided for.

### **Reconciliations**

The Town accountant stated that she does not reconcile cash and receivables to the general ledger on a regular basis. The treasurer and collector both state that they reconcile cash and receivables monthly to their records. There are 25 entries on the town accountant's FY2016 cash reconciliation report some of which date back to FY2014.

### **Outstanding Receivables**

In addition to the \$734,553 in uncollected taxes in FY2016, the town had \$1,113,422 in tax title and \$581,668 in foreclosures, which represents 7.4 percent of the levy. They also have over \$271,000 in outstanding receivables dating back prior to 1999. The collector and treasurer should work as a team to take full advantage of the wide range of legal means allowed for enforcing collection on the town's receivables. Balances in various receivable categories have built up over the years, and these sums represent significant money owed to the town. For guidance on systematic ways to pursue these debts, we provide an exhaustive list of available enforcement remedies in the report appendix.

### **Procurement**

Webster has routinely overspent various accounts including capital, trust, and grants. The town would benefit from a implementing a purchase order system and expenditure controls, such as monitoring account balances and validating available funds.

### **Payroll**

The town accountant, who manages the payroll process, is at risk of staying current with reporting requirements and the submission of state and federal withholdings and support and other garnishments. Recent issues include a \$7,668 IRS penalty for late payments, deficits in the federal income tax withholding account from the prior two fiscal years, and other payroll-related account deficits.

### **Cash Flow**

Vendor warrants are routinely held up until funding is available. The collector, who maintains her own bank accounts separate from the treasurer, is also holding on to receipts until checks clear and turning over once a week. Depending on the timing, she could be holding onto upwards to millions of dollars that could otherwise be used to ease the town’s cash flow issues. For example, if the collector turned over funds timely, the treasurer might not have withheld January’s warrants totaling \$1,437,089. Also, recommend practice suggests that all bank accounts should be under the control of the treasurer, which would resolve this issue.

July	4 warrants	\$1,012,965
August	2 Warrants	890,997
September	0 Warrants	0
October	2 Warrants	573,148
November	2 Warrants	1,448,387
December	3 Warrants	1,256,802
January	3 Warrants	1,651,921
February	2 Warrants	1,437,089

**Timely Submissions**

Lacking formally documented policies, procedures, and controls, the town tends to submit required annual reports to DLS much later than the norm, thereby annually risking the timely receipt of local aid payments. Timely and accurate submittals of required DLS documents have been enormously challenging for the town. Late submittals of Schedule A (due November 30) risk the withholding and potential loss of state aid.

**Independent Auditor**

After nine years with the same auditing firm, Webster engaged the services of Roselli & Clark to perform its FY2016 Audit. Our initial discussions with Roselli indicate a number of areas for concern including the health claims trust fund, lack of reconciliations, receivables, cash management, unreported adjustments, and a lack of pension audit as required effective FY2015. These findings resulted in a number of material weaknesses or significant deficiencies that were previously unrecognized by the prior independent auditor. With more than \$750,000 in expended federal grants or awards in a year, Webster is required to submit an annual single audit according to OMB Circular A-133.

**Bond Rating**

In April 2017, Moody’s Investor Services affirmed Webster’s bond rating of A1, however stated the town has a financial position slightly weak in comparison to the rating. Also cited was Webster’s’

net cash balance as a percent of revenues and available fund balance as a percent of operating revenues being well below other Moody's-rated communities.

## GUIDANCE

### **Consolidate Financial Management Operations**

In an era of ever-increasing municipal complexity and growing financial challenges, Webster should consider creating a consolidated finance department. By bringing together the accounting, treasury, collections, and assessing functions under one department, the town administrator will be better positioned to efficiently and effectively oversee the community's financial management activities. This is achieved by streamlining reporting relationships between the town administrator, managers and staff, while enhancing communication and collaboration to support accountability and team cohesiveness. It also offers Webster the best opportunity to attract and recruit strong employees in an era of increasing retirements and turnover.

By directly overseeing finance staff, the town administrator will be better equipped to analyze policy, develop strategies, improve long-term planning, and advise the board of selectmen and other policymakers. Efforts encompassing capital planning, long-range forecasting, and financial policies will also improve. We routinely highlight the benefits of a financial management team approach, which the town administrator is best suited to nurture and manage on a day-to-day level in Webster.

In overseeing the functions of accounting, treasury, collections, and assessing, the town administrator would appoint each manager, whose performance would be annually evaluated. If sufficient need exists, the town administrator might find it necessary at some future date to appoint a finance director. Given Webster's size and relative budgetary constraints, this individual would likely also serve simultaneously as the town accountant to avoid the expense of an additional position.

