

FINANCIAL FORECAST | TOWN OF WEST NEWBURY

A COMMUNITY COMPACT CABINET INITIATIVE

AUGUST 2018



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

PREPARED BY:

DLS | Technical Assistance Bureau

100 Cambridge Street, Boston, MA 02114-9569

www.mass.gov/dls



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Christopher C. Harding
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

August 13, 2018

Board of Selectmen
Town of West Newbury
381 Main Street
West Newbury, MA 01985

Dear Board Members,

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

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

Sincerely,

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

Sean R. Cronin
Senior Deputy Commissioner

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INTRODUCTION

At the request of the board of selectmen, the Division of Local Services (DLS) Technical Assistance Bureau (TAB) developed a five-year financial forecast for the Town of West Newbury. This project is the result of the Community Compact Cabinet (CCC) initiative (www.mass.gov/CCC), whose goal is to encourage the implementation of municipal best practices that promote good governance by fostering efficiency, accountability, and transparency in local government. To fulfill a separate CCC request, TAB previously provided the town with a financial policy manual containing several policies referenced in this document.

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

This report describes the various revenue and expenditure components and the assumptions used to construct the five-year financial forecast for the town, which is contained in the accompanying Excel workbook. The data source for all charts and graphs is the DLS databank unless otherwise noted.

COMMUNITY PROFILE

West Newbury (population 4,541) is located on the North Shore in Essex County. The town approved a FY2019 annual operating budget of almost \$17.8 million funded through the property tax levy, state aid, local receipts, and other available revenue sources. With fewer than 45 full- and part-time permanent employees plus close to another 50 on-call, part-time, and seasonal employees, the town offers a range of municipal services, including police, fire, highway, library, and senior and social services. The town delivers pre-k through 12th grade education with district partners Merrimac and Groveland as part of the Pentucket Regional School District (PRSD). In addition, a very small number of West Newbury students opt to attend the Whittier Regional Vocational Technical High School (Whittier Tech), which serves students from 11 area communities.

In October 2017, special legislation established a town manager as West Newbury's chief operating and administrative officer, as well as its chief financial officer. As such, the responsibility for developing the annual budget now falls to the town manager at the direction of the board of selectmen. The town manager has assumed a well-run financial operation with a history of town officials working collectively to project revenues that provide conservative, balanced budgets to support town and educational services. The town routinely adopts operating budgets funded only by recurring revenues and limits the use of free cash to one-time and capital expenditures.

West Newbury continually demonstrates its commitment to building reserves for long-term stability and weathering unforeseen events. The town has a general stabilization fund with a balance over \$1.2 million, as well as three special purpose stabilization funds, whose combined balance is close to \$350,000. These balances do not include \$615,000 in town meeting appropriations to stabilization funds for FY2019. In addition, West Newbury's trust fund for other postemployment benefits is currently fully funded with a balance of over \$1.8 million.

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

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

FIVE-YEAR FINANCIAL FORECAST

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

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

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

FIVE-YEAR FINANCIAL FORECAST

General Fund	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenues						
Property Tax Levy	13,023,887	13,899,101	14,316,944	14,763,525	15,216,516	15,693,713
State Aid Cherry Sheet	377,379	382,276	389,046	398,513	408,264	418,307
Estimated Local & Offset Receipts	1,172,100	1,183,371	1,194,756	1,206,253	1,217,865	1,229,593
Available Funds/Other Financing Sources	1,518,159	764,718	668,236	571,965	560,363	560,364
Total General Fund Revenues	16,091,525	16,229,466	16,568,982	16,940,256	17,403,008	17,901,977
Total Revenue Percentage Change	6.6%	0.9%	2.1%	2.2%	2.7%	2.9%

Expenditures						
General Government	1,084,989	1,007,214	1,012,807	1,018,512	1,024,331	1,030,267
Public Safety	1,759,652	1,878,649	1,942,533	1,903,535	1,909,657	1,960,902
Education	7,778,635	8,074,422	8,376,565	8,762,080	9,167,318	9,601,373
Public Works	1,147,065	1,109,847	1,170,151	1,180,661	1,191,381	1,202,316
Health & Human Services	572,563	577,362	599,907	607,807	615,865	624,084
Culture & Recreation	367,793	377,412	379,850	309,472	312,008	314,595
Debt Service	615,900	471,900	458,150	355,400	313,950	297,900
Risk Management	167,281	170,000	187,000	205,700	226,270	248,897
Employee Benefits	1,006,301	1,109,519	1,231,088	1,367,365	1,520,243	1,691,873
Other Amounts Raised	142,825	148,378	148,378	148,378	148,378	148,378
State Assessments	74,255	77,954	78,747	79,556	80,380	81,221
Free Cash/Other Financing Uses	1,374,267	1,226,809	843,077	848,536	877,343	892,283
Total General Fund Expenditures	16,091,525	16,229,466	16,428,253	16,787,002	17,387,124	18,094,089
Total Expenditures Percentage Change	10.0%	0.9%	1.2%	2.2%	3.6%	4.1%
General Fund Surplus/(Shortfall)	-	-	140,729	153,254	15,883	(192,112)

Enterprise Funds						
Enterprise Funds: Revenues	938,525	943,518	733,360	743,571	753,986	764,609
Enterprise Funds: Expenditures	938,525	943,518	733,360	743,571	753,986	764,609
Enterprise Surplus/(Shortfall)	-	-	0	0	0	0

Community Preservation						
Community Pres Funds: Revenues	387,184	599,980	379,478	366,088	358,083	354,167
Community Pres Funds: Expenditures	387,184	599,980	379,478	366,088	358,083	354,167
COMMUNITY PRESERVATION Surplus/(Shortfall)	-	-	0	0	0	0

GRAND TOTAL - All Funds						
Grand Total Revenues	17,417,234	17,772,964	17,681,820	18,049,915	18,515,077	19,020,753
Grand Total Expenditures	17,417,234	17,772,964	17,541,091	17,896,661	18,499,194	19,212,866
Total Surplus/(Shortfall)	-	-	140,729	153,254	15,883	(192,112)

COLA Impact						
Financial Impact of GF COLA Increase			42,629	100,130	159,631	221,203
Total Surplus/(Shortfall) after COLA	-	-	98,100	53,124	(143,748)	(413,315)

	Balance 06/30/2017	Balance 06/30/2018	Balance 06/30/2019	Balance 06/30/2020	Balance 06/30/2021	Balance 06/30/2022
Fiscal Year-End Balances						
General Stabilization	1,251,561	1,251,561	1,408,569	1,566,362	1,724,943	1,884,318
General Stabilization as a Percentage of GF Budget	7.8%	7.7%	8.6%	9.3%	9.9%	10.4%
School Building Stabilization	49,920	936,388	1,091,820	1,571,438	2,060,288	2,593,240
Pension Stabilization	157,905	100,000	150,750	201,754	253,013	304,528
OPEB Fund	128,766	88,766	1,684,639	1,693,062	1,701,528	1,710,035

REVENUES

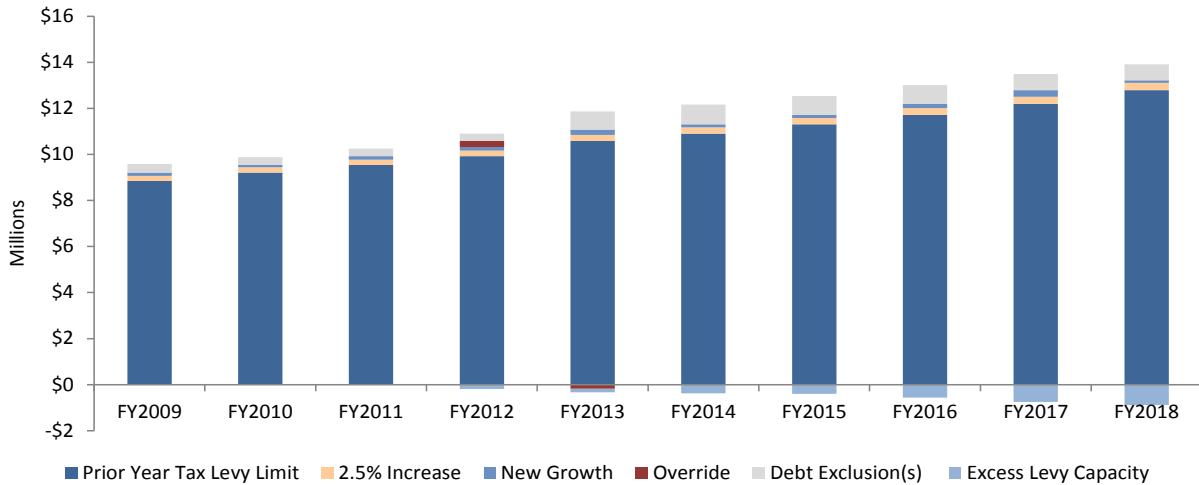
We recommend a moderately conservative approach to forecasting revenues. After reviewing historical information, conservative assumptions should be made about dollar and percentage adjustments to the current year's revenues to arrive at projections for the first forecast year. The same analysis should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

Tax Levy

The property tax levy is the revenue a community raises through real and personal property taxes, with year-to-year increases constrained by Proposition 2½. The annual growth in the tax levy limit increases automatically by 2.5% over the previous year's levy limit, plus an allowance for certain new construction and other additions to the tax rolls, known as new growth. A community may choose to increase its levy limit permanently through a voter-approved override or temporarily through a debt exclusion or capital outlay exclusion.

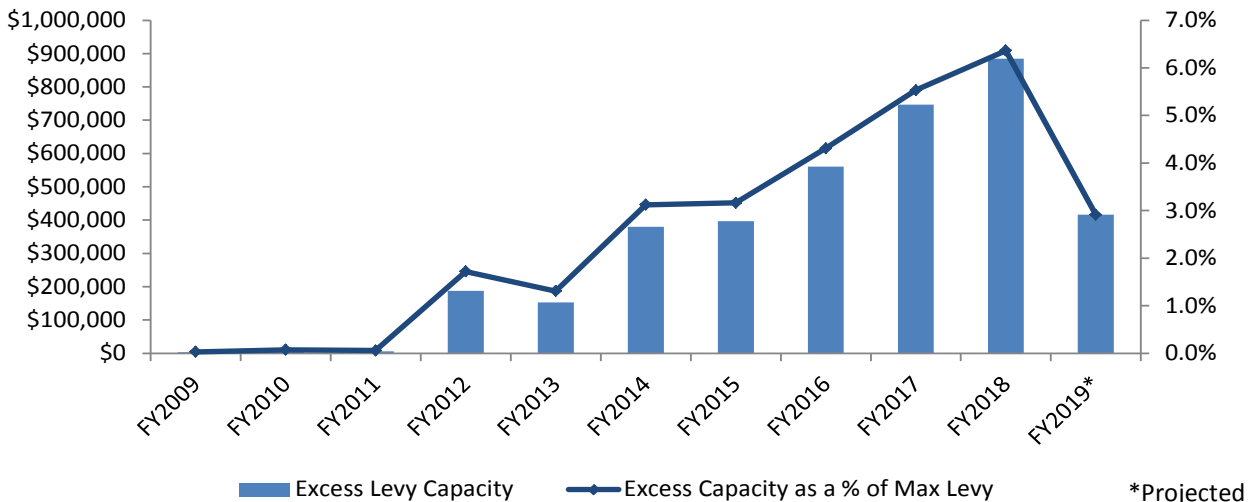
To fund operations, West Newbury relies heavily on property taxes, which provide over 80% of its general fund operating revenues. Since FY2009, West Newbury's property tax levy grew from about \$9.6 million to \$13.2 million, an increase of roughly \$3.4 million or 36%, placing the town in the bottom third for levy increases among all Massachusetts communities. Even though the town's property tax levy growth has been mostly attributable to the statutory 2.5% annual increases and minimal new growth, it does include one permanent operational override that was immediately followed the next year by an operational underride, netting just \$87,000 (FY2012 and FY2013). A small portion of the town's levy growth outside of the 2.5% constraint is due to debt exclusions for land purchases and building renovations.

TAX LEVY COMPONENTS

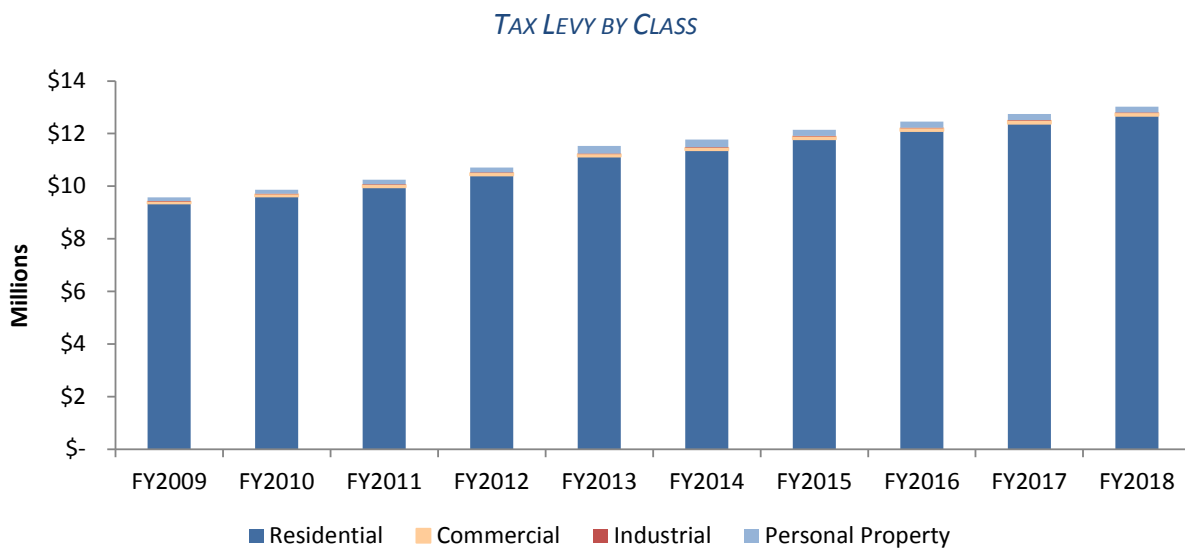


Although the tax levy limit automatically increases by 2.5% each year, a town may elect to set its levy below the maximum allowable levy limit and thereby create excess levy capacity. This excess represents the additional amount the town could have levied but chose not to. Through conservative budgeting, West Newbury has not levied to the maximum for several years. With FY2018's excess capacity close to \$900,000, or 6.4% of the maximum levy allowed, West Newbury places in the top 20% of cities and towns for excess capacity. Even with the \$615,000 that town meeting appropriated from the levy to the general and school-building-related stabilization funds for FY2019 the potential available excess levy is just slightly less than half of the previous year's. To provide budget flexibility, this forecast continues appropriations from the levy to stabilization and maintains excess levy capacity at a consistent 3% of the maximum levy.

