

## **MEMORANDUM**

February 15, 2001

**TO:** Honorable Members of the Board of Selectmen  
and Finance Committee:

I hereby transmit to you the Town of Winchester's FY2002 budget. As you commence the budget review process, it is clear that the retrenchment or cut mode of the last decade will continue in FY2002 and beyond. Winchester's revenue base is simply not sufficient to keep up with the inflationary pressures on the budget, particularly in the face of energy and other overhead costs going up 26%, personnel benefits costs, driven largely by employee healthcare costs, going up 11%, and debt service costs going up 27%. The result is further reductions in positions, less maintenance of the Town's facilities, larger school class sizes, and an overall diminishment in the level and quality of services.

Operating within this structural deficit environment, the organization, including department heads, boards and commissions, and employees, have all worked hard to be as innovative, creative and efficient as possible so as to maximize productivity and provide the best quality of life for our residents. Much has been accomplished and much is planned.

The recommended FY2002 budget totals \$54,904,337. This represents an increase of \$2.93 million, or 5.6%. While that may seem to be a reasonable increase, when you factor out the \$1.54 million earmarked for debt service for McCall and Lincoln Schools, the net revenue increase is only \$1.5 million or 3%. The table on the next page illustrates the essence of the Town's financial problems.

In order to balance the budget, we have had to cut nearly \$4 million from the requests of the Town and School departments. None of the requests could be termed extravagant; indeed most of the unfunded requests represent critical needs that should be funded. A summary of the unfunded needs of the departments is included in the Summaries section of the budget.

## Town of Winchester Summary of Major Budget Increases

Total Revenue Increase FY01 to FY02	2,929,391	5.6%
Funded Debt Attributable to Debt Exclusion	(498,536)	
Less State Aid Inc. for Debt Exclusion	(1,038,777)	
Chapter 110 Change	151,137	
<b>Net Increase in Revenue</b>	<b>1,543,215</b>	3.0%
Energy	456,801	33%
NESWC	198,375	13%
Health Insurance	569,354	17%
Indemnification	20,000	67%
Environmental Remediation Services	120,400	(Zero last year)
Data Processing	159,419	93%
Wage Adjustments	1,100,000	3% + steps
<b>Major Budget Increases</b>	<b>2,624,349</b>	5.0%
<b>Deficit</b>	<b>1,081,134</b>	

## FINANCIAL IMPROVEMENT PROGRAM

During this past year, with the leadership of the Board of Selectmen, and the assistance and cooperation of the department heads, boards and commissions, employees, and Town Meeting, we have made great strides in improving the long-term financial strength of the organization.

### FACTS Committee

Last April when questions were raised about the need for additional revenue and a possible override, the Board of Selectmen determined that first we had to assure ourselves and the public that the Town government, including schools, was operating efficiently and spending existing revenue prudently and that indeed there existed a legitimate need for additional funds. The Board also determined that it needed an independent commission made up of business professionals and others who were knowledgeable of best business practices. The charge given to the Committee was as follows:

*Taking a long-term strategic view, conduct a complete analysis of the service requirements, operations, and finances, including revenues and expenses and financial management practices and procedures, of the town and schools, to determine the following:*

- 1) Are there new ways in which the town and schools can and should increase revenues?*
- 2) Are there ways in which the town and schools could change their operations and procedures or service delivery so as to minimize costs?*
- 3) Are there procedures in place that provide for a full accounting of all town and school expenditures and how effective have these procedures been?*
- 4) Are there unavoidable costs, crucial to the quality of life in this residential community, which confront us now and in the coming years and make necessary some form of tax increase?*

After an application and interview process, the Board appointed the following individuals:

	Alan G. Macdonald, Chairman	
Salvatore Battinelli	Michael Cassidy	Frederick Herberich
Stephen Lynch	Paul Puzanghera	John Miller
Sara Oseasohn	Carol Savage	David Szabo
Robin Wortmann		

To anyone who has had the opportunity to read the lengthy report of the FACTS Committee, it is clear that the Committee performed an amazing and valuable service for the community. The report went into great depth analyzing every department's operations and scrutinizing the Town's and School's financial management practices and procedures. Many of the Committee's recommendations, which I have summarized on the next page, have either been implemented already, proposed in the FY2002 budget, or are proposed in the override proposal of the Selectmen. There is a committee that is currently reviewing the remaining recommendations to prioritize them and develop plans to implement them. The Board and I are committed to ensuring that this is one report that will not sit on a shelf – we are aggressively moving forward to implement all of the recommendations.

### **Department of Revenue (DOR)**

In order to open up the Town's operations and books further, the Board of Selectmen requested a review of the Town's financial management practices and procedures by a management audit team from the Department of Revenue. This was done to ensure that if there were any ways in which to improve our operations or practices and procedures, we would be made aware of it and be able to act on it. The DOR report essentially confirmed the findings and recommendations of the FACTS Committee.

### **Facilities Manager and Integration of Maintenance and Custodial Functions**

One critical position, which we requested for FY2001 and Town Meeting approved, was the Facilities Manager position. This position is dedicated to overseeing all of the maintenance functions for the Town and School buildings. The incumbent has only been in the position for less than two months but has made a significant positive impact.

The next step that we are working on, and are confident that we will consummate by July 1, is the integration of all Town and School building maintenance and custodial services under the Facilities Manager. While the Facilities Manager will work closely in developing priorities in school buildings with the Superintendent and Principals, by his training and experience, he is in a better position to supervise and develop schedules for custodians. This integration will improve coordination, efficiency and productivity for both the maintenance and custodial functions in our schools and will free up the Principals to concentrate more on their educational responsibilities.

### **Ownership of Street Lights**

As part of the energy deregulation law, cities and towns are allowed to purchase the streetlights within their community from the power company (formerly Boston Edison). By purchasing the lights and contracting for the maintenance, we will save \$75,000 - \$100,000 annually and will, I believe, receive more responsive service on light outages. Town Meeting approved this action which is expected to be effective July, 2001.