Creating a consolidated department requires converting the elected treasurer, collector, and assessor to appointed positions and shifting the town accountant's appointment from the select board to the town administrator. The town could also consider combining the treasurer and collector into a single position, as well as eliminating the elected board of assessors by simply merging its responsibilities with those of the chief assessor. Evolving convention suggests the assessing board's role is driven less by policy than by responsibilities dictated by state statute.

## **Reevaluate Maintaining a Self-Insured Health Claims Trust**

Whereas most communities provide health care coverage through premium-based insurance programs, Webster's health insurance is provided through a self-insured health claims trust fund. Under this approach, containing costs over the long term depends wholly on the health condition of town employees. Even with a stop-loss policy limiting Webster's exposure, catastrophic illnesses among just a handful of employees could prove much more expensive than the insurance premiums. Being self-insured is also cumbersome to manage since it requires outside consultants to annually predict funding levels, along with more complex bookkeeping by the town accountant.

Since 2014, Webster has drawn down its health claims trust fund balance by over \$2M. Based on historic spending levels, the town is likely to need a significant infusion of new money to remain solvent. At the same time, Webster has substantially underfunded its portion of the consultant's recommended appropriation. This violates the negotiated employer/employee percentage contribution rate and puts the town at risk of potential litigation. Figures from Webster's independent auditor indicate the town will need to appropriate up to \$400K just to fund this gap. These circumstances provide the town with good reason to reevaluate past practices. As alternatives, we recommend Webster move to the state's Group Insurance Commission (GIC) or another premium-based insurance program like most other communities have done. In the appendix is an analysis provided by Webster's town administrator, and reviewed by our office, that summarizes the cost savings to be gained by moving to the GIC.

## **Consider Joining Pension Investment Reserves Trust (PRIT)**

Webster's retirement system is locally administered rather than being included in the county retirement system, as is typically recommended DLS. Further, the system's investments are managed through an outside financial advisor, instead of being pooled with the state pension retirement investment trust fund. As a consequence of this set-up, the town's management fees are substantially higher and its rate of return significantly less than its peers and the state. As further evidence in favor of a change, we note that the town has not met its 7.75 percent assumed investment rate of return and its current funding ratio stands at only 50.7 percent, whereas most well-managed communities have ratios of about 60 percent.

A recent report by the Public Employee Retirement Administration Commission (PERAC) analyzing the fees and investments of the 105 retirement public retirement systems in Massachusetts showed Webster's to be one of the worst performing. Only two systems are more costly. Not only that, Webster's fees were approximately 30 basis points higher, on average, than communities whose systems are fully invested in PRIT. Additionally, all the PRIT-invested systems scored higher than Webster in net performance, where the town's system ranked 88<sup>th</sup>. Moreover, between 2012

and 2016, PRIT's investments have outperformed Webster's, averaging an increase of 60 basis points. Using PRIT's rate of return and fees, the asset balance is projected close to \$500K higher than actual, which equals approximately a one percent increase in actuarial funding. Below is an analysis that compares Webster's actual retirement fund performance against a hypothetical investment with PRIT since 2013.

## APPENDIX

### Tools for Municipal Collections

#### **Tax Title/Foreclosure Process**

- Demand letter issued for overdue taxes after close of pay period
- 14 days after demand - publication and posting of notice of taking
- 14 days after notice of taking - execution of taking
- Within 60 days of taking - Instrument of Taking recorded at Registry of Deeds
- 6 months after taking – Petition to Foreclose filed in Land Court
- 14 months (generally) to Foreclosure Decree in the Land Court
- 14 days to notice of sale by public auction

**License and Permit Rejection/Revocation (40:57)** - With local acceptance of M.G.L. Ch. 40 § 57 and adoption of a bylaw or ordinance, a municipality has the authority to deny, revoke or suspend any local license or permit to any person delinquent for more than 12 months in the payment of taxes, fees, assessments, betterments, etc. Typically, a system is set up in which, each year, the collector and other offices that receive payments circulate a list of delinquents. The action to deny, revoke or suspend is carried out by the license or permit granting department.

**Local Intercept Program (60:93)** - Under M.G.L. Ch. 60 § 93, the treasurer shall, on request of the collector, withhold wages from municipal employees or the payment of money due any individual from the municipality, where taxes, assessments, rates or other charges committed to the collector are owed. The amount withheld cannot exceed the total amount due, and at any one time, the amount withheld must be the lower of 25 percent of disposable earnings or the excess of disposable earnings over thirty (30) times minimum wage.