EXCESS CAPACITY AS A PERCENTAGE OF MAXIMUM ALLOWABLE TAX LEVY



The real estate portion of the tax levy consists of property classified as residential, open space, commercial or industrial. Personal property, the non-real-estate share of the levy, generally includes goods, equipment, furniture, and other movable objects. With West Newbury’s residential class currently accounting for over 97% of its total assessed value, the town ranks in the top 10 of Massachusetts communities in the percentage of value attributable to the residential class. Because the town exempts the first \$10,000 of personal property value, only 26 properties remain in that class and constitute less than 2% of the levy, leaving the final 1% attributable to commercial and industrial properties. As shown below, these classification allocations have stayed consistent for the past several years.



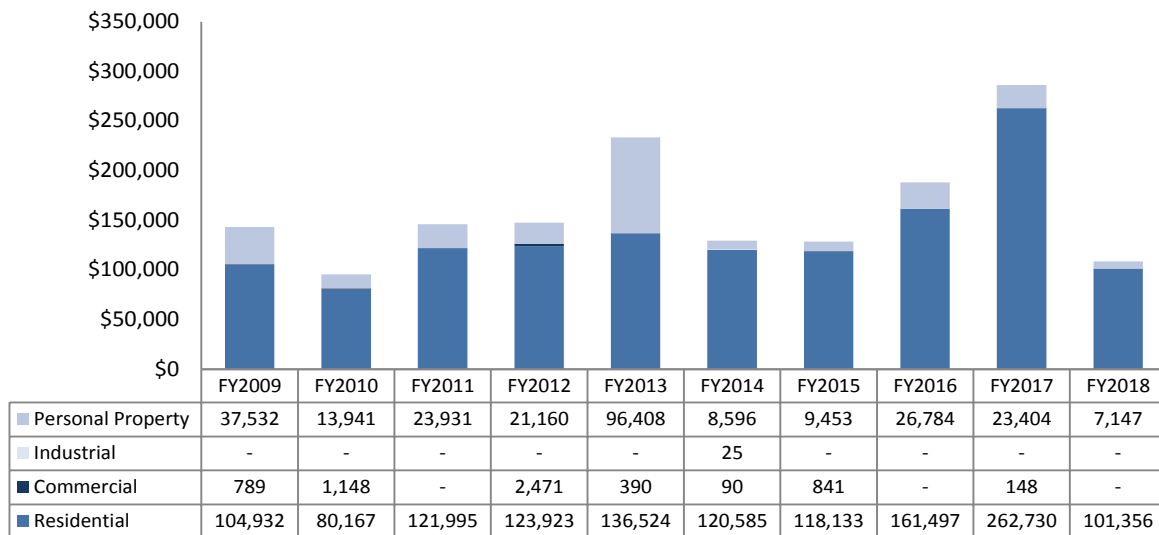
New Growth: New growth represents additional value added to the property tax base from new construction or improvements to existing properties and other additions to the tax rolls. It can indicate whether or not the community is experiencing positive real estate development, and in turn, what to expect in terms of property tax growth. Conversely, it also can show what, if any, new expenditures to anticipate from new developments (e.g., additional school children, public infrastructure, etc.). Town officials should consult with the building and planning departments about permits and proposed construction within the town or nearby communities that might impact this analysis.

Assessors must value all real and personal property within their communities as of January 1 each year for the following fiscal year. West Newbury, having accepted Chapter 653 of the Acts of 1989, may include the assessment of any new structure, addition, demolition, improvement or alteration

that occurs between January 1 and June 30 for the fiscal year beginning July 1. Any building activity that occurs after June 30 will be reflected in the assessing records the following January.

Given West Newbury’s very limited and mostly fixed industrial and commercial base and the correspondingly constrained annual personal property growth, the town’s new growth is driven by construction and renovation of single-family homes. Looking at the last 10 years, West Newbury’s new growth rates bottomed out in FY2010, the residual effect of 2008’s Great Recession, though its impact was less severe in this community than in many others. The town saw a spike in personal property new growth in FY2013 after the assessors conducted a full data recollection of all new and existing business accounts. Residential growth spiked in FY2017 due to a new, quick-selling, 32-unit condominium development. After a significant drop in FY2018, the town expects another sharp increase in FY2019 from a new, 34-unit development (although this was not reflected in the town’s revenue projections for the April 2018 annual town meeting).

*NEW GROWTH DOLLARS BY CLASS
APPLIED TO THE LEVY LIMIT*



Because of these trends, it is useful to analyze multiple time periods when making projections. As illustrated below, West Newbury’s ten-, five-, and three-year total new growth averages are relatively close. Therefore, with no further known new development currently anticipated for the community, residential new growth in this forecast is level funded at 80% of the current ten-year average with no change for personal property. The assessors submit new growth and property value information to DLS on Schedule LA-13, typically in the fall. The forecast should be updated to reflect new growth once it is certified by DLS.

NEW GROWTH AVERAGES THROUGH FY2018

	Average Over Last		
	10 Years	5 Years	3 Years
Residential	133,184	152,860	175,194
Commercial/Industrial	590	221	49
Personal Property	26,836	15,077	19,112
Total	160,610	168,158	194,355

Debt Exclusions: Through a referendum vote, a community can assess the taxes necessary to pay the debt service costs for a specific project outside the limits of Proposition 2½. For the life of the debt, the debt service cost is added to the levy after the community calculates the annual levy limit under Proposition 2½. West Newbury currently has four active debt exclusions: two for the purchase of the Dunn property and two for the Page Elementary school.

The annual debt service for one of the Dunn property issues, which will retire in FY2020, is provided by a state grant and therefore has no impact on the taxpayers. The other is reflected in the tax levy until it matures in FY2023. Debt schedules for the two Page School projects are provided by the district and, although shown on the forecast’s *Debt* worksheet, they are budgeted with the annual PRSD capital assessment. Since no new debt excluded projects appear to be on the horizon, the forecast includes only these four issues based on the projects’ debt service schedules, net of their bond premium amounts. Debt exclusion information is entered on the Schedule DE-1 of the tax rate recap. Any additions or changes to excluded debt should be updated on the forecast’s *Debt*, *Available Funds* and *Revenue* worksheets to adjust the total tax levy.

State Aid

This is the combination of program revenues and reimbursements a community receives from the state as reported on the cherry sheet, which is the official notification from DLS of estimated aid to be paid and charges to be assessed. Aid proposals begin with the Governor’s budget to the legislature in late January and continue through the spring into June, when the House and Senate approve the final budget. The state budget’s progress, reflecting each aid proposal and the final cherry sheets, can be found on the DLS/Municipal Databank webpage, <https://www.mass.gov/lists/cherry-sheet-estimates>.

The FY2019 figures used in this forecast are the final estimates included in the budget signed by the Governor in mid-July. Annually, local officials should monitor the state budget process and update the forecast as the budget develops.

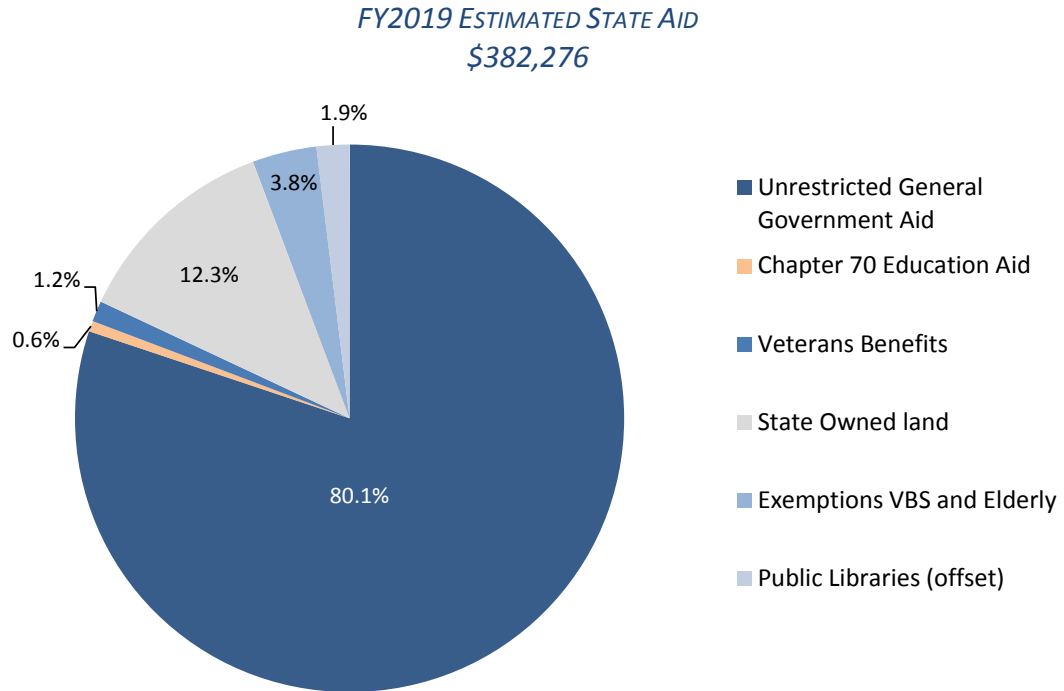
Chapter 70: Using complex formulas, the Department of Elementary and Secondary Education (DESE) annually determines the total school foundation budget, minimum local contributions, and allocations of foundation budget between local and regional school districts. DESE then calculates the distribution of Chapter 70 educational aid and determines required net school spending (NSS) amounts. A community's required local contribution is a historical figure that takes into account an estimate of the percentage change in revenue growth (the municipal revenue growth factor, or MRGF), enrollment trends, and inflation levels from the previous year. West Newbury does not receive direct school funding for the West Newbury students who attend PRSD or Whittier Tech. However, the town currently receives a small amount of Chapter 70 aid for one student attending Essex North Shore Agricultural & Technical School (Essex Tech) on a tuition basis. Because this amount is so limited, no Chapter 70 funding is forecast.

Understanding the Chapter 70 calculation is important because it is a driving factor, along with student population sizes, in the annual assessment amounts from the school districts. More information may be found on DESE's school finance webpage, www.doe.mass.edu/finance.

Unrestricted General Government Aid (UGGA): By far West Newbury's largest source of state aid, UGGA is based on equalized property valuation (EQV) and population and is funded from lottery and gaming revenue to provide general purpose assistance. Reflecting the commitment of the governor, the UGGA has increased well over 3% for the last few years, including the FY2019 proposal. Conservatively, the projections reflect a 3% annual increase.

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

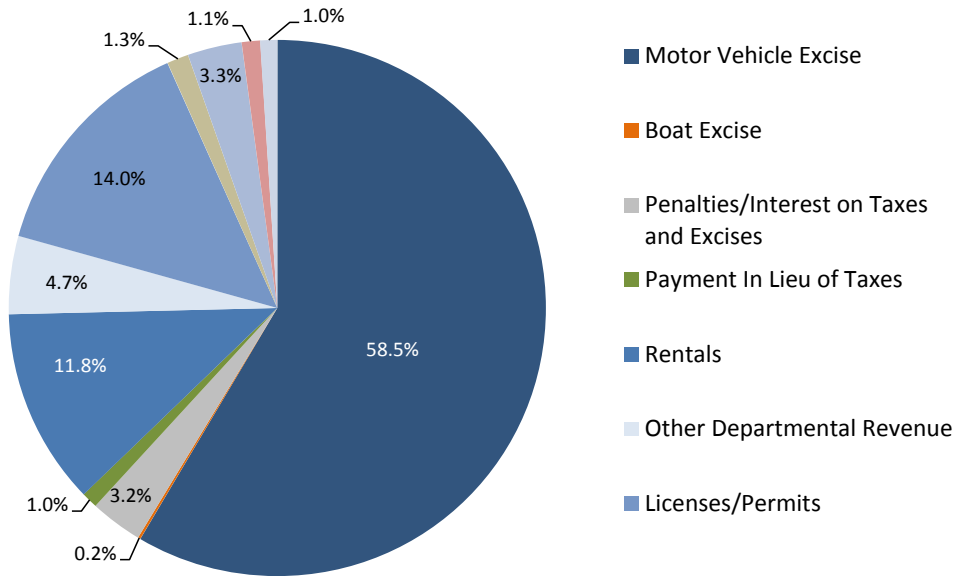
To encourage and supplement library services and resources, the state provides additional aid for public libraries to use strictly for library purposes. This amount offsets a corresponding appropriation and is also level funded.



Estimated Local Receipts

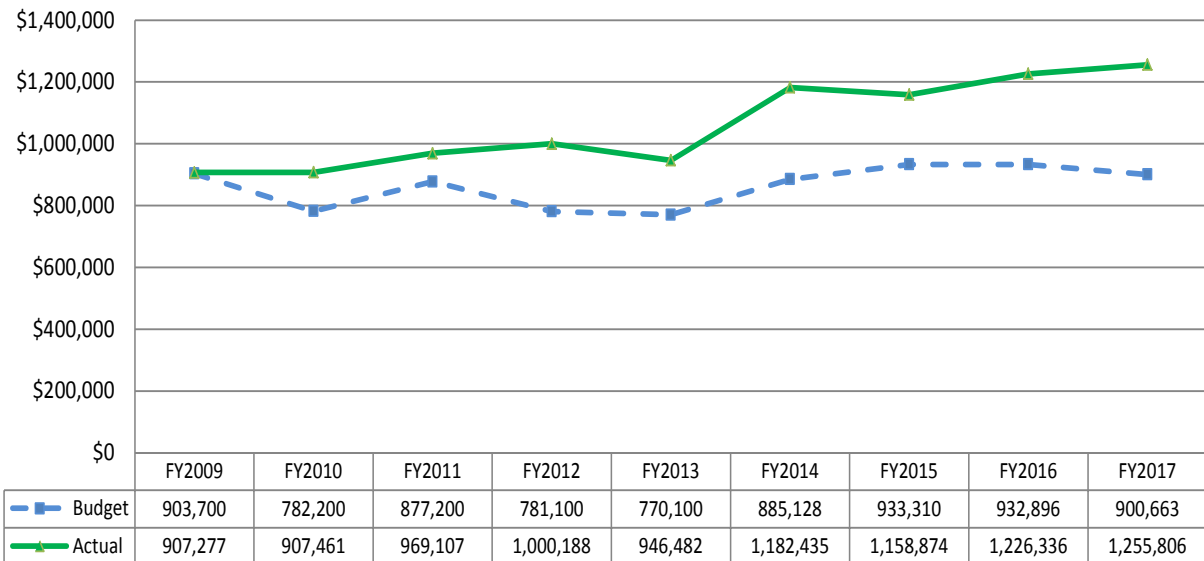
Estimated local receipts are locally generated revenues other than real and personal property taxes, such as motor vehicle excise, penalties and interest, investment income, charges, and fees. Budgeted at \$1,172,100 in FY2018, local receipts comprise over 7% of West Newbury’s anticipated revenue. Historically in West Newbury, motor vehicle excise has comprised close to 60% of this revenue category.