## SUMMARY OF FACTS COMMITTEE RECOMMENDATIONS

ITEM #	PAGE	RECOMMENDATION
1	27-6	Increase building fees
2	27-6	Increase fire fees
3	27-6	Increase transfer station permit fees
4	27-7	Increase cemetery fees
5	27-7	Increase contribution from perpetual care account for cemetery operating costs
6	27-6	Pursue new growth in the tax base more aggressively for work without permits
7	27-6	Pursue grants more actively
8	27-6	Hire firefighters who are paramedics to move ALS ambulance service in-house
9	27-7	Consider pay-as-you-throw (i.e. per bag) program for refuse
10	27-7	Pursue payments-in-lieu-of-taxes with tax exempt institutions
11	27-7	Pursue sale of land
12	27-7	Establish a "Fund For Winchester"
13	27-26	Create "Council For Social Betterment" to promote public/private partnership
14	27-8	Pursue more state aid by lobbying for changes in distribution formulas
15	27-9,10,12	Significantly upgrade technology systems including replacing the accounting system, developing a "data warehouse", GIS, and other systems. Increase training.
16	27-10	Improve and centralize planning functions- create single strategic plan covering all aspects including financial planning, infrastructure, economic development, housing, education, etc.
17	27-25	Form a Vision Council
18	27-24	Make roles of Town Manager and School Superintendent more strategic
19	27-19	School Committee's strategic planning process should be strengthened
20	27-19	Implement measurement system to quantify performance against goals
21	27-18	Planning and budgeting should be more standardized and goal driven
22	27-13	Move to a more program based accounting, budgeting, and reporting system
23	27-13	Financial reports should show all revenues and expenditures
24	27-13	Allocate undistributed costs to depts where possible
25	27-13	Publish standard set of monthly reports for depts and public
26	27-18	Annual budget should include five year planning process
27	27-19	Improve capital planning process and inventory of assets
28	27-14	Accelerate move to comply with GASB 34- fixed asset accounting
29	27-20	Spend more on capital and maintenance
30	27-26	Centralize maintenance functions and increase resources
31	27-11,16	Adopt financial management policies
32	27-16	Establish policies regarding overrides and debt exclusions
33	27-17	Establish fixed replacement schedule for capital equipment
34	27-24	Consider a direct role for revenue maximization
35	27-29	Submit town budget to Municipal Finance Officers Association for award
36	27-19	Finance Committee should be involved earlier- follow Moderator's bgt summit memo
37	27-19	Modify composition of the Finance Committee
38	27-14	Include financial information in the tax bills
39	27-15	Publish "Guide To Town Finances"
40	27-10	Improve information flow to citizens
41	27-15	Create and maintain a Website
42	27-25	Create a role focused on citizen satisfaction and communication
43	27-26	Foster more communication and cooperation between depts
44	27-15	Strengthen school dept communication
45	27-15	Request DOR education management review
46	27-22	Improve methods to forecast school enrollments
47	27-29	Locate school offices in a more central, visible location
48	27-10,23	Consider reorganization and more centralization of organization to improve effectiveness
49	27-24	Develop a more cohesive way to deliver town services
50	27-25	Centralize roles such as human resources, purchasing, etc.
51	27-29	Align the Town's archives with one of the depts
52	27-30	Consider appointing a new Charter Committee
53	27-26	Improve staff training, career planning, and performance reviews
54	27-27	Rethink tradeoffs in employee contract negotiations
55	27-27	Study privatization and regionalism
56	27-27	Investigate establishing internships to help with Town functions
57	27-14	Measure the impact of volunteerism
58	27-27	Study the repeal of Chapter 110
59	27-29	Pursue "real estate transfer tax"
60	27-30	Examine the Town's stance on development
61	27-29	Create endowment to fully fund the Library
62	27-29	Establish Horace Mann School within the High School
63	27-29	Sponsor a RFP for a community center facility
64	27-30	Consider ways to create incentives for senior citizens to reside in Town

## **Energy Purchasing Consortium**

This past Spring, the Town joined a consortium of communities for the purchase of its fuels. The Town received favorable bids (for example, \$.89 for #2 fuel) and saved over \$50,000 in FY2001.

## **Long-Range Visioning/Strategic Planning**

One of the chief recommendations of the FACTS Committee is that the Town needs to do a better job at long-range planning. This is a concern that I, along with many others, share. To address this, we have already taken several steps and are proposing additional actions in the FY2002 budget.

At the Fall Town Meeting, we requested, and Town Meeting approved, funds to embark on a town-wide visioning/strategic planning process. Our intent is to make this process as inclusionary as possible. The neighboring communities of Arlington, Belmont, and Lexington have all gone through a visioning process involving several hundred citizens. The communities found it to be extremely valuable. It empowered citizens, got them involved, and gave them a sense that they were truly helping to shape the future direction of the community. I feel strongly that this is a key way to build the credibility and accountability of the Town government while at the same time developing community consensus and providing a sense of direction and blueprint for the future of the Town.

I would envision our process taking one step further by developing a strategic plan or action plan to implement the goals resulting from the visioning process. Also, to address the planning needs of the community on an ongoing basis, and to help guide the visioning/strategic planning process, I have proposed the creation of a new department of Planning and Community Development which I will discuss later. In addition, we have included in the budget document, a five-year budget projecting out all revenue and expenses. This is referenced later on in more detail.

## **Financial Policies**

To provide some direction in the financial planning process, the Board of Selectmen adopted policies on capital financing and operating reserves (see the appendix in the Capital section). Among other things, the capital financing policies call for the allocation of 5% to 6% of net revenues to the capital improvements program and a capital stabilization fund approximating \$1.8 million. Given the state of the Town's finances, these policies have to be viewed as goals. The Selectmen have proposed the addition of capital funds in the override which will bring us closer to our goals.

## **FY2002 BUDGET HIGHLIGHTS**

The perennial revenue shortfall that the Town has had to confront each year continues in FY2002. Operations, maintenance, and capital are all underfunded and all will sustain reductions in discretionary funding. Again, in order to balance the budget, we have had to continue the ill-advised practice of using one-time revenue sources to fund recurring expenses.

A summary of the nearly \$4 million in reductions to the departmental requests is included in the Summaries section. The bottom line is that there will be less employees, larger school class sizes, less maintenance, less capital – less services all around. While Winchester will still function, the gradual deterioration of town and school services will continue and the condition and appearance of the Town's infrastructure will also deteriorate.