**Seizure and Sale (60:24-28)** - Under this law, a collector may seize tangible personal property for nonpayment of real or personal property tax. Limitations restrict what constitutes seizable property. For collectors, there is the risk of personal liability for damages to holders of a security interest or other form of lien on the property seized and sold. Specific procedures must be followed, and the sale of property at public auction must occur within 30 days after the seizure.

**Civil Suit (60:35)** - A municipality may bring a civil action in the Superior or District Court (depending upon amount owed) within six years of the tax due date if the delinquent is personally liable for the tax. For claims up to \$7,000, Small Claims Court is an available route. Upon receiving a judgment, the property of the delinquent can be auctioned through a sheriff's sale. This is regarded as an appropriate option primarily when a tax taking cannot be legally executed.

**Payment Agreements (60:62, 62A)** - Installment payments are permitted (§62) up until the time when a complaint is filed in Land Court, unless otherwise approved by the Court. Municipalities may, by ordinance or bylaw, authorize treasurers to enter into payment agreements (§62A) with persons entitled to redeem parcels in tax title. The ordinance or bylaw can specify that up to 50 percent of accrued interest on the tax title account may be waived and that agreements may last up to five years. With the execution of the agreement, the person with redemption rights must pay 25 percent of the amount needed to redeem the property. (See also: DOR IGR 05-208, June 2005)

**Bulk Assignment (Sales) of Tax Receivables and Liens (60:2C)** - The collector may assign tax receivables, in bulk, subject to limitations and procedural rules. In the first instance, an assignment of receivables for any year must include all receivables on the property for any preceding years. Otherwise, receivables may be bundled according to various criteria including: parcel value, owners unknown, owner occupancy, delinquency age, receivable value, parcel characteristics, square footage, etc. The receivables must be sold at public auction and awarded based on specified evaluation criteria, including minimum price requirements. Interest accrued may be discounted up to 50 percent. (See also: DOR IGR 05-208, June 2005)

**Assignment of Tax Titles (60:52)** - A treasurer may assign the tax title on one or more parcels at auction to the highest bidder. The price must at least equal the redemption amount, plus interest that accrues up to when the assignment is recorded and a premium cost, if any. Interest on an assigned tax title accrues at 16 percent and represents the incentive for a potential purchaser. However, the assignee's position is subordinate to the municipality, which retains an interest in subsequent taxes on the assigned property and which cannot be assigned. (See also: DOR IGR 05-208, June 2005)

**Collector's Sale (60:40-50)** - This involves the sale of land only by auction. The purchaser's title is subject to the prior owner's right of redemption, and he has no right of possession until the right of redemption is foreclosed under Land Court rules. The price must at least equal taxes, interest, and any intervening charges due on the property.

**Deeds in Lieu of (60:77C)** - Cities and towns may accept a deed as an alternative to a tax taking or foreclosure provided that all those with an interest in the property join as grantors. Town meeting or the city council must accept the deed, after which the property is treated as a tax possession. Taxes, charges and fees are regarded as if paid and as if foreclosure had been completed. Recording the deed permanently bars the grantors from reacquiring the property.

**Land of Low Value (60:79-80)** - With approval of the Commissioner of Revenue, a treasurer can file a Land Court complaint for foreclosure after 90 days from the tax taking rather than the customary six months. The accelerated process is restricted to land only where the property is of insufficient



value to cover taxes, interest, fees, and charges due; the value is less than \$20,300 (calendar year 2013); and a lawful tax taking has occurred. Also under the statute, residential properties of six units or less and deemed abandoned may be placed on a fast track to foreclosure if targeted for rehabilitation as residential units.

**Owners Unknown (59:11)** - If, after a diligent efforts, assessors cannot find an owner of record, the Commissioner of Revenue can authorize assessors to make an assessment on the property to persons unknown. If the taxes remain unpaid after demand, the property is moved through the tax title and Land Court foreclosure process.

**Tax Collection Service (60:2B)** - Through a request for proposals and low bid process a municipality can engage the services of a collection agency to collect taxes where a demand has been made, with the exception of property taxes. Compensation for the collection service is limited to the larger of the fees that would otherwise be due the collector or one-third of the taxes collected. The charge would be added to the amount due.