FY2017 ACTUAL LOCAL RECEIPTS
\$1,255,806



Local receipts generally reflect the health of the local economy and can significantly impact free cash. From FY2009 to FY2017, West Newbury’s annual estimates for local receipts have stayed rather flat, while the actual revenue received increased in excess of 38% over that period. For the last four years, actual receipts averaged close to \$300,000 in excess of budgeted receipts, which contributed to West Newbury’s generous certified free cash amounts.

LOCAL RECEIPTS: BUDGET VS. ACTUAL



In this forecast, all receipts have been conservatively projected at a growth of 1% (see the *Local Receipts* worksheet). Officials should monitor these receipts by comparing budget to actual to ensure the forecast figures continue to be reasonable and follow policy guidelines. Local receipts are found on page 3 the tax recap sheet.

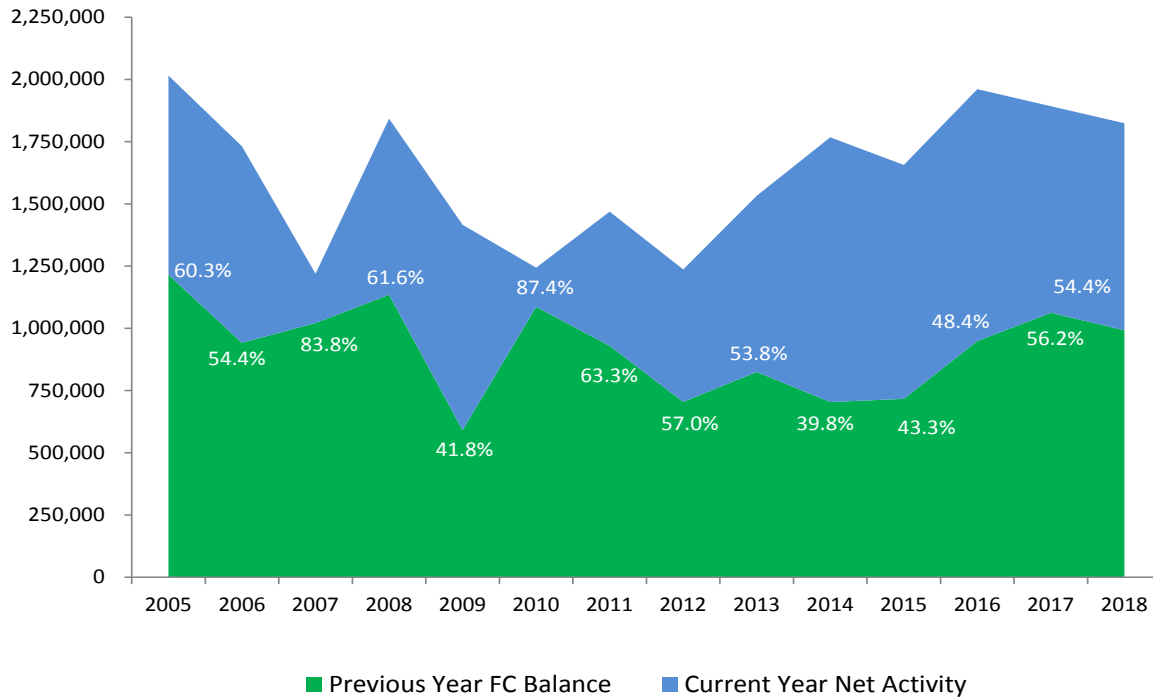
Available Funds/Other Financing Sources

Aside from the tax levy, state aid, and locally generated revenues, a community may be able to draw on other funding sources. These can include appropriations of reserves, such as available free cash and stabilization funds, as well as other recurring or nonrecurring sources of revenue and special revenue sources, like overlay surplus and receipts reserved for appropriation. West Newbury's FY2018 budget funding includes \$1,518,159 of available funds, \$1,392,067 of which is free cash. In the spring 2018 annual and special town meetings, West Newbury appropriated \$764,718 of these available funds, including \$492,991 from the free cash DLS certified as of July 1, 2017.

Communities primarily maintain reserves to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. Not recommended but sometimes necessary, a town may appropriate from reserves to fund some portion of the current operating budget, in effect using one-time revenue. As a best practice, the town should avoid using free cash, stabilization funds, or any other nonrecurring revenue source to support the operating budget, reduce the tax rate, or pay any recurring expenditures.

Free Cash: A community's free cash represents the amount of unrestricted funds available for appropriation that have been certified by DLS as of July 1. For the last 14 years, West Newbury's annual certified free cash has averaged just over \$1.6 million, or close to 13% of its general fund operating budget. The primary reasons behind the significant free cash certifications are: 1) excess local receipts, 2) year-end departmental turn backs, 3) closing out of unused special article appropriations, and 4) unappropriated free cash. Any unappropriated free cash at year-end is added to the succeeding year's certification. As shown on the following chart, since 2004, West Newbury's year-end percentage of unexpended free cash has averaged over 57%, providing very positive starting balances for each succeeding year.

CERTIFIED FREE CASH



West Newbury has followed a policy that limits free cash appropriations to one-time expenditures (such as capital projects), unanticipated deficits (including snow and ice), emergencies, and various reserve funds. The table below shows how well the town has complied with this policy. In an effort to ‘give back’ to the taxpayers, the town has also used free cash to ‘reduce the tax rate’; but, this is the same as using free cash as a funding source for the operating budget.

FREE CASH APPROPRIATIONS

Fiscal Year	Snow & Ice Deficit	Reserve Funds					Transfer to Water Enterprise	Capital Projects /Other	Current/ Prior Year Purposes	Reduce Tax Rate	Total
		General	School Building	Pension	Other	OPEB					
2010	154,104	-	-	-	-	60,000	-	181,472	28,475	-	424,050
2011	10,585	30,000	-	-	-	-	-	107,517	12,500	-	160,602
2012	141,091	30,000	-	-	-	372,689	-	234,662	16,646	-	795,088
2013	-	50,000	-	-	-	144,782	-	218,000	28,035	-	440,817
2014	42,907	320,000	-	-	-	-	-	572,462	56,529	81,043	1,072,942
2015	90,603	120,000	-	-	-	-	-	435,930	118,172	-	764,705
2016	171,449	149,200	50,000	-	5,000	-	65,000	269,352	90,248	100,000	900,248
2017	-	-	-	50,000	30,000	-	-	664,744	63,167	144,300	952,211
2018	150,000	-	500,000	50,000	35,000	-	-	387,000	156,067	114,000	1,392,067
2019*	100,000	-	-	50,000	140,000	-	-	154,000	48,991	-	492,991

*Through April 2018 annual and special town meetings

Because free cash is not available for any use until certified by DLS, it is generally not included in a forecast. However, based on West Newbury's solid free cash certification history, future free cash certifications are included and projected at \$1 million annually.

Stabilization Funds: West Newbury's general fund budget includes three stabilization funds established for different purposes as allowed under [M.G.L. c. 40, § 5B](#): 1) general, 2) school-related building projects, and 3) pension liability. There is also one stabilization fund in the water enterprise budget. Unlike free cash, the monies accumulated in stabilization funds carry forward from one fiscal year to the next and retain the interest earned from investment. Over the past several years, there have been efforts to increase the general stabilization fund balance, while at the same time planning and saving for other known expenses, such as upcoming school construction and the town's increasing pension obligations. Town meeting either raises and appropriates or transfers from available sources to fund the three stabilization funds. The water stabilization fund was established for the water department's capital and other replacement projects. Funded through the enterprise's retained earnings, this reserve must be used for enterprise purposes.

As a best practice, West Newbury should consider establishing and regularly appropriating to a capital improvement special purpose stabilization fund to reserve monies for its capital improvement plan. Funding this reserve would enable the town to pay outright for moderate-range capital and other purchases in the capital plan while preserving debt capacity for major, higher-dollar purchases or projects. This fund should be financed in the same manner as the other stabilization funds and would replace the use of free cash to pay for capital items.

Continuing the town's practice of building reserves and consistent with the April 2018 annual town meeting appropriation to the school building stabilization fund of \$315,000, this forecast includes annual appropriations from the tax levy to be reserved for future school debt. (See *Expenditure* worksheet, appropriation to stabilization funds line item.)

The Government Finance Officers Association recommends that communities reserve between five and 15% of net operating revenue. Furthermore, credit rating agencies look more favorably on communities with healthy reserve levels. The following table shows West Newbury's stabilization fund balances relative to its total general fund budget from FY2009 to FY2017.

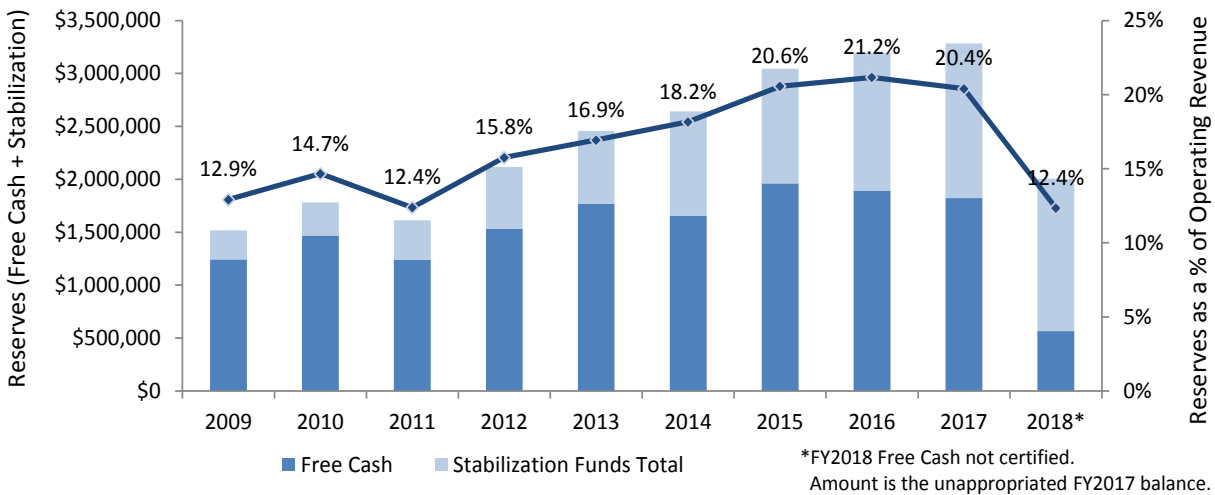
FREE CASH AND STABILIZATION BALANCES

Fiscal Year End	Free Cash	FC as % of Budget	Stabilization Funds				Stabilization Funds as % of Budget	Combined Reserves	Combined Reserves as % of Budget	Water Stabilization
			General	School Building	Pension	Stabilization Funds Total				
2009	1,243,758	10.6%	275,037	-	-	275,037	2.3%	1,518,795	12.9%	334,730
2010	1,468,834	12.1%	313,624	-	-	313,624	2.6%	1,782,458	14.7%	365,977
2011	1,236,756	9.5%	377,182	-	-	377,182	2.9%	1,613,938	12.4%	441,371
2012	1,532,704	11.4%	583,724	-	-	583,724	4.3%	2,116,428	15.8%	519,407
2013	1,767,385	12.2%	688,987	-	-	688,987	4.8%	2,456,372	16.9%	265,430
2014	1,656,319	11.4%	985,119	-	-	985,119	6.8%	2,641,438	18.2%	192,045
2015	1,960,718	13.2%	1,084,380	-	-	1,084,380	7.3%	3,045,098	20.6%	192,961
2016	1,892,315	12.5%	1,252,150	50,650	-	1,302,800	8.6%	3,195,115	21.2%	160,103
2017	1,824,005	11.3%	1,251,561	49,920	157,905	1,459,386	9.1%	3,283,391	20.4%	128,766
2018*	565,542	31.0%	1,251,561	100,000	88,766	1,440,327	8.9%	2,005,869	12.4%	88,766

*Preliminary - FY2018 balances not finalized. Free cash is the unappropriated FY2017 balance

When combined with free cash, the town’s total reserve balances have stayed well within the recommended range and often exceeded it over this period.

FREE CASH AND STABILIZATION FUNDS BALANCES



OPEB Fund: Other postemployment benefits (OPEB) is an accounting term referring to benefits earned during employees’ active working careers but not actually paid until after they retire. In October 2007, West Newbury town meeting voted to begin funding post-retirement benefits. Town meeting then amended that action in April 2010 by adopting [M.G.L. c. 32B, § 20](#), which specifically allows the town to create an OPEB trust fund reserve. By far, the most significant of these benefits is health insurance, but they may also include life insurance, dental, or other benefits. Since FY2007, the town has made annual contributions to its OPEB Fund, including funding from the water enterprise fund. As of the July 1, 2016 actuarial valuation, West Newbury has zero net OPEB liability, meaning the town has fully funded its current OPEB obligation.

Overlay Surplus: Any balance in the overlay reserve account in excess of the remaining amount of the property tax commitments to be collected or abated may be certified by the assessors as surplus and appropriated for any lawful purpose ([DLS Informational Guideline Release \(IGR\) 17-23](#)). Although West Newbury does not routinely use overlay surplus as an available source, the overlay account should be reviewed annually as part of the budget process to determine if a portion can be declared surplus. Any unappropriated overlay surplus at the end of the fiscal year becomes free cash. The forecast does not project the availability or use of overlay surplus over the next five years. Overlay amounts can be found Schedule OL-1 of the tax recap.

Bond Premiums: The premium on the bond for phase 2 of the Page Elementary School building project is reserved to be used proportionately to offset the project's annual interest costs as required at the time the bond was issued. Reflected in the forecast, the premium amount is applied against the debt payments to determine the annual debt exclusion amount ([DLS IGR 17-22](#)). Premiums received for all debt issued after November 7, 2016 must be used to offset project costs or reserved for future capital projects ([DLS IGR 17-21](#)). Consistent with West Newbury's debt management policy, any new borrowing authorization should include an authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest to offset project costs.

Other Debt Exclusion Adjustments: In 2002, West Newbury was awarded a \$1.75 million grant to assist the town with the purchase the Dunn property (50% of the total \$3.5 million cost). This grant is reserved to pay the annual debt service through maturity in 2020 and is included in the *Available Funds* worksheet. A federal qualified energy conservation bond (QECB) was used to finance the second project for the Page Elementary School. Subsidies from the U.S. Treasury offset the annual debt payments in the same manner as bond premiums. Gross debt exclusion and adjustment amounts are reported on Schedule DE-1 of the tax recap.

Title V Special Revenue: West Newbury has a fund to reserve septic betterment apportioned installments and prepayments, which are used to pay the town's bonds issued for its septic loan program ([M.G.L. c. 44, § 53J](#)). The *Available Funds* worksheet of the forecast includes the annual offset to the debt payments based on the town's debt schedule. The program is no longer open to new participants and the current issue will be retired in 2025.