Some of the major actions or improvements included within the FY2002 budget include the following:

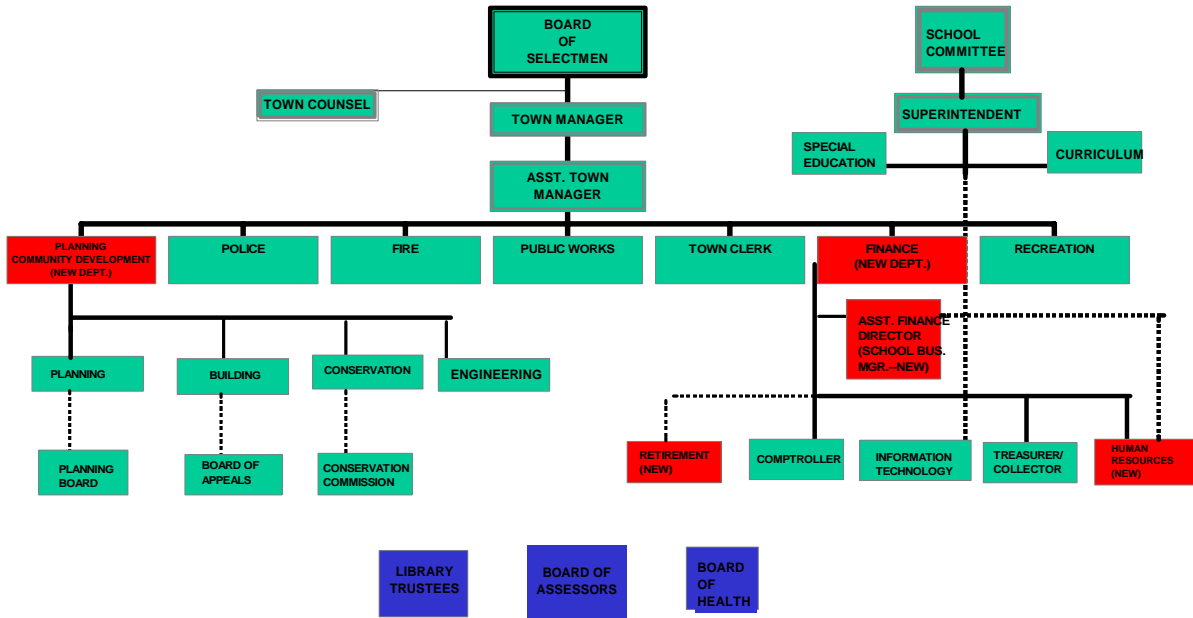
### **Information Technology**

The FACTS Committee, DOR, and anyone that has looked at the state of the Town's information technology resources (or lack thereof), has recommended strongly that the Town's top priority ought to be to upgrade the Town's IT, particularly the financial management system. At the present time, the Town does not even have one full-time person working in IT. For a very complex, nearly \$60 million corporation, there needs to be a significant increase in resources dedicated to this function. The budget calls for 2.5 positions and includes funds for some contract services. This is the minimum level to operate effectively and is in line with our benchmark communities. Included in the CIP is a bond authorization of \$850,000 to implement a new financial management system, develop a network for all buildings, purchase hardware and software, and convert existing data. A consultant is presently working with the MIS Committee to develop the specifications for a new system and to select a vendor.

### **Reorganizations**

In reviewing and analyzing the organizational structure of the Town's operating departments, I feel, and the FACTS Committee recommended, that we look at two areas in particular – planning and development functions and finance and human resource functions. I am recommending reorganizations in both areas. The planning area will require Board of Selectmen and Town Meeting approval. To fully implement the finance reorganization will require a charter change and collaboration with the Schools. A proposed organizational chart is included on the next page.

**TOWN OF WINCHESTER**  
TOWN MANAGER'S PROPOSED REORGANIZATION



## **Planning and Community Development**

In order to provide professional planning capacity in the Town's organization, and to improve coordination and sharing of resources among the planning and development related functions of the Town, it is recommended that a new department of Planning and Community Development be created. The department would consist of the divisions of planning, building, engineering and conservation. A professional planning director would be hired to oversee the department. As a trade-off for this position, an Engineer Inspector position would be eliminated as well as the \$15,000 stipend for the Town Engineer to attend Planning Board meetings. The Planning Director would now serve that staff role to the Planning Board. I would also look to incorporate our current substance abuse coalition grantsperson into the department and expand her grants role to supplement the grants role of the Director. The result of this reorganization would be the introduction of professional planning capacity, improved coordination among planning and development functions, cross training and more efficient use of staff resources, and enhanced grantsmanship capacity which could have a significant positive impact on revenues to the Town. A side benefit would be improved public service through the elimination of the practice of closing these small separate departments during the noon hour.

## **Finance Department**

A couple of glaring deficiencies in the Town's organizational structure are the lack of a Finance Director, an individual responsible for coordinating and overseeing all of the Town's financial functions. In the private sector this would be the Chief Financial Officer. Also, lacking is a human resource professional. It is not prudent to operate a \$60 million corporation with approximately 600 employees without a CFO or a single HR professional. My proposal would call for a Finance department with the divisions of Treasurer/Collector, Comptroller/Accounting, Information Technology, and Human Resources.

As a trade-off for the Finance Director's position, I would propose eliminating the position of Assistant Treasurer which will be vacant before the end of the year. There would still be a need to cover the salary differential and there would be a need for funds to cover the HR position. Because we did not have the funds to implement this, I would include this proposal as a high priority on an add-back list should additional funds become available. Besides the funding issue, to fully implement this proposal, a charter change would be required due to the fact that the Comptroller is currently appointed by the Board of Selectmen. When looking at the best financially run communities in Massachusetts and across the country, nearly all have a Finance department as recommended.

Another major benefit to this reorganization is that the School department has expressed a willingness and desire to consolidate and integrate the Town and School business functions under a single Finance Department. The current vacant School Business Manager position could be moved over to the Finance department as an Assistant Finance Director/School Business Manager. The focus of this position would be entirely on schools but would work out of the central finance office for better coordination. Likewise, the business IT functions and HR functions could be integrated and shared

between Town and Schools. Such a change will benefit both the Town and Schools and the Schools are to be commended for being so cooperative and open on this issue.