## GIC Projected Savings

Individual	Family	Health Plan (Active)	Plan Type	Individual	Family	ER%	EE %	<u>Town Contribution</u>		<u>Employee Contribution</u>		
								Individual	Family	Individual	Family	
50	75	Fallon Health Direct Care	HMO	\$554.65	\$1,331.20	75%	25%	\$249,593	\$898,560	\$83,198	\$299,520	
34	50	Harvard Pilgrim Primary Choice Plan	HMO	620.7	1,514.53	75%	25%	\$189,934	\$681,539	\$63,311	\$227,180	
7	4	UniCare State Indemnity Plan/Basic with CIC	Indemnity	1,038.80	2,430.54	50%	50%	\$43,630	\$58,333	\$43,630	\$58,333	
50	75	UniCare State Indemnity Plan/PLUS	PPO-type	693.2	1,656.13	75%	25%	\$311,940	\$1,117,888	\$103,980	\$372,629	
								<hr/>	<hr/>	<hr/>	<hr/>	
								\$795,096	\$2,756,319	\$294,119	\$957,662	
		Health Plan (Retire)	Plan Type	Per Person								
26		Fallon Senior Plan	Medicare (HMO)	\$336.17		50%	50%	\$52,443	\$0	\$52,443	\$0	
161		Tufts Health Plan Medicare Complement	Medicare (HMO)	382.26		50%	50%	\$369,263	\$0	\$369,263	\$0	
14		Tufts Health Plan Medicare Preferred	Medicare (HMO)	301.05		50%	50%	\$25,288	\$0	\$25,288	\$0	
								<hr/>	<hr/>	<hr/>	<hr/>	
								\$446,994	\$0	\$446,994	\$0	
								<u>Town</u>	<u>Employee</u>	<u>Total</u>		
								GIC \$3,998,409	\$1,698,774	\$5,697,183		
								Current (FY2018)	\$4,653,891	\$2,090,105	\$6,743,996	
								Projected Savings	\$655,482	\$391,331	\$1,046,813	

**Comparison of Returns:**  
**Actual vs. PRIT Hypothetical**

<b>Webster Actual</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Beginning Balance	\$19,885,321	\$24,158,077	\$28,309,050	\$30,617,336	\$29,995,186
Receipts	1,049,365	1,094,787	1,209,467	1,277,326	1,254,580
Appropriation	3,624,149	2,611,516	2,730,510	1,486,719	4,475,582
Disbursements	2,874,189	3,323,695	3,271,431	3,438,707	3,875,437
Investment Fees	182,534	228,744	244,907	253,316	258,636
Investment Income	2,655,965	3,997,109	1,884,647	305,829	2,315,982
Ending Balance	\$24,158,077	\$28,309,050	\$30,617,336	\$29,995,186	\$33,907,256
Investment Return (gross of fees)	13.36%	16.55%	6.66%	1.00%	7.72%
Expense Ratio	<u>0.76%</u>	<u>0.81%</u>	<u>0.80%</u>	<u>0.84%</u>	<u>0.76%</u>
Net	12.60%	15.74%	5.86%	0.15%	6.96%
<b>Webster Hypothetical PRIT*</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Beginning Balance	\$19,885,321	\$24,280,092	\$28,146,382	\$30,878,023	\$30,311,318
Receipts	1,049,365	1,094,787	1,209,467	1,277,326	1,254,580
Appropriation	3,624,149	2,611,516	2,730,510	1,486,719	4,475,582
Disbursements	2,953,319	3,426,183	3,369,977	3,531,458	3,976,454
Investment Fees	103,404	126,256	146,361	160,566	157,619
Investment Return (gross of fees)	2,777,979	3,712,426	2,308,003	361,273	2,488,559
Ending Balance	\$24,280,092	\$28,146,382	\$30,878,023	\$30,311,318	\$34,395,965
Investment Return	13.97%	15.29%	8.20%	1.17%	8.21%
PRIT Expense Ratio	<u>0.52%</u>	<u>0.52%</u>	<u>0.52%</u>	<u>0.52%</u>	<u>0.52%</u>
Net	13.45%	14.77%	7.68%	0.65%	7.69%

<b><u>Comparison</u></b>					
Ending Balance	\$122,015	-\$162,669	\$260,688	\$316,131	\$488,709
Investment Return	0.61%	-1.26%	1.54%	0.17%	0.49%
Expense Ratio	<u>-0.24%</u>	<u>-0.29%</u>	<u>-0.28%</u>	<u>-0.32%</u>	<u>-0.24%</u>
<b>Net Return</b>	<b>0.85%</b>	<b>-0.97%</b>	<b>1.82%</b>	<b>0.50%</b>	<b>0.73%</b>

\*Calculation based on actual Webster activity and PRIT return and expense for a similar size system.