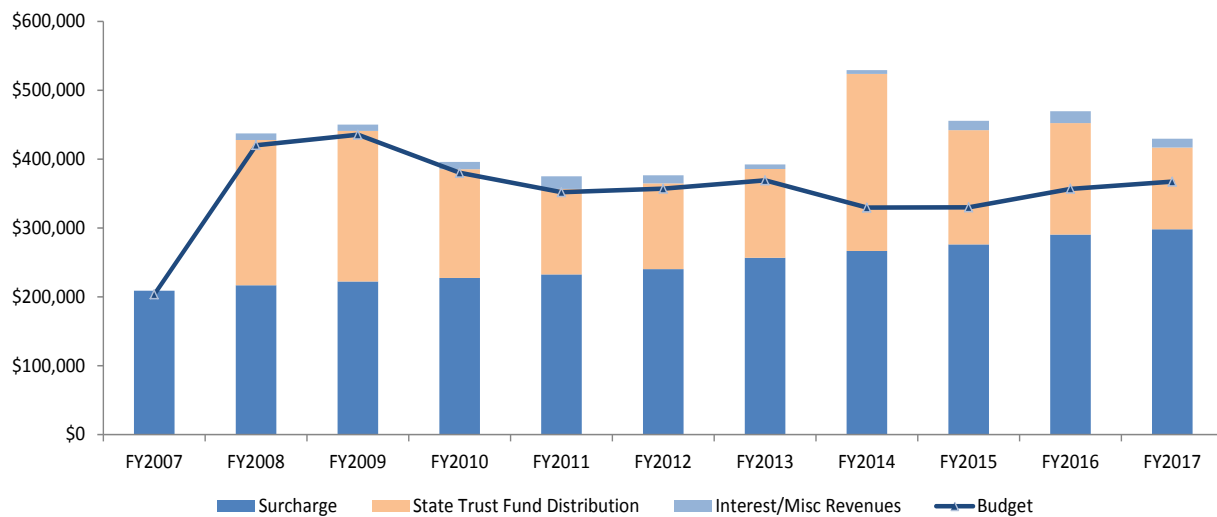
Community Preservation Receipts: Communities may adopt the Community Preservation Act, as outlined in [M.G.L. c. 44B](#), to establish a fund for open space protection, historic preservation, affordable housing, and outdoor recreation. Operating independently of the general fund, revenue sources for this fund are local property tax surcharges up to 3% and annual matching distributions

from the state trust fund established for this purpose. Trust fund receipts are primarily surcharges on real estate transactions at the Registry of Deeds. In the past, the trust fund has also received funding from state budget surpluses.

In May 2006, West Newbury residents voted to establish a community preservation fund by assessing the full 3% surcharge on real estate bills and providing for associated state matching funds. Although 3% communities like West Newbury are eligible for supplemental annual distributions, as additional communities continue to adopt the provision, the state’s matching distributions steadily decline.

In keeping with the town’s conservative budgeting trend, the surcharge is forecast to increase 2.5% annually. Recognizing the continual decrease over the last four years, and with the state’s FY2018 match being less than 35% of the prior year’s surcharge, the state match is projected to decrease. Community preservation receipts are found on Schedule A-4 of the tax recap (see *CPF* worksheet).

BUDGET TO ACTUAL COMMUNITY PRESERVATION FUND RECEIPTS



Enterprise Receipts

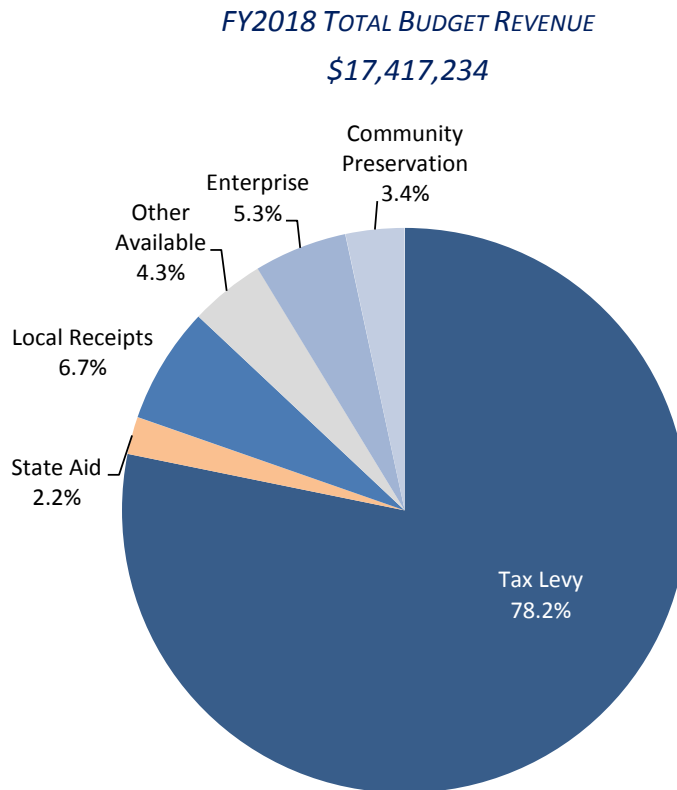
An enterprise fund ([M.G.L. c. 44, § 53F½](#)) gives a community the flexibility to establish a separate accounting and financial reporting mechanism for a municipal service for which a fee is charged in exchange for goods or services. The given service’s revenues and expenses are segregated into a fund with financial statements separate from the general fund. Enterprise funds budget directly for certain costs, including personal services, expenses, capital expenditures, reserves, and an operating surplus. Indirect costs are those amounts budgeted in the general fund and allocated to the enterprise fund, and typically include employee benefits, retirement, insurances, and debt

service. Indirect costs also include the expenses of town departments that provide administrative services to the enterprise.

West Newbury has an enterprise fund for the water department operation, with FY2018 revenues budgeted at \$698,525, including \$49,519 for indirect costs. Historically, the town has been fully recovering the enterprise's operating expenses through user charges, other departmental revenue, and investment income, while also funding capital spending with retained earnings. For this forecast, we have set the enterprise's revenue equal to its projected budget.

Revenue Summary

The *Revenues* worksheet has formula links to the *Levy*, *State Aid*, *Receipts*, and *Available Funds* worksheets. It also displays projected revenues from the *Enterprise Funds* and *CPF* worksheets and calculates a grand total.



EXPENDITURES

A community needs to first determine a particular approach for forecasting expenditures. Options to consider are a maintenance (level service) budget, a level funded budget, or a budget that adjusts expenditures by a specified increase or decrease percentage (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. Negotiated collective bargaining cost increases, salary step increases, and longevity pay can all be projected to the year the contracts end. 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's appropriation.

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

This forecast's operating budget projections are based on a maintenance budget, with no major program changes envisioned in the near future. Increases are projected based on historical expenditures and trends.

Municipal Departments

In this forecast, departments are grouped by major categories that are consistent with required state expenditure reporting (see the *Expenditure* worksheet). These include: General Government, Public Safety, Education, Public Works, Health and Human Services, and Culture/Recreation. Broken out separately are Personal Services, Expenses, and Capital Outlay (i.e., recurring equipment and other purchases with useful life expectancies of less than five years or with costs under \$20,000).

Personal Services: The town's personal services are managed as shown on the following table.

Position/Contract	Type	Expires
Town manager	Individual Employment	FY2021
Executive assistant to the board of selectmen	Individual Employment	FY2019
Police chief	Individual Employment	Mid-FY2019
Police	Collective Bargaining	FY2020
Public safety dispatchers/police and fire signal operators	Collective Bargaining	FY2018
Reserve police officers	Agreement	N/A
Part-time dispatchers	Agreement	N/A
Truck drivers (highway division of the department of public	Collective Bargaining	FY2019
Nonunion/exempt	Bylaw	N/A

The personal service cost projections reflect negotiated wage increases for the police through FY2020 and the town manager through FY2021. There are no further increases forecast for the expired contracts. The town has agreements with the part-time dispatchers and reserve police officers that provide the same wage increases as those granted to the majority of nonunion employees. All other employees are either elected and receive stipends or are nonunion/exempt and receive salary increases with the passage of the annual town budget. In the forecast, the FY2019 salaries and wages for nonunion/exempt positions are the amounts approved by town meeting with no additional adjustments for these employees beyond FY2019.

The town accountant maintains an annual wage detail spreadsheet recapping both negotiated and select board-approved increases submitted to town meeting. The forecast should be updated based on this spreadsheet as it is developed.

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

For illustration purposes, subsequent years (FY2020-2023) are presented with 2% COLAs for both union and nonunion town employees. To consider different scenarios, percentage increases can be entered for each year to generate estimated impacts. Because any increase in enterprise fund personal services would be borne by the fund independently, these are also included in the COLA worksheet to demonstrate their impacts, however only the general fund COLA impact is presented on the summary table. Overtime is not included in the COLA chart, but it is included in the personal

services line item on the forecast. The overtime calculation should be reviewed whenever increases are granted to applicable departments

FINANCIAL IMPACT OF COLA

	0%	2%	2%	2%	2%	
	FY2018 Budgeted	FY2019 Budgeted	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Town Compensation Plan/Bylaw						
General Government	601,868	514,009	514,009	514,009	514,009	514,009
Reserve police officers	81,623	110,248	110,248	110,248	110,248	110,248
Part time dispatchers	53,184	83,707	83,707	83,707	83,707	83,707
Firefighters	155,929	159,048	159,048	159,048	159,048	159,048
Inspectional Services/Other Public Safety	176,672	181,165	181,165	181,165	181,165	181,165
Highway	262,471	255,725	255,725	255,725	255,725	255,725
Human Services	187,303	190,129	190,129	190,129	190,129	190,129
Culture/Recreation	250,899	255,518	255,518	255,518	255,518	255,518
Town Compensation	1,769,949	1,749,549	1,749,549	1,749,549	1,749,549	1,749,549
Financial Impact of COLA			35,498	72,232	110,243	149,577
Employment Contracts						
Town Manager	150,000	145,000	147,900	150,858	150,858	150,858
Executive assistant to the board of selectmen	62,564	68,340	68,340	68,340	68,340	68,340
Police Chief	103,250	105,812	105,812	105,812	105,812	105,812
Total Elected Officials Compensation	315,814	319,152	322,052	325,010	325,010	325,010
Financial Impact of COLA			3,534	7,190	14,035	21,117
Collective Bargaining Unions						
Police	628,639	644,071	659,888	659,888	659,888	659,888
Public safety dispatchers/signal operators	194,002	172,910	172,910	172,910	172,910	172,910
Truck drivers (highway division of the DPW)	173,782	178,518	178,518	178,518	178,518	178,518
Total	996,423	995,499	1,011,316	1,011,316	1,011,316	1,011,316
Financial Impact of COLA			7,130	27,898	49,388	71,626
Financial Impact of COLA - General Fund		0	42,629	100,130	159,631	221,203

Expenses and Capital Outlay: Expenses are projected to increase by a conservative 2% per year. Historical expenditures have fluctuated greatly by department and require yearly examination for proper funding. The police department is the only one that has routine capital outlays (for vehicles). The forecast expenditures are from the six-year capital plan from the CIP worksheet. Other capital expenditures are discussed in the Debt Service/Capital Plan section.

Snow and Ice Budget: Because towns are permitted to deficit spend snow and ice accounts with the approval of the selectmen and finance committee, this account's actual expenditures are often overlooked in the budget process. The deficit may be funded with unexpended balances, nonrecurring reserves, or may be raised on the subsequent year's tax recap. Over the last ten years, West Newbury's costs related to snow and ice removal have averaged \$220,522, which is nearly

50% higher than the current annual budget appropriation of \$150,000. We recommend the town consider raising its annual budget appropriation to something closer to its historical trend. For this forecast, we use \$200,000 each year beginning with FY2020. As with other year-end unexpended balances, any excess in this account will close to free cash.

SNOW & ICE APPROPRIATIONS AND EXPENDITURES

Fiscal Year	Snow & Ice Appropriation	Expenditures	Surplus/(Shortfall)
2008	100,000	248,099	(148,099)
2009	100,000	278,566	(178,566)
2010	125,000	135,585	(10,585)
2011	125,000	266,091	(141,091)
2012	150,000	83,342	66,658
2013	150,000	192,907	(42,907)
2014	150,000	240,603	(90,603)
2015	150,000	321,449	(171,449)
2016	150,000	137,297	12,703
2017	150,000	301,280	(151,280)
Average		220,522	(85,522)

Education

DESE determines the town’s annual required net school spending (NSS) amount, which is the sum of the Chapter 70 aid plus a required local contribution. The required contribution is allocated by DESE to the district’s members based on foundation enrollment, which is defined as the number of pupils for whom a school district is financially responsible as of October 1. Close to 55% of West Newbury’s general fund operating budget supports public education for the approximately 650 public school students residing in town. Of those students, more than 97% attend PRSD, while the rest attend Whittier Tech, with the exception of one student who is currently enrolled at Essex Tech.

PRSD’s actual spending consistently exceeds DESE’s NSS requirement, thereby requiring annual supplemental assessments from its member towns based on each town’s percentage share of student enrollment. Two additional components make up the annual assessment but are not part of the NSS calculation: 1) debt service payments for the Page Elementary School plus any additional capital assessment and 2) transportation costs apportioned on district enrollment. The assessment is forecast to increase 5% annually. The debt is forecast according to the existing schedule.

As a member community, West Newbury is assessed for the students attending Whittier Tech based on the NSS requirement and required local contribution. The operating assessment fluctuates based on the number of enrolled students and is forecast to increase 10% based on a three-year growth trend. The capital assessment is estimated to increase 8% annually.

The third portion of education expenditures is for students who elect to attend Essex Tech. As a nonmember, West Newbury pays an out-of-district tuition assessment based on the school's per-pupil cost plus transportation. The town has not had more than one student attending Essex Tech for several years, and therefore this assessment has not varied greatly. However, the assessment may fluctuate up to 125% of the per-pupil foundation rate for vocational education, and it would obviously spike with any additional enrollments. The forecast maintains one enrolled student with 1.5% annual assessment increases. Town officials should monitor this and make adjustments once enrollment applications are completed in March and tuition rates are finalized.