### **Ambulance Service**

As a result of federal regulation changes, the region's Advanced Life Support (ALS) ambulance service, which supplements the Town's basic life support (BLS) ambulance service, has indicated that they need to retain a larger share of the revenue derived from ambulance runs. This will result in a revenue loss to the Town. The way the system works is that the ALS provider, Armstrong, serves 11 communities in the region and stations utility vehicles in the region manned by paramedics. When a call comes in, the Fire Department's ambulance responds. The average response time is four minutes. The ALS vehicle's response time is 10 minutes. If paramedic level service is required, the Armstrong paramedics get on the Town's ambulance and tend to the patient during the trip to the hospital. They share in the revenue for that run. If the Town's current BLS service were upgraded to ALS (i.e. paramedics), then the Town could handle the ALS runs and retain all the revenue.

Given the uncertainties with the private provider, the Fire Chief believes, and I generally concur, that we should be moving to upgrade our service to ALS. Through attrition, within a couple of years, we could hire enough firefighter/paramedics to run an ALS service. The Fire Chief has proposed that we add four additional firefighter/paramedics positions now and fill four projected firefighter vacancies with firefighter/paramedics. This would provide enough paramedics to run an ALS service and could commence the service within a couple of months of the hiring. The Chief states that the additional revenues from the ALS service would more than cover the cost of the four additional positions and these positions would have the added benefit of providing more firefighting coverage.

While I may recommend the four positions requested by the Chief, I need to do more research on the issue before I make a decision on the recommendation.

### **Collective Bargaining**

Collective bargaining agreements for all Town and School employee groups expired June 30, 2001. Negotiations have been ongoing for several months. While we are optimistic that we will have some agreements for approval at the Spring, 2001 Annual Town Meeting, with some groups, we have not progressed very far. For FY2001, Town Meeting approved funding for 3% wage adjustments and it is recommended that 3% be carried for FY2002.

### **Capital Improvements Program**

The recommendations of the Capital Planning Committee, with which I concur, are contained in the back of the budget book. Included, as an appendix to the Committee's report, is a copy of the Board of Selectmen's Capital Improvements Program Policies.

The amount being recommended for capital improvements is woefully inadequate and represents only a fraction of the amount called for in the Selectmen's policies. Sadly, the policies have to be viewed as goals at this time.

The revenue-financed portion of the CIP totals \$359,500. This is down from \$857,750 in FY2001. Critical building improvement projects are recommended to be packaged in a bond issue totaling \$1,235,000. A bond issue of \$850,000 is also proposed to fund some critical IT projects including the replacement of the Town's financial management system.

Last month, Town Meeting approved funding for the design of a new Ambrose School. The School Committee and EFPBC have asked the Selectmen to call a debt exclusion special election to be held prior to June 1, 2001 to appropriate funds for construction. If the project is funded and submitted to the State for approval prior to June 1, the Town will preserve its 63% reimbursement rate from the State. After this date, any Winchester school projects will receive a reimbursement rate of only 50% to 53%.

### **Long-Range Financial Projection**

The cornerstone of our strategic budgeting process is the long-range financial projection. Based upon an analysis of internal and external factors impacting the Town's operations and finances, we have prepared the long-range projection, found on the next page.

The Town is facing a continuing, substantial deficit position for FY2003 and beyond. Collective bargaining costs, energy, healthcare, school enrollments, special education costs, and debt are outstripping the pace of our limited revenue growth. Even with the continuance of the practice of underfunding capital and maintenance, the projected deficit grows to \$5.1 million by FY2006. With appropriate funding for capital and maintenance, the true deficit grows to \$9.35 million.

These projections will, of course, have to be modified as events unfold, but we believe that they are reasonable for fiscal planning purposes. On the revenue side, after FY2002, we anticipate the following developments:

Overall revenues, exclusive of debt exclusions, are expected to increase between 1% and 3%.

The tax levy, exclusive of debt exclusions, is projected to increase between 2% and 3.6%.

Local receipts are expected to remain relatively flat given the projected slowdown in the economy and recent fee increases.

State aid is projected to grow modestly at approximately 3.3%.

Free cash is expected to decline with the slowdown in the economy and tighter budgets and revenue estimates.

Other available funds increases (or decreases) fluctuate widely from \$320,000 to \$828,750. It is largely made up of one-time revenue items such as the NESWC Stabilization fund which is drawn upon heavily each year until FY2005 after which the NESWC contract ends. The other significant non-recurring revenue item is the sale of land. Without these two items, the rest of the accounts remain steady at \$320,000 per year.

## LONG RANGE FINANCIAL PROJECTION

REVENUES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
Regular Levy	35,184,406	36,509,218	37,846,948	39,183,122	40,777,700	42,137,143
Chapter 110 W&S Debt	2,937,710	2,786,573	2,747,425	2,692,409	2,604,655	2,357,698
Net Debt Exclusions (after aid)	801,036	1,299,572	1,529,550	2,175,457	1,562,299	1,475,676
Total Levy	38,923,152	40,595,363	42,123,923	44,050,988	44,944,654	45,970,517
Local Receipts	5,151,600	5,584,640	5,494,640	5,419,640	5,419,640	5,419,640
State Aid	5,428,682	6,918,459	7,151,475	7,924,037	8,180,800	8,450,422
Free Cash	1,174,774	950,000	1,000,000	800,000	600,000	600,000
Other Available Funds	1,296,738	855,875	728,750	828,750	943,600	320,000
<b>TOTAL REVENUE</b>	<b>51,974,946</b>	<b>54,904,337</b>	<b>56,498,788</b>	<b>59,023,415</b>	<b>60,088,694</b>	<b>60,760,579</b>
<b>EXPENDITURES</b>						
Municipal	12,394,221	12,721,104	13,193,872	13,684,829	14,194,688	14,724,191
Education	23,239,826	23,633,420	24,698,757	25,815,857	26,987,413	28,216,266
Personnel Benefits	6,009,688	6,662,769	7,246,270	7,885,965	8,447,838	9,001,998
Debt- Net Debt	914,159	787,522	861,679	1,298,440	1,118,633	945,207
Debt Exclusions	801,036	2,338,349	2,568,327	3,742,222	3,129,064	3,042,441
Water & Sewer	2,937,710	2,786,574	2,786,574	2,786,574	2,786,574	2,786,574
Subtotal Debt	4,652,905	5,912,445	6,216,580	7,827,236	7,034,271	6,774,222
Rev-Financed CIP	986,750	359,500	359,500	359,500	359,500	359,500
Other Undistributed	3,713,764	4,666,858	4,979,168	5,263,975	5,545,246	5,841,720
Non Appropriated Exp.	977,792	948,241	962,236	922,632	937,336	952,407
	51,974,946	54,904,337	57,656,384	61,759,993	63,506,292	65,870,304
 Surplus/(Deficit)	 0	 0	 (1,157,595)	 (2,736,578)	 (3,417,598)	 (5,109,725)
Unfunded Capital & Maintenance	(3,374,224)	(4,031,798)	(4,166,557)	(3,726,002)	(3,893,116)	(4,245,931)
 True Deficit	 (3,374,224)	 (4,031,798)	 (5,324,152)	 (6,462,580)	 (7,310,714)	 (9,355,656)