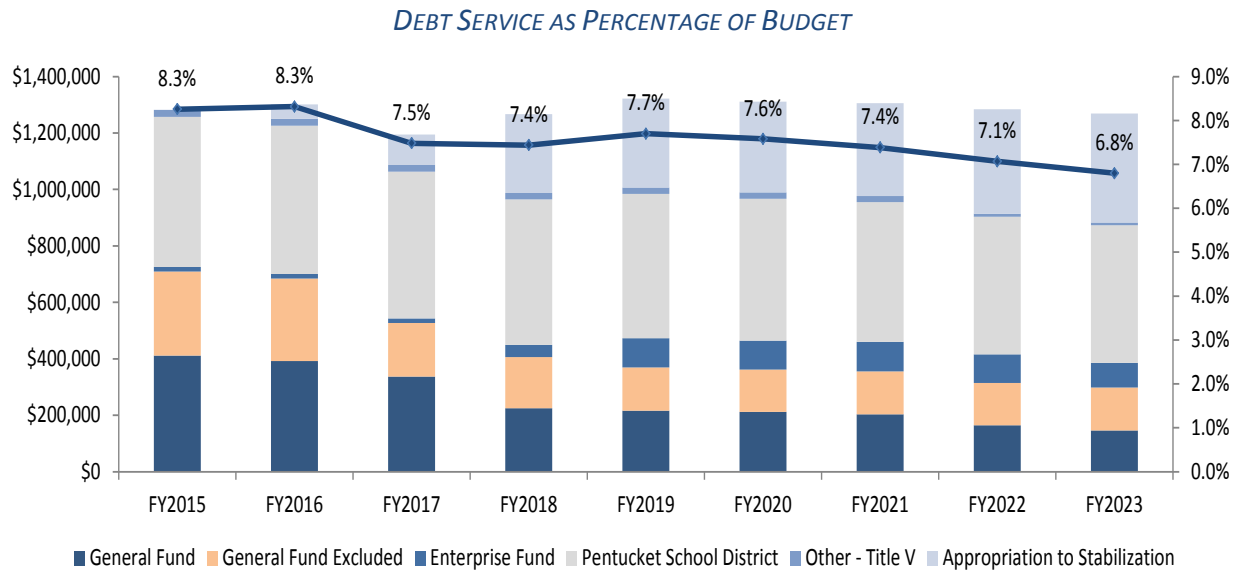
SCHOOL ASSESSMENTS AND ENROLLMENTS

	FY2015	FY2016	FY2017	FY2018	FY2019
Pentucket Regional School District					
Student Enrollment (DESE)	697	666	622	627	634
Required Minimum Contribution (DESE)	5,064,710	5,138,230	4,842,804	4,933,483	5,156,245
Supplemental & Transportation	1,111,599	1,398,573	1,764,631	1,861,027	2,020,103
Capital/Debt	597,880	560,425	587,314	583,920	576,150
Total Assessment	6,774,189	7,097,228	7,194,749	7,378,430	7,752,498
Change from Prior Year	1.48%	4.77%	1.37%	2.55%	5.07%
Whittier Tech High School					
Student Enrollment (DESE)	13	16	21	23	17
Required Minimum Contribution (DESE)	160,320	210,623	277,795	306,120	232,543
Supplemental & Transportation	31,377	37,860	51,613	60,386	49,486
Capital/Debt	135,552	13,250	13,250	15,056	20,320
Total Assessment	327,249	261,733	342,658	381,562	302,349
Change from Prior Year	57.19%	-20.02%	30.92%	11.35%	-20.76%
Essex Tech High School					
Student Enrollment (DESE)	1	1	-	1	1
Required Minimum Contribution (DESE)	10,405	11,094	-	11,105	11,446
Supplemental & Transportation	9,675	8,314	-	7,358	8,129
Total Assessment	20,080	19,408	-	18,463	19,575

Debt Service and Capital Plan

As a generally accepted benchmark, debt service should be maintained at 5 to 10% of operating revenue. Although West Newbury has several debt issues, including excluded, nonexcluded, and

water-related debt, the town is below this target range in actual debt service. To maintain a consistent debt level and provide for an offset for future debt payments, the town began annually appropriating at least the amount of retired debt to the school building stabilization fund. By including these amounts with the actual debt payments, the total debt service budget can remain within the target range. The projections for debt service are based on the town’s existing payment schedules plus amounts dedicated to future school debt.



Following the town’s capital policy, the capital improvement committee annually solicits requests from departments, updates the current-year and five-year capital plans, and prepares a recommended capital budget with revenues sources that dovetail with the town’s spending plan. A summary of the FY2019-FY2024 capital plan is presented in the *CIP* worksheet. Within the town’s capital plan, items are distributed to the departments responsible for the projects, including water enterprise capital items.

To provide for the capital plan in FY2019, the town budgeted \$151,000 from free cash and \$146,000 from the general stabilization fund (totaling \$297,500 for general fund capital), as well as \$110,000 from retained earnings and \$40,000 from the water stabilization fund (totaling \$150,000 for water enterprise capital). Again, because of West Newbury’s history of certified free cash, \$100,000 of free cash is budgeted annually to support the capital budget after FY2019. Another \$150,000 is budgeted to the general stabilization fund, which can be used for capital in lieu of a capital improvement stabilization fund. Whenever the town elects to use free cash or stabilization to provide for the capital budget in future years, the *Available Funds* and *CIP* worksheets would have to be updated.

Risk Management

Risk management comprises the town's workers' and unemployment compensations, casualty and liability insurances, including police and fire accident insurances, property and auto coverage, and public official bonds, which are all provided through the Massachusetts Interlocal Insurance Association (MIIA). Workers' compensation, including injured on duty coverage, is in place to make sure workers are protected by insurance if they are injured on the job or contract work-related illnesses. Given its participation in the MIIA pool and slight amount of claim activity, West Newbury includes workers' compensation in the risk management budget along with other general town insurances. Based on historical fluctuations, claims history, and discussions with local officials, the casualty/liability insurance and workers' compensation (reported together as a single line item) is increased 10% each year of the forecast.

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. As a municipality, West Newbury receives monthly invoices from the Department of Unemployment Assistance to pay unemployment claims for former employees on a reimbursement basis. Lacking any unemployment claims for several years, the town does not fund this budget item. This forecast continues to not fund unemployment compensation. However, if the employment climate in West Newbury changes, this will need to be reviewed and funded.

Employee Benefits

Employee benefits include group health insurance, Medicare, retirement, and OPEB. Health insurance, Medicare, and retirement are budgeted both in the general fund and the water enterprise fund, charging the accounts for their respective employees. Similarly, the general fund and water enterprise fund make separate annual contributions to fund the OPEB liability. The general fund benefit expenditures were \$872,860, or 6.4% of the total budgeted amount in FY2017.

Group Health: West Newbury offers medical insurance through MIIA for permanent employees regularly scheduled for 20 hours or more, as well as to current retirees, their dependents, and beneficiaries. Currently fewer than 45 employees are eligible, and less than half of them elect to receive the benefit. Employees pay 35% of the premium, with the town paying the remaining 65%. There are currently 22 retirees receiving health insurance, with the retirees and the town each paying 50% of the premiums. Health insurance costs have fluctuated greatly over the last several years and there is no certainty as to the cost of future insurance plans, nor is it possible to predict the

percentage of employees who will enroll in them. Given these factors, the projected increase is 15% annually but will need to be carefully monitored.

Other insurances: The town currently offers dental insurance plans to employees with premiums paid solely by the employees. The town is contemplating offering life insurance to them as well with premiums also to be fully paid by the employees.

Medicare: For all employees hired after April 1, 1986, a 1.45% Medicare tax is withheld from their paychecks and matching amounts paid by the community. With the town's contracts already expired or expiring soon and other salary and wage increases being subject to town meeting action, this cost is projected to increase by 1% to provide for those positions with step or longevity increases. The forecast will need to be revised with any personnel cost changes.

Retirement: West Newbury is a member of the Essex Regional Retirement System (ERRS). Permanent employees working a minimum of 20 hours per week and earning at least \$5,000 per year must become members of the ERRS. For West Newbury, this constitutes fewer than 45 employees.

To determine the ERRS's funding schedule, an actuary prepares a biennial valuation that takes into account system activity, such as future salary increases and employee population, in addition to economic assumptions, including investment earnings. This schedule increases each year and is estimated to be fully funded in 2035 based on a 7.75% assumed rate of investment return. In the January 1, 2016 valuation, the actuary used a method by which asset gains and losses are recognized over a five-year period to avoid wide swings in asset values that may occur from year to year. This resulted in a funding schedule with annual 7.41% increases for FY2018 through FY2022. The next valuation as of January 1, 2018 will reflect the investment return of the past two years, which will most likely exceed the assumed rate of return. This should produce in a positive effect on the funding schedule beginning with FY2020, but there is no guarantee this trend will continue.

Because West Newbury is just one of 47 members in the county system, the town's portion of the obligation changes annually based the system's demographic changes, resulting in fluctuating increases. Even with the town making its annual retirement payment on July 1 to gain a discount of almost 2% over the mandatory December 31 date, the FY2019 increase over FY2018 is 15.5%. Taking into account the actuarial method and the current investment environment, this forecast projects an increase of 9% annually from the FY2019 requirement. Changing factors and the new valuation will require this budget item to be monitored and updated as amounts become known. Not used in this forecast but available as a funding source is West Newbury's pension liability

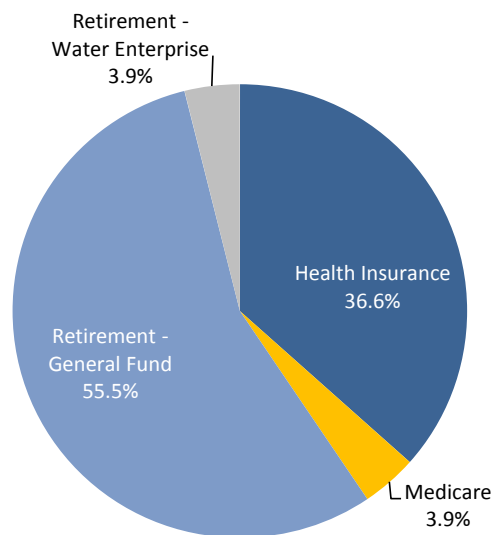
stabilization fund, which can be expended for the annual appropriation or to mitigate against extreme increases should the investment market collapse. More information on the ERRS is available at <https://www.mass.gov/orgs/essex-regional-retirement-board>.

Part-time, seasonal, or temporary workers who are not eligible to participate in the retirement system must participate in an equivalent retirement plan as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). A deferred compensation plan with a contribution level of at least 7.5% of an employee's gross compensation per pay period is considered a qualifying retirement plan. All West Newbury employees not eligible for ERRS are contributing to OBRA plans.

OPEB Fund: As of the end of FY2017, the OPEB trust fund's balance was over \$1.8 million and according to the latest valuation, it fully funds the town's accrued actuarial OPEB liability. West Newbury continues to satisfy its current obligations on a pay-as-you-go basis. No annual additions to the OPEB trust are forecast, but this account should be monitored for additional funding based on the biennial valuations.

FY2019 BUDGETED EMPLOYEE BENEFITS

\$1,154,751

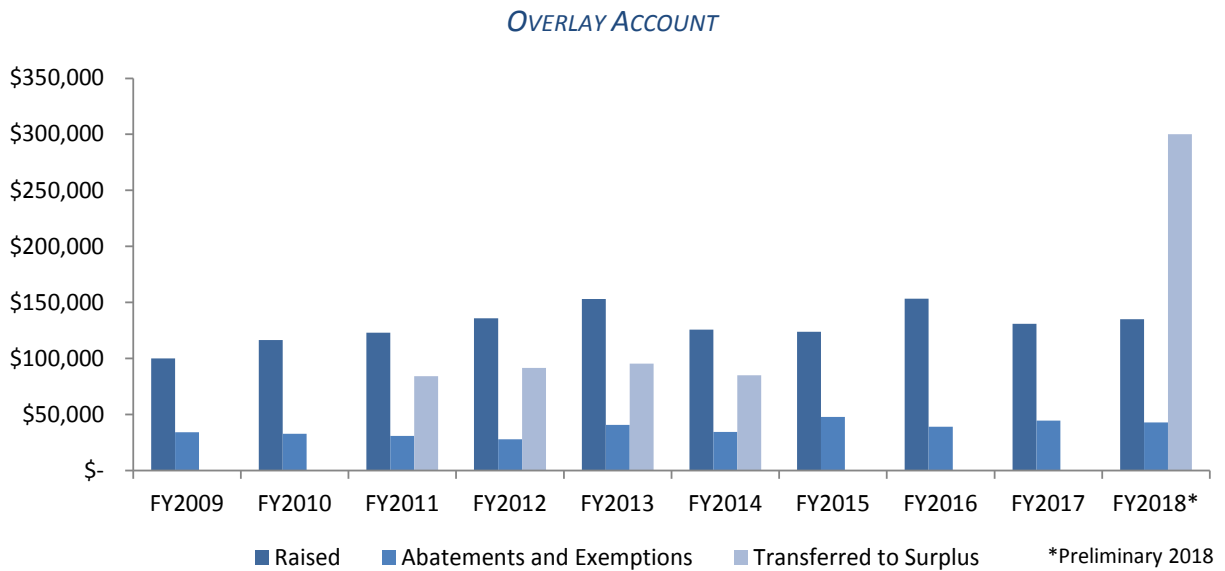


Other Amounts to be Raised

Typically raised on the tax recap sheet rather than through operating budgets, these amounts include prior-year deficits, court judgments, tax titles, cherry sheet offsets, intergovernmental charges, and the allowance for property abatements and exemptions (i.e., the overlay). Deficits and

court judgments are not forecast and would need to be included in the event something materializes. Cherry sheet offsets are expenses that correspond to the aid the state distributes for the G.A.R. Memorial Library. The library aid revenue increase is level funded and is therefore the forecast's offset projection.

Overlay: Historically, West Newbury has well provided for any overlay charges, typically granting less than 30% of the annual amount raised for abatements and exemptions. The town projected \$140,000 in the FY2019 budget presentation to town meeting, and this amount continues in this forecast.

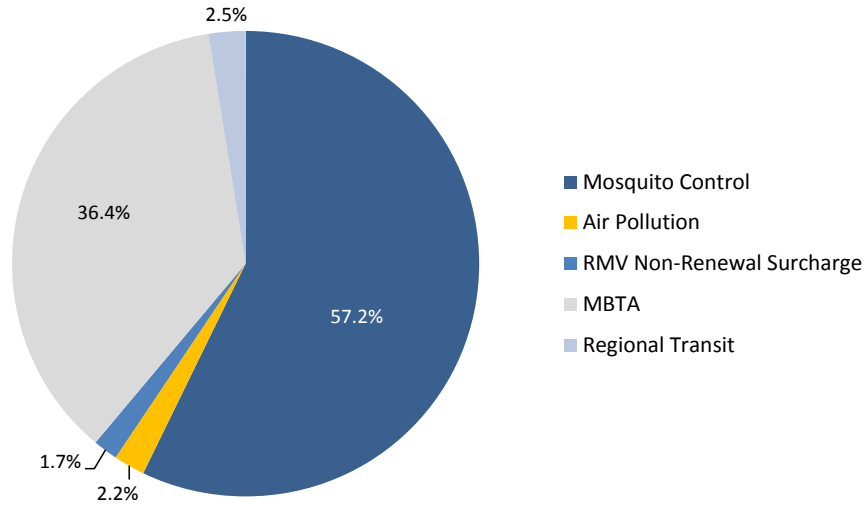


State Assessments

West Newbury pays various state assessments for participating in state and regional programs reported on the cherry sheet. The FY2019 assessment figures used in this forecast the amounts included in the final state budget signed in mid-July.

State assessment categories include mosquito control, air pollution, Registry of Motor Vehicles (RMV) surcharges, Massachusetts Bay Transportation Authority (MBTA), and regional transit. Based on historical experience, the mosquito control and air pollution assessments are projected to increase 1.5% annually and regional transit 5%. The RMV is reimbursed for marking licenses or registrations for nonrenewal due to nonpayment of taxes or fines. Based on a flat trend for years, this has been level funded at the FY2019 figure, as has the MBTA assessment. Again, these estimates should be monitored annually and revised as needed.

FY2019 ESTIMATED STATE ASSESSMENTS
\$77,954

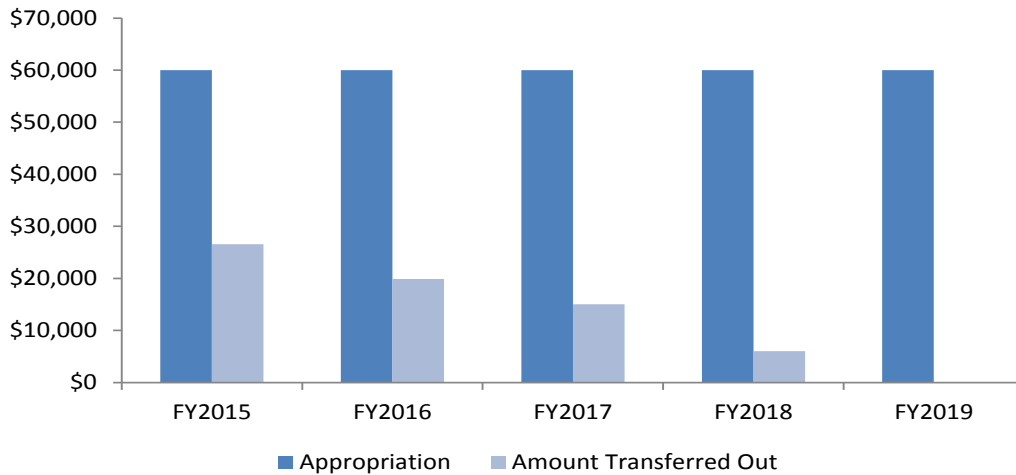


Available Funds/Other Financing Uses

Miscellaneous expenditures include the finance committee’s reserve fund, town meeting special articles, and community preservation fund.

Reserve Fund: The finance committee fund has been sufficiently budgeted in the past at \$60,000, and this has been continued in the forecast. Excess in the reserve fund closes out to free cash.

RESERVE FUND APPROPRIATIONS AND TRANSFERS



Town meeting special articles: Special articles request funding for capital outlays for equipment purchases, building maintenance, and departmental requests, prior-year unpaid bills, and snow and ice deficits from available funds, i.e., free cash, stabilization funds, or other special revenue funds. They also include appropriations from the tax levy or transfers of available funds to the general and special purpose stabilization funds. Local policy should guide the use of available funds and prescribe annual appropriations and transfers in pursuit of target levels.

Once the tax rate is set, the town may use available funds to supplement the current year's budget through June 30 or may appropriate them for the upcoming budget year. The April 2018 spring annual and special town meetings appropriated \$764,718 from available funds to provide for expenses in both FY2018 (current year salaries and snow and ice deficit) and FY2019 (capital projects and reserves), all of which will be reported on the FY2019 recap.

As previously stated, the forecast annually projects \$1 million in certified free cash. As shown on the *Available Funds* worksheet for FY2020 through FY2023, \$550,000 of the free cash is divided into appropriations to reserves, snow and ice deficits, capital projects, and other special articles. The remainder is left unappropriated so that the succeeding year's calculation can begin with a positive balance. The forecast does not project any transfers from any of the town's stabilization funds.

On the recap sheets, the appropriation of free cash is found on Schedule B-1, other available funds on Schedule B-2, and both of these in summary on page 4. In the forecast, the appropriations of available funds are reported in the same fiscal year that they appear on the recap making sure the budgeted revenues balance with the gross appropriations.

Community Preservation Expenditures: Expenditures from the community preservation fund are grouped in four categories: 1) projects, acquisitions and debt service, 2) administrative expenses, 3) statutory reserves, and 4) budgeted reserve balance. Administrative expenses are funded at the maximum allowed 5% of the projected revenue and the three statutory reserves (open space, historic, and community housing) are all budgeted at the minimum required 10% of projected revenue. As a fund operating independently of the general fund, we have set the total expenditures equal to the projected revenue by forecasting any remaining revenue in the budgeted reserve line. Capital projects are funded from the reserve and undesignated balances, so therefore they are not projected in this forecast.

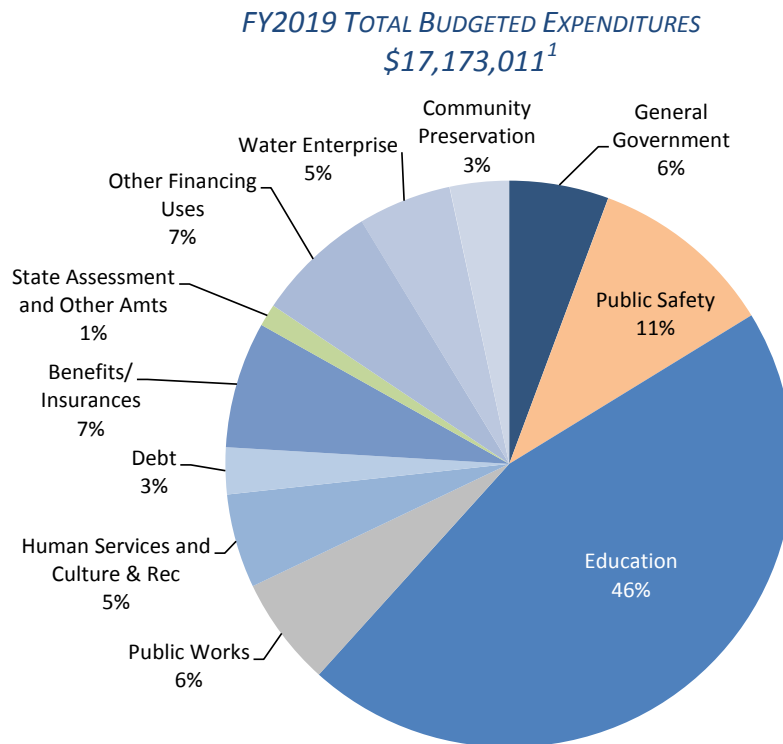
Enterprise Funds

The forecast projections for the water enterprise fund mirror the town's historical financial budgeting practices. The enterprise fund budgets for direct personal service, i.e., wages for the employees and elected officials serving the water enterprise operation and certain benefits, such as group health insurance, pension contributions, and Medicare taxes. All expenses and capital are also charged directly to the fund.

Indirect costs are the enterprise-related expenses of the Town departments that provide administrative services to the water operation. These costs are calculated annually with the total amount transferred to the general fund. Indirect costs are forecast to increase 2% each year.

Expenditure Summary

The *Expenditures* worksheet has formula links to the *Debt*, *CIP*, *Revenues*, *Levy*, and *Available Funds* worksheets. It also displays projected expenses from the *Enterprise Fund* and *CPF* worksheets and calculates a grand total.



¹ West Newbury FY2019 Budget through April Town Meetings

FORECAST ASSUMPTIONS TABLE

	FY2019	FY2020	FY2021	FY2022	FY2023
REVENUES:					
Levy	<ul style="list-style-type: none"> ▪ Conservative new growth estimates ▪ Excess levy capacity at 3% of maximum levy amount ▪ Appropriation to stabilization in the amount of retired debt ▪ New growth 80% of 10-year average 				
State Aid	<ul style="list-style-type: none"> ▪ Chapter 70: payments made directly to the Pentucket School District and Whittier Regional Vocational Technical High School ▪ No direct aid projected for Essex North Shore Agricultural & Technical School District students attending on a tuition basis ▪ UGGA increased 3% annually ▪ All other state aid level funded: veterans benefits, state-owned land, exemptions, and library offset 				
Local Receipts	<ul style="list-style-type: none"> ▪ Conservative projections, 1% 				
Available Funds/ Other Financing Resources	<ul style="list-style-type: none"> ▪ Free cash certifications projected at \$1 million ▪ Stabilization funds show available balances as calculated on activity through June 2017. ▪ Overlay surplus is not projected ▪ Dunn property (issued 5/2003) debt fully offset by a state grant ▪ Septic Loan Fund matches the annual debt repayment schedule 				
Community Preservation Receipts	<ul style="list-style-type: none"> ▪ Revenues are set equal to annual budget amounts ▪ Surcharge increase 2.5% 				
Enterprise Receipts	<ul style="list-style-type: none"> ▪ Revenues are set equal to annual budget amounts 				
EXPENDITURES:					
Personal Services	<ul style="list-style-type: none"> ▪ Based on existing contractual increases ▪ COLA adjustment worksheet provided to estimate future potential settlements/increases ▪ Future COLA increases are included at 2% for impact 				
Expenses and Capital Outlay	<ul style="list-style-type: none"> ▪ Expenses are projected to increase 2% annually ▪ Snow and ice budget increased to \$200,000 ▪ Police capital (vehicles) is from the capital plan 				
Education	<ul style="list-style-type: none"> ▪ Regional school assessment is projected to increase 5% annually, debt according to existing schedule ▪ Vocational technical school at 5% plus 8% increase in capital assessment ▪ Essex Agricultural tuition increase 1.5% 				
Debt Service	<ul style="list-style-type: none"> ▪ Based on existing payment schedules provided 				
Capital Plan	<ul style="list-style-type: none"> ▪ Projected based on the current CIP 				

	FY2019	FY2020	FY2021	FY2022	FY2023
Risk Management	<ul style="list-style-type: none"> ▪ Casualty/liability insurances and workers' compensation are forecasted to increase 10% each year ▪ Unemployment compensation is not funded 				
Employee Benefits	<ul style="list-style-type: none"> ▪ Health and life insurance are projected to increase 15% annually ▪ Retirement is projected to increase 9% annually ▪ Medicare is projected to increase 1% annually and needs to be updated with any personal service cost changes ▪ OPEB funded on pay-as-you-go basis 				
Other Amounts To Be Raised	<ul style="list-style-type: none"> ▪ Cherry sheet offset expenses are equal to the estimated revenues ▪ Overlay level funded to FY2019 				
State Assessments	<ul style="list-style-type: none"> ▪ Regional transit is projected to increase 5% each year ▪ RMV non-renewal surcharge and MBTA are level funded ▪ All other assessments are projected to increase 1.5% annually 				
Other Financing Uses	<ul style="list-style-type: none"> ▪ Reserve fund is level funded at \$60,000 ▪ Annual free cash appropriation of \$550,000: <ul style="list-style-type: none"> ○ \$350,000 to fund various reserves each year ○ \$100,000 for capital projects and special articles ○ \$50,000 for current year expenses ○ \$50,000 to provide for snow and ice deficit ▪ No transfers from the general, school related building projects, or pension liability stabilization funds 				
Community Preservation	<ul style="list-style-type: none"> ▪ Total expenditures equal to forecast revenues ▪ Reserves budgeted at 10% ▪ Administrative costs budgeted at 5% ▪ Remaining revenue budgeted as reserve 				
Enterprise Funds	<ul style="list-style-type: none"> ▪ Includes direct personal services, expenses, capital expenses ▪ Indirect costs increase 2% each year ▪ Expenditures equal to forecast revenues 				

UPDATING THE FORECAST

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

Beginning with the last worksheet in the workbook (*COLA*) and moving to the left for each worksheet (finishing with the *Summary*):

- Insert a column after the last displayed year.
- 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.
- Maintain a blank column between the last projected year and the Average Percent Change and/or Projection Percent columns.

Next, 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:

- 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 stabilization funds and OPEB available balances should be entered. Enter free cash and retained earnings amounts when certified by DLS.
- Debt — Enter from debt service payment schedules.

When the new tax recap is approved by DLS, the new growth, levy limit, total tax levy, estimated receipts, and other amounts to be raised will be finalized. At this point, review and balance the current year’s budgeted revenues (*Levy, State Aid, Receipts, and Available Funds* linked to the *Revenue* worksheet) to the approved recap figures and the final total budgeted expenditures to the revenues on the *Summary* worksheet. The total surplus/(**shortfall**) should be zero indicating a balanced budget and thereby completing the budget year.

Appendix

Revenue

	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
PROPERTY TAX LEVY	12,784,193	13,212,301	13,651,109	14,106,081	14,572,428	15,050,433	15,540,388
Debt Exclusion(s)	710,860	696,417	664,559	653,655	647,701	636,697	638,697
Capital Expenditure Exclusion(s)							
Other Adjustment							
MAXIMUM ALLOWABLE LEVY	13,495,053	13,908,718	14,315,668	14,759,736	15,220,129	15,687,130	16,179,085
LESS Excess Tax Levy Capacity	746,386	884,831	416,567	442,792	456,604	470,614	485,373
TOTAL Tax Levy	12,748,667	13,023,887	13,899,101	14,316,944	14,763,525	15,216,516	15,693,713
STATE AID CHERRY SHEET							
Education Aid	-	2,312	2,421	-	-	-	-
General Government Aid	354,321	367,408	372,477	381,668	391,135	400,886	410,929
Offsets	7,953	7,659	7,378	7,378	7,378	7,378	7,378
TOTAL Cherry Sheet	362,274	377,379	382,276	389,046	398,513	408,264	418,307
ESTIMATED LOCAL RECEIPTS							
TOTAL Estimated Local Receipts	900,663	1,172,100	1,183,371	1,194,756	1,206,253	1,217,865	1,229,593
AVAILABLE FUNDS/OTHER FINANCING							
Free Cash	952,211	1,392,067	492,991	550,000	550,000	550,000	550,000
Other Available Funds	128,592	126,092	271,727	118,236	21,965	10,363	10,364
TOTAL Available Funds	1,080,803	1,518,159	764,718	668,236	571,965	560,363	560,364
TOTAL GENERAL FUND REVENUES	15,092,407	16,091,525	16,229,466	16,568,982	16,940,256	17,403,008	17,901,977
ENTERPRISE FUNDS							
Water Fund	684,379	698,525	793,518	733,360	743,571	753,986	764,609
Water Retained Earnings	96,000	160,000	110,000	-	-	-	-
Other Available Funds	99,300	80,000	40,000	-	-	-	-
TOTAL Enterprise Funds	879,679	938,525	943,518	733,360	743,571	753,986	764,609
COMMUNITY PRESERVATION FUND							
Community Preservation Fund	443,219	387,184	599,980	379,478	366,088	358,083	354,167
TOTAL Community Preservation Fund	443,219	387,184	599,980	379,478	366,088	358,083	354,167
GRAND TOTAL REVENUES	16,415,305	17,417,234	17,772,964	17,681,820	18,049,915	18,515,077	19,020,753

Tax Levy Limit / Excess Capacity / New Growth / Overlay Reserve

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
LEVY LIMIT							
Prior Year Tax Levy Limit	12,193,084	12,784,193	13,212,301	13,651,109	14,106,081	14,572,428	15,050,433
Amended Prior Growth	-	-	-	-	-	-	-
Proposition 2.5% Increase	304,827	319,605	330,308	341,278	352,652	364,311	376,261
New Growth	286,282	108,503	108,500	113,694	113,694	113,694	113,694
Override	-	-	-	-	-	-	-
SUB-TOTAL Levy Limit	12,784,193	13,212,301	13,651,109	14,106,081	14,572,428	15,050,433	15,540,388
Debt Exclusion(s)	710,860	696,417	664,559	653,655	647,701	636,697	638,697
Capital Exclusion(s)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL Maximum Allowable Tax Levy	13,495,053	13,908,718	14,315,668	14,759,736	15,220,129	15,687,130	16,179,085