The expenditure estimates include the following factors:

Municipal expenditures include a 3% wage adjustment plus 1% step increase each year. Other expenses are inflated 2%.

Education expenditures are inflated the same as municipal expenditures except special education costs are inflated at 6.5%.

Personnel benefits, which include healthcare, pensions, workers compensation, medicare and FICA tax, and other miscellaneous personnel costs, are expected to grow between 6.6% and 8.8%. Healthcare cost is the major factor driving this cost up.

Debt service increases will bounce up and down due to debt exclusions. The range is a decrease of \$742,000 in one year to a \$1.6 million increase (offset in part by state aid) in another year. Without debt exclusions and water and sewer, debt increases will range from \$787,000 to \$1.3 million.

Revenue-financed CIP has been held at the drastically underfunded level of \$359,000. If the appropriate funding for capital were added in, it would add approximately \$2.5 million to the total.

Other undistributed includes energy, NESWC, data processing and several other accounts. Increases are projected to be approximately \$300,000 per year, or 5.5%.

Non-appropriated expenses includes state assessments, deficits and judgments. Increases are expected to be approximately \$15,000 per year, or 1.6%. In FY2003, the final payment of \$53,950 will be made on the Charles George landfill judgment.

### **PROPOSITION 2 ½ OVERRIDE**

In view of the budget reductions for FY2002 and beyond and the significant underfunding of capital and maintenance, the Board of Selectmen unanimously voted to put on the March 27, 2001 election ballot, the following Proposition 2 ½ override questions:

#### **Question #1**

*Shall the Town of Winchester be allowed to assess an additional \$1,950,000 in real estate and personal property taxes for the fiscal year beginning July 1, 2001 for the purposes of funding:*

A) *Capital improvements, maintenance of town buildings, streets, sidewalks, open space, information technology, and equipment replacement for public safety and public works, in the amount of \$600,000.*

B) *Public schools, in the amount of \$975,000.*

*C) Other municipal services, including public works, library, public safety, Senior and youth programs, planning and community development, and Administrative services, in the amount of \$375,000.*

**Question #2**

*Shall the Town of Winchester be allowed to assess an additional \$1,950,000 in real estate and personal property taxes for the fiscal year beginning July 1, 2002 for the purposes of funding:*

*A) Capital improvements, maintenance of town buildings, streets, sidewalks, open space, information technology, and equipment replacement for public safety and public works, in the amount of \$850,000.*

*B) Public schools, in the amount of \$650,000.*

*C) Other municipal services, including public works, library, public safety, senior and youth programs, planning and community development, and administrative services, in the amount of \$450,000.*

The major beneficiary of the override revenue increases for FY2002 and FY2003 is the Town's capital infrastructure. While the true capital improvements and maintenance needs are greater than the amounts called for, this increase will nonetheless reverse the trend of steady deterioration, which has reached the critical point. While there are a few minor increases in the operating budget, for the most part, the funds will stave off significant budget cuts and allow the current operating programs to tread water. Taken in the context of the budget reductions described in the Summaries section, the override restores approximately \$1 million in budget cuts and adds \$950,000 to address unfunded needs particularly in the areas of capital and maintenance. Specifically the override will accomplish the following:

• **Capital, Maintenance, & Equipment**

The Board of Selectmen's capital policies call for 5%-6% of our net revenues to be allocated for improvements to our capital infrastructure (CIP). This is a standard benchmark used by many communities as the amount necessary to address CIP needs. For Winchester, we should be spending approximately \$2.5 million more per year to maintain our capital infrastructure. Regular ongoing, annual maintenance is also currently woefully underfunded. For the proper maintenance of our capital infrastructure, and to preserve the investment we have just made in renovating several town and school buildings, we ought to be spending \$1.0-\$1.5 million more per year. The override proposes the following:

	<b><u>FY2002</u></b>	<b><u>FY2003</u></b>
• <b>CAPITAL IMPROVEMENTS</b>	\$250,000	\$500,000

	<u><b>FY2002</b></u>	<u><b>FY2003</b></u>
• <b>MAINTENANCE &amp; EQUIPMENT</b>		
-Building Maintenance	\$125,000	\$125,000
-Streets & Sidewalks	\$ 75,000	\$ 75,000
-Fields, Forestry, Open Space	\$ 25,000	\$ 25,000
-Public Works & Public Safety Equipment Replacement	\$ 75,000	\$ 75,000
-Technology Support	\$ 50,000	\$ 50,000
• <b><u>SCHOOLS</u></b>		
<b><u>Middle School</u></b>		
-Two teachers for enrollment inc	\$ 96,500	
-.5 Exploratory teacher for inc	\$ 24,125	
-Textbooks replaced	\$ 10,000	
	<hr/>	
	\$130,625	
<b><u>High School</u></b>		
-Three teachers for enrollment inc to eliminate more study periods	\$144,750	
-To replace 20+ yr old texts/supplies	\$ 55,170	
	<hr/>	
	\$199,920	
<b><u>Central Office (Systemwide)</u></b>		
-DOE required prof develop.*	\$105,000	
-Curriculum workshops;inservice*	\$ 60,000	
-Curriculum materials	\$ 60,455	
-K-12 Math Director	\$ 45,000	
- Legal Services	\$ 50,000	
	<hr/>	
	\$320,455	

\*DOE mandated professional development funding must equal approximately \$577,000 (\$175 per pupil in the district, based on 3,300 students enrolled as of 10/1/99)

	<u>FY2002</u>	<u>FY2003</u>
<b><u>Elementary Schools</u></b>		
-Additional custodial coverage	\$ 40,000	
-Lunchroom monitors	\$ 10,000	
	<hr/>	
	\$ 50,000	
<b><u>Technology</u></b>		
-Additional tech support, equip rep in the English lab; supplies/software	\$128,000	
<b><u>Pupil Services</u></b>		
-All elem full time nurses; SPED Instructor and teaching assistant for IEP compliance	\$ 87,000	
<b><u>Fees</u></b>		
-Busing fees would not increase	\$ 59,000	
<b><u>Maintain FY2002 level of services</u></b>		\$650,000
	<hr/>	<hr/>
<b>Total Amount for Schools:</b>	<b>\$975,000</b>	<b>\$650,000</b>

	<u><b>FY2002</b></u>	<u><b>FY2003</b></u>
<ul style="list-style-type: none"> <li>• <u><b>Town</b></u></li> </ul>		
<ul style="list-style-type: none"> <li>-<u><b>Public Works</b></u></li> </ul>	\$180,000	
<p>Four positions were cut from an already drastically understaffed department. This will restore those positions and add one position.</p>		
<ul style="list-style-type: none"> <li>-<u><b>Library</b></u></li> </ul>	\$ 50,000	\$ 10,000
<p>This would restore the \$15,000 cut from the Library; add to the book budget to eliminate the need to use restrictive Trust Funds (restricted to book subjects not needed or wanted) just to satisfy the state spending requirement to preserve state funding and certification; open 11 Sundays in the summer; and open one extra hour each Sunday.</p>		
<ul style="list-style-type: none"> <li>-<u><b>Public Safety</b></u></li> </ul>	\$ 15,000	\$ 40,000
<p>This would provide \$15,000 for part-time relief help for the public safety dispatch which currently operates many times with one person and no relief help for breaks. It would also fund one additional public safety position.</p>		
<ul style="list-style-type: none"> <li>-<u><b>Council on Aging</b></u></li> </ul>	\$ 20,000	
<p>This would allow the Council to add a wellness Program. A part-time nurse would conduct home visits to assess the healthcare needs of elderly clients and provide a program of care.</p>		
<ul style="list-style-type: none"> <li>-<u><b>Recreation-Youth Programs</b></u></li> </ul>	\$ 10,000	
<p>This would provide some additional funding to supplement the meager amount of funds currently available for youth programs and activities.</p>		

	<u>FY2002</u>	<u>FY2003</u>
<b><u>-Finance, Human Resources, Admin Services And Planning &amp; Community Development</u></b>		
<u>-Finance and Human Resources</u>	\$ 80,000	
This would provide funding for a central business office (Finance Dept.), to serve both Town and School, which would be headed by a Finance Director acting as a Chief Financial Officer. A Human Resource Director would be added and shared between Town and School. One town finance position would be eliminated to help fund these two key positions, both recommended by the FACTS Committee.		
<u>-Public Information Coordinator</u>	\$ 12,000	
This would provide a stipend for a part-time position to provide reports to the public through regular and periodic news articles, mailing stuffers in bills, website and other media. The FACTS Committee noted an information gap between the Town government and the public which negatively impacts the credibility of the Town government.		
<u>-Planning and Community Development</u>	\$ 8,000	
This would provide some additional support for the new department in its immediate effort to improve long-term planning, obtain more grant funding and increase hours for the part-time Conservation Administrator.		
<b><u>Maintenance of the FY2002 level of services</u></b>		\$400,000
	_____	_____
<b>Town Total Increase</b>	<b>\$375,000</b>	<b>\$450,000</b>
<b>Grand Total Increase</b>	<b>\$1,950,000</b>	<b>\$1,950,000</b>

The override is proposed to be spaced over two years to allow for long term planning; to avoid raising more than is needed in the first year; and to distribute more evenly, any tax impacts. The tax impact in the first year is estimated at \$.66 per thousand of value. For a median value home of \$370,000, this would mean a tax increase of \$243. The second year would be an identical amount and would obviously be added on top of the first year increase.

Approval of these amounts would address the Town's and School's most urgent needs and allow for a two year period during which the Town will be conducting a town-wide visioning/strategic planning process to develop a community consensus on strategies and the future direction of the Town.

## CONCLUSION


The FY2002 budget, as presented, is in balance. Given the present state of our finances, it has been a difficult job and many difficult choices had to be made. Every effort has been made to implement all appropriate measures that will maximize the productivity of our organization and deliver the highest quality of services within available resources.

We have moved aggressively to implement the recommendations of the FACTS Committee and DOR. Our entire management team, which is second to none, has worked collectively to implement creative ways of doing more with less. We remain committed to maintaining the high quality of life our residents expect and deserve.

As the budget process evolves and additional information becomes available over the next few months, the estimates and recommendations contained herein will be adjusted as required. You will then be able to make operating and capital budget adjustments as deemed advisable prior to Town Meeting.

The document presented for your consideration is the product of a great deal of work by the Town's management team – the department heads and administrative staff. I was fortunate to have the benefit of the talent, perspective and skill of Mark Twogood, Assistant Town Manager, and Joseph Bonner, Comptroller. I also want to extend a special word of thanks to my office staff, Joan Murphy, Patricia Tassi and Cheryl Murphy, who spent evenings and weekends assisting in producing this document.