Year-to-year percentage change

Excess Levy Capacity	746,386	884,831	-	-	-	-	-
Projected Excess Levy Capacity			416,567	442,792	456,604	470,614	485,373
TOTAL Levy Available for Operations	12,748,667	13,023,887	13,899,101	14,316,944	14,763,525	15,216,516	15,693,713
Year-to-year percentage change	2.4%	2.2%	6.7%	3.0%	3.1%	3.1%	3.1%

LEVY CEILING

Total Taxable Property Value	876,197,042	894,497,761					
Levy Ceiling	21,904,926	22,362,444	-	-	-	-	-
Override Capacity	8,409,873	8,453,726					

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
NEW GROWTH							
Residential	262,730	101,356	100,000	106,547	106,547	106,547	106,547
Commercial (C)	148	-	-	-	-	-	-
Industrial (I)	-	-	-	-	-	-	-
Personal Property (P)	23,404	7,147	8,500	7,147	7,147	7,147	7,147
TOTAL New Growth	286,282	108,503	108,500	113,694	113,694	113,694	113,694
Year-to-year percentage change	52.1%	(62.1%)	(0.0%)	4.8%	0.0%	0.0%	0.0%

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
OVERLAY RESERVE							
Allowance for Abatements/Exemptions	130,863	135,166	140,000	140,000	140,000	140,000	140,000
TOTAL Overlay Reserve	130,863	135,166	140,000	140,000	140,000	140,000	140,000
Year-to-year percentage change	(14.7%)	3.3%	3.6%	0.0%	0.0%	0.0%	0.0%

State Aid

	FY2017 Final Est	FY2018 Final Est	FY2019 Final Est	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Chapter 70 Education Aid	-	2,312	2,421	-	-	-	-
Unrestricted General Government Aid	284,899	296,010	306,370	315,561	325,028	334,779	344,822
Veterans Benefits	5,060	7,508	4,698	4,698	4,698	4,698	4,698
State Owned Land	46,948	46,903	46,903	46,903	46,903	46,903	46,903
Exemptions VBS and Elderly	17,414	16,987	14,506	14,506	14,506	14,506	14,506
Police Career Incentive	-	-	-	-	-	-	-
Public Libraries (offset)	7,953	7,659	7,378	7,378	7,378	7,378	7,378
Other			-	-	-	-	-
TOTAL Cherry Sheet Receipts	362,274	377,379	382,276	389,046	398,513	408,264	418,307
% Incr (Decr)	1.3%	4.2%	1.3%	1.8%	2.4%	2.4%	2.5%

STATE ASSESSMENTS

Mosquito Control	44,509	41,686	44,601	45,270	45,949	46,638	47,338
Air Pollution	1,625	1,635	1,680	1,705	1,731	1,757	1,783
RMV Non-Renewal Surcharge	2,040	1,340	1,340	1,340	1,340	1,340	1,340
MBTA	28,705	28,358	28,351	28,351	28,351	28,351	28,351
Regional Transit	565	1,236	1,982	2,081	2,185	2,294	2,409
Essex County Agr Tuition	-	-	-	-	-	-	-
Other/Adjustment			-	-	-	-	-
TOTAL Cherry Sheet Assessments	77,444	74,255	77,954	78,747	79,556	80,380	81,221
% Incr (Decr)	6.0%	(4.1%)	5.0%	1.0%	1.0%	1.0%	1.0%

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Receipts	362,274	377,379	382,276	389,046	398,513	408,264	418,307
Assessments	77,444	74,255	77,954	78,747	79,556	80,380	81,221
TOTAL Net State Aid	284,830	303,124	304,322	310,299	318,957	327,883	337,086
% Incr (Decr)	0.1%	6.4%	0.4%	2.0%	2.8%	2.8%	2.8%

Local Receipts

Budgeted	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
1. Motor Vehicle Excise	572,000	700,000	707,000	714,070	721,211	728,423	735,707
2a. Meals Excise	-	-	-	-	-	-	-
2b. Room Excise	-	-	-	-	-	-	-
2c. Other Excise-Boat	1,535	1,500	1,515	1,530	1,545	1,560	1,576
2d. Cannabis	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Ex	30,000	35,000	35,000	35,000	35,000	35,000	35,000
4. Payment In Lieu of Taxes	8,500	10,000	10,100	10,201	10,303	10,406	10,510
11. Rentals	110,000	145,000	146,450	147,915	149,394	150,888	152,397
16. Other Departmental Revenue	14,900	50,000	50,500	51,005	51,515	52,030	52,550
17. Licenses/Permits	126,225	175,000	176,750	178,518	180,303	182,106	183,927
18. Special Assessments	-	-	-	-	-	-	-
19. Fines and Forfeits	18,000	5,600	5,656	5,713	5,770	5,828	5,886
20. Investment Income	19,000	40,000	40,400	40,804	41,212	41,624	42,040
21. Medicaid Reimbursement	-	-	-	-	-	-	-
22. Misc. Recurring	503	10,000	10,000	10,000	10,000	10,000	10,000
23. Misc. Non-Recurring	-	-	-	-	-	-	-
TOTAL Local Receipts-Budget	900,663	1,172,100	1,183,371	1,194,756	1,206,253	1,217,865	1,229,593

Percent of Previous Year Actual 73.4% 93.3%

Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
1. Motor Vehicle Excise	734,824						
2a. Meals Excise	-						
2b. Room Excise	-						
2c. Other Excise-Boat	1,909						
2d. Cannabis	-	-	-	-	-	-	-
3. Penalties/Interest on Taxes and Ex	39,633						
4. Payment In Lieu of Taxes	12,218						
11. Rentals	148,620						
16. Other Departmental Revenue	59,118						
17. Licenses/Permits	175,404						
18. Special Assessments	-						
19. Fines and Forfeits	16,473						
20. Investment Income	40,881						
21. Medicaid Reimbursement	-						
22. Misc. Recurring	13,931						
23. Misc. Non-Recurring	12,795						
TOTAL Local Receipts-Actual	1,255,806	-	-	-	-	-	-
Difference: Actual over Budget	355,143						

Percent of Over Actual 39.4%

Available Funds

	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Free Cash-Appropriated							
Prior Year Purposes	5,267	1,472					
Snow & Ice	-	150,000	100,000	50,000	50,000	50,000	50,000
Reserve Funds							
General Stabilization Fund	-			150,000	150,000	150,000	150,000
School Building Stabilization	-	500,000		150,000	150,000	150,000	150,000
Pension Stabilization	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Transfer to Other Reserve	30,000	35,000	140,000				
OPEB Fund	-						
Transfer to Water Enterprise	-						
Special Projects/CIP	664,744	387,000	154,000	100,000	100,000	100,000	100,000
Current year purposes	57,900	154,595	48,991	50,000	50,000	50,000	50,000
Reduce Tax Rate	144,300	114,000					
Total Free Cash Appropriated	952,211	1,392,067	492,991	550,000	550,000	550,000	550,000
From Other Available Funds							
General Stabilization Fund for Capital	-	-	146,000				
Reserved for Debt Payments							
Dunn Property Reserved	107,400	104,900	102,900	95,950	-	-	-
Septic Title 5 Repaymt WPAT	21,192	21,192	22,827	22,286	21,965	10,363	10,364
Page Phase II Premium	-	-					
Water Stabilization	-	-					
Other Funds							
Total Other Available Funds	128,592	126,092	271,727	118,236	21,965	10,363	10,364
TOTAL Available Funds	1,080,803	1,518,159	764,718	668,236	571,965	560,363	560,364

Fiscal Year	2017	2018	2019	2020	2021	2022	2022
Retained Earning certified as of	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022
Total Operating Budget	15,092,407	16,091,525	16,229,466	16,568,982	16,940,256	17,403,008	17,901,977
Free Cash Certified Amount	1,892,315	1,824,005	565,542	-	-	-	-
Free Cash as % of Total Budget	12.54%	11.34%	3.48%	0.00%	0.00%	0.00%	0.00%

Total Free Cash Appropriated this budget	952,211	1,392,067	492,991	550,000	550,000	550,000	550,000
Remaining Unappropriated Free Cash	940,104	431,938	72,551	(550,000)	(550,000)	(550,000)	(550,000)
Remaining Free Cash % of Total Budget	6.23%	2.68%	0.45%	-3.32%	-3.25%	-3.16%	-3.07%
Remaining Free Cash above Target - 5%	185,484	-	-				

Available Balance as of:	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	7/1/2021	7/1/2022
General Stabilization Fund	1,252,150	1,251,561	1,251,561				
School Building Stabilization	50,650	49,920	936,388				
Pension Stabilization	-	157,905	100,000				
Water Stabilization	160,103	128,766	88,766				
OPEB Fund	1,725,982	1,859,196	1,676,258				
Combined SF as % of Total Budget	20.07%	20.62%	24.43%	0.00%	0.00%	0.00%	0.00%

Projected SF Balances							
General Stabilization Fund	-	-	-	1,408,569	1,566,362	1,724,943	1,884,318
School Building Stabilization	-	-	-	1,091,820	1,571,438	2,060,288	2,593,240
Pension Stabilization	-	-	-	150,750	201,754	253,013	304,528
OPEB Fund	-	-	-	1,684,639	1,693,062	1,701,528	1,710,035

Expenditures

	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
GENERAL GOVERNMENT							
Personal Services	623,194	814,632	727,549	727,549	727,549	727,549	727,549
Expenses	181,423	270,357	279,665	285,258	290,963	296,782	302,718
TOTAL General Government	804,616	1,084,989	1,007,214	1,012,807	1,018,512	1,024,331	1,030,267
PUBLIC SAFETY							
Police Personal Services	826,487	912,962	963,192	963,192	963,192	963,192	963,192
Police Expenses	94,427	99,379	109,359	111,546	113,777	116,053	118,374
Police Capital Outlay	38,470	-	32,000	90,000	45,000	45,000	90,000
Total Police	959,384	1,012,341	1,104,551	1,164,738	1,121,969	1,124,245	1,171,566
Fire Personal Services	149,458	155,929	159,048	159,048	159,048	159,048	159,048
Fire Expenses	115,665	125,320	128,756	131,331	133,958	136,637	139,370
Fire Capital Outlay	-	-	-	-	-	-	-
Total Fire	265,123	281,249	287,804	290,379	293,006	295,685	298,418
Inspectional Services Personal Services	108,338	120,284	122,690	122,690	122,690	122,690	122,690
Inspectional Services Expenses	12,081	14,470	14,470	14,759	15,054	15,355	15,662
Total Other Services	120,419	134,754	137,160	137,160	137,160	137,160	137,160
Other Public Safety Personal Services	233,818	279,632	293,038	293,038	293,038	293,038	293,038
Other Public Safety Expenses	43,784	51,676	56,096	57,218	58,362	59,529	60,720
Total Other Services	277,602	331,308	349,134	350,256	351,400	352,567	353,758
TOTAL Public Safety	1,622,529	1,759,652	1,878,649	1,942,533	1,903,535	1,909,657	1,960,902
EDUCATION							
Pentucket Regional School Assessment	6,607,435	6,794,510	7,176,348	7,535,165	7,911,923	8,307,519	8,722,895
Pentucket Regional School Capital	587,314	583,920	576,150	503,455	495,351	487,247	487,247
Total Pentucket Regional School	7,194,749	7,378,430	7,752,498	8,038,620	8,407,274	8,794,766	9,210,142
Whittier Tech Assessment	329,408	366,506	282,029	296,130	310,937	326,484	342,808
Whittier Tech Capital	13,250	15,056	20,320	21,946	23,702	25,598	27,646
Whittier Tech	342,658	381,562	302,349	318,076	334,639	352,082	370,454
Essex North Shore Regional Voc Tech	1,724	18,643	19,575	19,869	20,167	20,470	20,777
TOTAL Education	7,539,131	7,778,635	8,074,422	8,376,565	8,762,080	9,167,318	9,601,373
PUBLIC WORKS							
DPW Personal Services	419,168	446,865	444,647	444,647	444,647	444,647	444,647
DPW Expenses	432,634	550,200	515,200	525,504	536,014	546,734	557,669
Snow & Ice Expenses	298,822	150,000	150,000	200,000	200,000	200,000	200,000
DPW Capital Outlay	-	-	-	-	-	-	-
TOTAL Public Works	1,150,624	1,147,065	1,109,847	1,170,151	1,180,661	1,191,381	1,202,316

Continued on Next Page

	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
HEALTH and HUMAN SERVICES							
Personal Services	174,801	187,303	190,129	204,929	204,929	204,929	204,929
Expenses	345,449	385,260	387,233	394,978	402,878	410,936	419,155
Capital Outlay	-	-	-	-	-	-	-
TOTAL Health & Human Services	520,250	572,563	577,362	599,907	607,807	615,865	624,084

CULTURE and RECREATION							
Personal Services	244,474	250,899	255,518	255,518	182,653	182,653	182,653
Expenses	108,567	116,894	121,894	124,332	126,819	129,355	131,942
Capital Outlay	-	-	-	-	-	-	-
TOTAL Culture & Recreation	353,040	367,793	377,412	379,850	309,472	312,008	314,595

DEBT SERVICE							
Maturing Debt	580,000	470,000	340,000	340,000	340,000	305,000	295,000
Interest on Long- & Short-Term Debt	54,400	41,000	29,000	22,200	15,400	8,950	2,900
Debt Service - Dunn Property	-	104,900	102,900	95,950	-	-	-
Temporary Interest/Issue Expense							
TOTAL Debt Service	634,400	615,900	471,900	458,150	355,400	313,950	297,900

RISK MANAGEMENT							
Casualty Insurance/Workers' Compensation	155,602	167,281	170,000	187,000	205,700	226,270	248,897
Unemployment Compensation	-	-	-	-	-	-	-
TOTAL Risk Management	155,602	167,281	170,000	187,000	205,700	226,270	248,897

EMPLOYEE BENEFITS							
Health and Life Insurance	297,635	398,877	422,570	485,956	558,849	642,676	739,077
Medicare	41,979	43,774	45,525	45,980	46,440	46,904	47,373
Retirement	533,246	563,649	641,424	699,152	762,076	830,663	905,423
OPEB Fund	-	1	-	-	-	-	-
TOTAL Employee Benefits	872,860	1,006,301	1,109,519	1,231,088	1,367,365	1,520,243	1,691,873

STATE ASSESSMENTS							
Mosquito Control Projects	44,509	41,686	44,601	45,270	45,949	46,638	47,338
Air Pollution	1,625	1,635	1,680	1,705	1,731	1,757	1,783
RMV Non-Renewal Surcharge	2,040	1,340	1,340	1,340	1,340	1,340	1,340
MBTA	28,705	28,358	28,351	28,351	28,351	28,351	28,351
Regional Transit	565	1,236	1,982	2,081	2,185	2,294	2,409
Essex County Sending Tuition	-	-	-	-	-	-	-