Respectfully submitted,



\_\_\_\_\_  
Town Manager









## FY 2002 BUDGET SUMMARY

REVENUES	FY2001	FY2002	INCREASE	
			\$	%
Regular Levy	35,184,406	36,509,218	1,324,812	3.8%
Chapter 110 W&S Debt	2,937,710	2,786,573	(151,137)	-5.1%
Net Debt Exclusions (after aid)	801,036	1,299,572	498,536	62.2%
Total Levy	38,923,152	40,595,363	1,672,211	4.3%
Local Receipts	5,151,600	5,584,640	433,040	8.4%
State Aid	5,428,682	6,918,459	1,489,777	27.4%
Free Cash	1,174,774	950,000	(224,774)	-19.1%
Other Available Funds	1,296,738	855,875	(440,863)	-34.0%
<b>TOTAL REVENUE</b>	<b>51,974,946</b>	<b>54,904,337</b>	<b>2,929,391</b>	<b>5.6%</b>
Without W&S and Debt Excl.	48,236,200	50,818,192	2,581,991	5.4%
<b>EXPENDITURES</b>				
Municipal	12,394,221	12,721,104	326,883	2.6%
Education	23,239,826	23,633,420	393,594	1.7%
Personnel Benefits	6,009,688	6,662,769	653,081	10.9%
Debt- Net Debt	914,159	787,522	(126,637)	-13.9%
Debt Exclusions (w/o aid offset)	801,036	2,338,349	1,537,313	191.9%
Water & Sewer	2,937,710	2,786,574	(151,136)	-5.1%
Subtotal Debt	4,652,905	5,912,445	1,259,540	27.1%
Rev-Financed CIP	986,750	359,500	(627,250)	-63.6%
Other Undistributed	3,713,764	4,666,858	953,094	25.7%
Non Appropriated Exp.	977,792	948,241	(29,551)	-3.0%
	<b>51,974,946</b>	<b>54,904,337</b>	<b>2,929,391</b>	<b>5.6%</b>

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Town of Winchester

### Budget Summary FY00 Through FY02

	FY01 Budget	FY02 Request	FY02 Manager	Reduction	Increase over FY01
<b>Revenue</b>					
Tax Levy	35,184,406		36,509,218		1,324,812
Chapter 110	2,937,710		2,786,573		(151,137)
Override	801,036		1,299,572		498,536
<b>Total Levy</b>	<b>38,923,152</b>		<b>40,595,363</b>		<b>1,672,211</b>
State Aid	5,428,682		6,918,459		1,489,777
Excise Tax	2,700,000		2,700,000		0
Other Revenue	2,451,600		2,884,640		433,040
Available Funds	2,471,512		1,805,875		(665,637)
<b>Total Revenue</b>	<b>51,974,946</b>		<b>54,904,337</b>		<b>2,929,391</b>
<b>Expenditures</b>					
Municipal	12,394,221	14,880,079	12,721,104	2,158,975	326,883
Education	23,239,826	25,310,067	23,633,420	1,676,647	393,594
Energy	1,385,576	1,842,377	1,842,377	0	456,801
NESWC	1,571,625	1,770,000	1,770,000	0	198,375
Undistributed					
Health Insurance	3,310,459	3,903,813	3,879,813	24,000	569,354
Indemnification	30,000	50,000	50,000	0	20,000
Environmental Remediation Services	0	120,400	120,400	0	120,400
Data Processing	171,162	430,581	330,581	100,000	159,419
Funded Debt	4,652,905	5,912,445	5,912,445	0	1,259,540
Other	3,254,630	3,336,456	3,336,456	0	81,826
Capital - General Revenue	802,750	299,500	299,500	0	(503,250)
Capital - Cemetery Trust	55,000	60,000	60,000	0	5,000
Charges/Assessments	589,366	559,815	559,815	0	(29,551)
Overlay Account	334,476	334,476	334,476	0	0
Stabilization - Capital	129,000	0	0	0	(129,000)
Other	53,950	53,950	53,950	0	0
<b>Total</b>	<b>\$51,974,946</b>	<b>\$58,863,959</b>	<b>\$54,904,337</b>	<b>\$3,959,622</b>	<b>\$2,929,391</b>

**Town of Winchester  
FY2002 Budget Reductions**

	<b>Request</b>	<b>Manager</b>	<b>Change</b>	<b>Reduction</b>
Town Manager	441,949	371,949	70,000 -	Human Resources Director, Public Information Coordinator
Assessors	259,015	210,515	48,500	Requested full-time data collector reduced to .33 FTE Funds to digitize Town parcels, eliminated digital camera and copier.
Collector/Treasurer	216,039	183,039	33,000 -	Create Town and School Finance Department Finance Director and increase in parking hearing officer's hours reduced. Overtime reduced by \$5,000.
Planning & Community Dev.	605,472	502,071	103,401	Reduced Consevation Administrator's increase in hours eliminated Engineering Inspector's position, additional hours for Building Inspector and request for additional 1/2 time clerical position
Town Clerk	250,454	230,055	20,399	Reduced request for 1/2 time clerical position and reduction of funds for document imaging of Town documents.
Library	1,286,102	1,167,000	119,102	Elimination of extra Sunday Hours and Saturday Summer hours. Additional 1/2 time custodial postion. Reduction of book budget and general supplies and materials
Recreation	137,000	77,000	60,000	Additional funds for youth programs, \$50,000 to be carried forward from Town appropriation from prior year.
Archival Center	7,270	600	6,670	Lap top computer, partime archivist and general supplies
Council on Aging	197,509	165,209	32,300	Reduced new Wellness nurse and senior transportation program.
Police	3,164,362	2,958,286	206,076	Reduction of 2 additional patrolmen, reduction of overtime for patrol coverage and specialized training and equipment. Additional temporary dispatch staffing reduced.
Fire	2,893,615	2,688,424	205,191	Reduction of 4 additional firefighters and overtime. Reduction in tuition funds and less frequent departmental physicals.