Continued on Next Page

	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
OTHER AMOUNTS TO BE RAISED							
Deficits/Judgements/Tax title	-	-	1,000	1,000	1,000	1,000	1,000
Cherry Sheet Offsets	7,953	7,659	7,378	7,378	7,378	7,378	7,378
Abatements & Exemptions (Overlay)	130,863	135,166	140,000	140,000	140,000	140,000	140,000
Other Amounts	1,494	-	-	-	-	-	-
TOTAL Other Amounts Raised	140,310	142,825	148,378	148,378	148,378	148,378	148,378
OTHER FINANCING USES							
Prior Year Purposes	5,267	1,472	-				
Snow & Ice	-	150,000	100,000	50,000	50,000	50,000	50,000
Capital/Special Projects	664,744	387,000	300,000	100,000	100,000	100,000	100,000
Current Year Special Articles	57,900	-	48,991	50,000	50,000	50,000	50,000
Septic Loan Revolving	-	21,192	22,827	22,286	21,965	10,363	10,364
Appropriation to Stabilization Funds	-	279,122	615,000	321,800	328,600	370,050	386,050
Transfer to Other Funds	80,000	585,000	190,000	350,000	350,000	350,000	350,000
Transfer to/from Water Enterprise	(48,096)	(49,519)	(50,009)	(51,009)	(52,029)	(53,070)	(54,131)
TOTAL Misc. Appropriations	759,815	1,374,267	1,226,809	843,077	848,536	877,343	892,283
TOTAL GENERAL FUND	14,630,621	16,091,525	16,229,466	16,428,253	16,787,002	17,387,124	18,094,089
ENTERPRISE FUNDS							
Water Fund	726,864	889,006	893,509	682,351	691,542	700,916	710,478
Water Transfer to General Fund	48,096	49,519	50,009	51,009	52,029	53,070	54,131
TOTAL Enterprise Funds	774,960	938,525	943,518	733,360	743,571	753,986	764,609
COMMUNITY PRESERVATION FUND							
Community Preservation Fund Expenses	941,830	387,184	599,980	379,478	366,088	358,083	354,167
Community Preservation Fund Reserves							
TOTAL Community Preservation Fund	941,830	387,184	599,980	379,478	366,088	358,083	354,167
GRAND TOTAL Expenditures	16,347,411	17,417,234	17,772,964	17,541,091	17,896,661	18,499,194	19,212,866

Enterprise Fund

	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Enterprise Revenues							
Water User Charges	560,000	598,047	793,518	733,360	743,571	753,986	764,609
Water Other Revenue	124,379	100,478	-	-	-	-	-
TOTAL Water Revenue	684,379	698,525	793,518	733,360	743,571	753,986	764,609
Water Retained Earnings	96,000	160,000	110,000	-	-	-	-
Water Stabilization Fund	99,300	80,000	40,000	-	-	-	-
TOTAL Water Enterprise Revenues-Budget	879,679	938,525	943,518	733,360	743,571	753,986	764,609

Budget to Actual Revenues							
Water Receipts - Actual	716,514						
Difference: Receipts Actual over Budget	32,135	(698,525)	(793,518)				

	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Enterprise Expenditures							
Personal Services	177,326	186,126	189,241	222,820	222,820	222,820	222,820
Expenses	338,600	446,108	450,521	459,531	468,722	478,096	487,658
Debt	15,638	16,772	103,747				
Transfer to Water Stabilization	26,000						
OPEB	-	-	-	-	-	-	-
Capital Expenditures	169,300	240,000	150,000	-	-	-	-
Total Expenditures	726,864	889,006	893,509	682,351	691,542	700,916	710,478
Indirect Expenses	48,096	49,519	50,009	51,009	52,029	53,070	54,131
TOTAL Enterprise Direct Expenditures	726,864	889,006	893,509	682,351	691,542	700,916	710,478
TOTAL Enterprise Indirect Expenditures	48,096	49,519	50,009	51,009	52,029	53,070	54,131
Enterprise Surplus/(Shortfall)	104,719	0	0	0	0	0	0

	Fiscal Year 2017	2018	2019	2020	2021	2022	2022
Retained Earning certified as of	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022
Water	262,801	150,619					
Retained Earnings as a percentage of operating budget	38.4%	21.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Available Balance as of:	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	7/1/2021	7/1/2022
Water Stabilization Fund	160,103	128,766	88,766				

Community Preservation

	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Community Preservation Fund Revenue							
Surcharge	281,797	282,014	289,064	296,291	303,698	311,290	319,072
State Trust Fund Distribution	85,422	80,170	110,916	83,187	62,390	46,793	35,095
Interest/Other	-	-	-	-	-	-	-
TOTAL CPF Annual Revenue-Budget	367,219	362,184	399,980	379,478	366,088	358,083	354,167

Fund Reserves or Balances voted at TM	76,000	25,000	200,000	-	-	-	-
TOTAL CPF Revenue-Budget	443,219	387,184	599,980	379,478	366,088	358,083	354,167

Community Preservation Fund Actual							
Surcharge	298,098	-	-	-	-	-	-
State Trust Fund Distribution	118,749	102,706	-	-	-	-	-
Interest/Misc Revenues	12,826	-	-	-	-	-	-
TOTAL CPF Revenue-Actual	429,673	102,706	-	-	-	-	-

Fund Revenue Difference: Actual over Budget	62,454	(259,478)	(399,980)	(379,478)	(366,088)	(358,083)	(354,167)
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	FY2017 Actual	FY2018 Budget	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Community Preservation Fund Expenditures							
Expenses	12,904	18,109	19,999	18,974	18,304	17,904	17,708
Required Reservations		115,269	119,994	113,843	109,826	107,425	106,250
Capital/Other Projects	928,926	25,000	200,000	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Budgeted Reserve	-	228,806	259,987	246,661	237,957	232,754	230,209
TOTAL CPF Expenditures	941,830	387,184	599,980	379,478	366,088	358,083	354,167

CPF Surplus/(Shortfall)	(512,157)	-	-	-	-	-	-
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State Trust Fund Distribution Percentage	40.9%	34.5%	n/a	n/a	n/a	n/a	n/a
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Debt

	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
GF Debt Service	336,750	225,050	216,000	212,000	203,050	164,500	146,450
GF Excluded Debt Service	190,250	181,050	153,000	150,200	152,350	149,450	151,450
Enterprise Debt Service	15,638	42,899	103,747	101,646	104,419	102,068	87,688
Total GF and Enterprise Debt	542,638	448,999	472,747	463,846	459,819	416,018	385,588
Regional School District Debt Service	520,610	515,367	511,559	503,455	495,351	487,247	487,247
Other Debt Service	23,964	23,396	22,827	22,286	21,965	10,363	10,364
Total Debt	1,087,212	987,761	1,007,133	989,586	977,136	913,628	883,199

General Fund Debt Service

Land Acquisition I	30,000	30,000	30,000	30,000	30,000	-	-
Civic Center	100,000	-	-	-	-	-	-
Public Safety Complex	180,000	175,000	170,000	170,000	165,000	160,000	145,000
TOTAL GF Debt Service Principal	310,000	205,000	200,000	200,000	195,000	160,000	145,000

Land Acquisition I	2,850	2,100	1,500	900	300		
Civic Center	1,500	-	-	-	-	-	-
Public Safety Complex	22,400	17,950	14,500	11,100	7,750	4,500	1,450
	0						
Total GF Debt Service Interest	26,750	20,050	16,000	12,000	8,050	4,500	1,450
Total GF Debt Service	336,750	225,050	216,000	212,000	203,050	164,500	146,450

Excluded Debt Service

Land Acquisition - Mullen Property	-	-	-	-	-	-	-
Ball Fields	35,000	25,000	-	-	-	-	-
Recreation - Mill Pond	5,000	5,000	-	-	-	-	-
Land Acquisition Nsr - Dunn Property	100,000	100,000	100,000	95,000	-	-	-
Land Acquisition II - Dunn Cherry Hill	130,000	135,000	140,000	140,000	145,000	145,000	150,000
Less Reimbursement/Adjustment	(100,000)	(100,000)	(100,000)	(95,000)	-	-	-
Total GF Excluded Principal	170,000	165,000	140,000	140,000	145,000	145,000	150,000

Land Acquisition - Mullen Property	-	-	-	-	-	-	-
Ball Fields	1,025	250	-	-	-	-	-
Recreation - Mill Pond	175	50	-	-	-	-	-
Land Acquisition Nsr - Dunn Property	7,400	4,900	2,900	950	-	-	-
Land Acquisition II - Dunn Cherry Hill	19,050	15,750	13,000	10,200	7,350	4,450	1,450
	0						
Less Reimbursement/Adjustment	(7,400)	(4,900)	(2,900)	(950)	-	-	-
Total GF Excluded Interest	20,250	16,050	13,000	10,200	7,350	4,450	1,450
Total GF Excluded Debt Service	190,250	181,050	153,000	150,200	152,350	149,450	151,450

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	FY2017 Budget	FY2018 Budget	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
Enterprise Debt Service							
Water	12,029	12,029	12,029	12,029	12,029	12,029	-
Water Tank	-	-	30,000	30,000	35,000	35,000	35,000
Total Enterprise Principal	12,029	12,029	42,029	42,029	47,029	47,029	35,000

Water	3,609	3,007	2,406	1,804	1,203	601	-
Water Tank	-	27,862	59,313	57,813	56,188	54,438	52,688
Total Enterprise Interest	3,609	30,870	61,718	59,617	57,390	55,039	52,688
Total Enterprise Debt Service	15,638	42,899	103,747	101,646	104,419	102,068	87,688

Regional School Debt (Excluded)							
Pentucket School District - Page Eleme	106,481	106,477	106,474	106,470	106,466	106,462	106,462
Pentucket School District - Page Eleme	414,129	408,890	405,085	396,985	388,885	380,785	380,785
Total Regional School Debt (Excluded)	520,610	515,367	511,559	503,455	495,351	487,247	487,247

Other Debt Service							
Title V Septic Betterments	10,829	10,829	10,829	10,829	11,050	-	-
Title V Septic Betterments (2)	10,363	10,363	10,363	10,363	10,363	10,363	10,364
Total Other Principal	21,192	21,192	21,192	21,192	21,413	10,363	10,364

Title V Septic Betterments	2,772	2,204	1,635	1,094	552	-	-
Title V Septic Betterments (2)	-	-	-	-	-	-	-
Total Other Interest	2,772	2,204	1,635	1,094	552	-	-
Total Other Debt Service	23,964	23,396	22,827	22,286	21,965	10,363	10,364

Capital Plan

General Fund
 FY2019
 FY2020
 FY2021
 FY2022
 FY2023
 FY2024
Budget
Projected
Projected
Projected
Projected
Projected

Department of Public Works

Action Cove Playground			200,000			
Annex		60,000				
Apartment House	50,000					
Children's Castle			125,000			
Garden Street Fire Station	20,000		10,000	25,000		
Old Highway Garage		20,000	25,000	40,000		
Town Hall	75,000			40,000		
Public Safety Complex		50,000		50,000		
Town Office Building(1910 Building)	300,000					
2000 Bandit Brush Chipper		40,000				
2002 Kubota Mower		18,000				
2005 John Deere Tractor w/Loader						55,000
2008 Ford F350 Dump		60,000				
2008 Ford Pickup F250		40,000				
2008 Ford Ranger		30,000				
2008 International Dump/Sander			185,000			
2008 Sidewalk Plow-Holder			150,000			
2010 John Deere Backhoe				130,000		
2011 International Dump & Sander					170,000	
2013 Caterpillar Loader						
2013 John Deere Roadside Mower						
2014 Kubota Mower				19,000		
2015 PeterBilt F250						
2016 D250 Pickup					42,000	
2016 Ford F350 Dump					70,000	
2016 John Deere Tractor Mwr						
Total DPW	445,000	318,000	695,000	304,000	282,000	55,000

Page School

Elevator--ok for now, replace 5-10 yrs.						
Exterior		260,000				
Exterior Lighting				100,000		
Fire Pump and Controls--very old				125,000		
Generator--old, needs replace				150,000		
Interior				150,000		
PA/Security						
Perimeter Fire Lane						50,000
Play Ground--repair & drainage	25,000					
Plumbing Fixtures				50,000		
Repoint Chimney				15,000		
Road						50,000
Stand Pipe--fire dept repair sprinklers		25,000				
Total Page School	25,000	285,000	-	590,000	-	100,000

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General Fund FY2019 FY2020 FY2021 FY2022 FY2023 FY2024
 Budget Projected Projected Projected Projected Projected

Police Dept

2007 Ford Explorer 4 x 4 Car 304		45,000		45,000		
2008 Ford Crown Victoria-Car 300-Admin						45,000
2011 Ford Crown Victoria Car 303		45,000			45,000	
2013 Ford Interceptor Car 302					45,000	
2014 Ford Taurus- Car 301	45,000		45,000			45,000
Firearms	45,000					
Total Police Department	90,000	90,000	45,000	45,000	90,000	90,000

Fire Department

1985 Ford Tanker-Pumper	325,000					
1994 Ford Rescue		200,000				
2003 KME Pumper (Eng 23)					500,000	
2008 KME Pumper (Eng 24)						
2010 KME Tower/Ladder Truck						
Air Equipment, SCBA-SYSTEM						
Air Packs						
Bunker Gear	150,000					
Communications-Antenna	30,000					
Communications-Repeater						
Jaws of Life		25,000				
Total Fire Department	505,000	225,000	-	-	500,000	-

Public Safety Dispatch

Total Public Safety Dispatch	-	-	-	-	-	-

Board of Health

Total Board of Health	-	-	-	-	-	-

Council on Aging

2015 Ford Eldorado Hndcp Acc Van						
Total Council on Aging	-	-	-	-	-	-

Total General Fund Asset Replacement	1,065,000	918,000	740,000	939,000	872,000	245,000
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Enterprise Fund	FY2019 Budget	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2024 Projected
Water Department						
New Elevated Brake Hill Tank	1,700,000					
Build new Water Treatment Facility on new Dole Place Well site if Town buys land	5,000,000					
Purchase land at Dole Place	2,000,000					
Water Main Loop to Hilltop Circle	200,000					
Total Borrowing	8,900,000	-	-	-	-	-
New Generator at Wellfield						
Maintenance on Wellfield #1 (scrape/paint						
New truck to replace 2007 Pick-up			50,000			
Hire Company to Drain Pipe stave Tank for						
Maintenance and install Temporary Tank						
while Natgun Tank Company repairs seams	50,000					
Paint Pipe stave Water Tank	132,000	-				
Groveland Station Upgrade if we purchase				70,000		
water from Groveland						
Total from Reserves	182,000	-	50,000	70,000	-	-
Total Water Enterprise Fund Asset Replacemen	9,082,000	-	50,000	70,000	-	-
Grand Total Asset Replacement	10,147,000	918,000	790,000	1,009,000	872,000	245,000