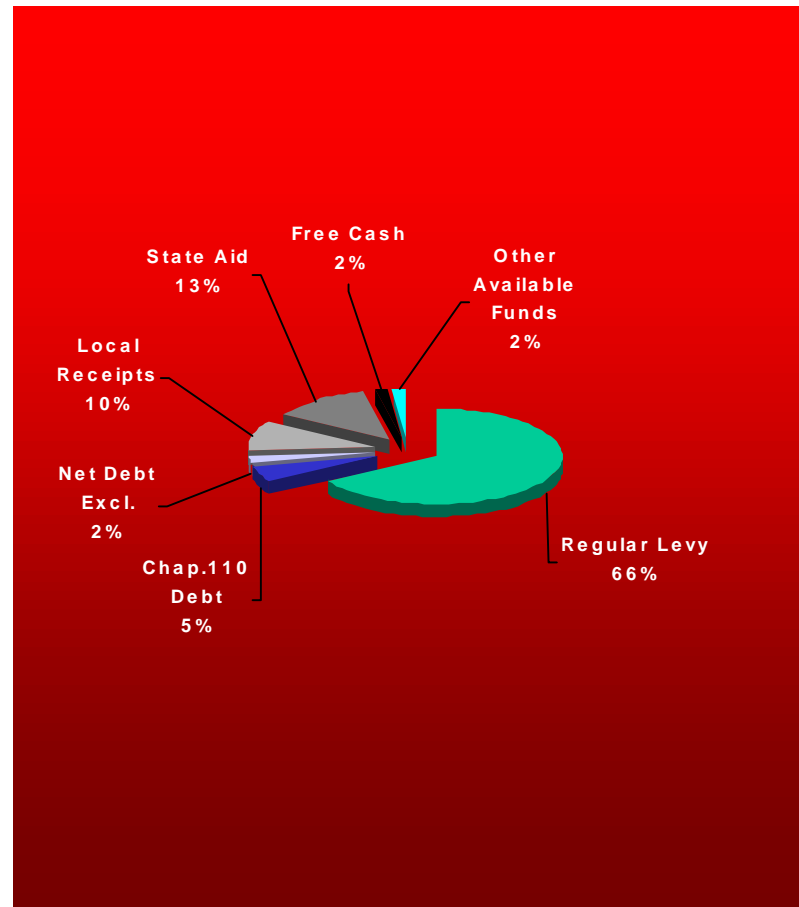
**Town of Winchester  
FY2002 Budget Reductions**

DPW - Maintenance	1,612,359	1,017,195	595,164	Reduced 3 existing positions and 2 new positions, reduction in overtime and temporary help. Reduction of \$250,000 in road and sidewalk improvements. Reduction of professional services for fertilizing of fields, maintenance and renovation of fields. Reduction of hired equipment for street sweeping and increased traffic marking painting, tuition, maintenance of playground equipment. Equipment request reduced: pickup trucks and infield machine
Buildings	1,098,978	714,205	384,773	Reduction of new HVAC Specialist and overtime. Reduction of funds to address plumbing, electrical and HVAC and various building maintenance deficiencies. Current budget appropriation for general maintenance of buildings considerably inadequate for proper maintenance
Garage	365,720	306,970	58,750	Reduction of automotive repair supplies and tires. Tuition and contractual repair funds reduced. Automotive test equipment eliminated.
Transfer Station	371,506	323,706	47,800	Reduction of overtime. Chemicals to control odors at compost site. Reduction of funds for maintenance of compactor. Elimination of funds to improve layout of recycling dropoff area. New containers to increase recycling in public buildings.
Cemetery	425,345	292,040	133,305	Reduced additional hours for secretarial position and overtime. Elimination of 1 full-time laborer and reduction of temporary help. Reduction of sand, gravel loam and agriculture and horticultural. Required signage, water system and professional services funds for Carol Johnson & Associates. Equipment reduced 3 mowers.
Snow & Ice	253,860	219,316	34,544	Reduction in overtime and equipment repairs. Reduction of equipment: plow blades and frames.
<b>Total Municipal Reductions</b>			<b>2,158,975</b>	

# FY 2002 BUDGET SUMMARY

## REVENUES

Regular Levy	\$36,509,218
Chapter 110 W&S Debt	\$ 2,786,573
Net Debt Exclusions (after aid)	\$ 1,299,572
Local Receipts	\$ 5,584,640
State Aid	\$ 6,918,459
Free Cash	\$ 950,000
Other Available Funds	\$ 855,875



## Section 2 - Revenue

**The Town's ability to raise revenue to pay for Town services is dependent upon factors over which the community has limited control. Therefore, in the budget preparation and review process it is important for all involved to understand how Winchester receives its revenue and what changes in the revenue sources do to the ability of the community to fund the Town's various operations. The Town's sources of revenue are as follows:**

Revenue	FY02	Percent
Tax Levy	36,509,218	71.8%
State Aid	6,918,459	13.6%
Motor Excise	2,700,000	5.3%
Other Revenue	2,884,640	5.7%
Free Cash	950,000	1.9%
Sale of Land	50,000	0.1%
Overlay Surplus	175,000	0.3%
Cemetery Trust	145,000	0.3%
NESW Stabilization	410,875	0.8%
Miscellaneous	75,000	0.1%
<b>Sub-total Revenue</b>	<b>50,818,192</b>	<b>100.0%</b>
Chapter 110	2,786,573	
Override	1,299,572	
<b>Total Revenue</b>	<b>54,904,337</b>	

### Revenue assumptions:

- **Levy - Real Estate Taxes** – This projection provides for the maximum allowed under proposition 2½. The levy limit for FY01, \$35,204,115, is increased by 2½% or \$880,103. Additionally, allowable new growth is added to this number. This has been estimated at \$425,000. The levy (before Chapter 110 and proposition 2½ overrides) is \$36,509,218.
- **Levy - Chapter 110** – The Town several years ago adopted Chapter 110, a law that allows a community to transfer water and sewer debt from water & sewer user fees to the real estate taxes. The Town transferred only the residential portion which is approximately 86.45%. This amount is estimated to be \$2,786,573 at this time but will change after the MWRA has issued their budget assessment for FY02.

Bond Issue	Principal	Interest	Total
Cleaning & Lining \$3.8M	229,092	33,084	262,176
I&I MWRA \$377,200	48,913	0	48,913
I&I MWRA \$338,400	32,180	0	32,180
Water Filtration Plant \$6.44M	280,963	199,796	480,759
MWRA Debt	1,464,950	0	1,464,950
Washington St. Main \$850,000	38,470	33,916	72,386
South Reservoir Screen \$92,246	15,950	0	15,950
Water System Improv. \$4.6M	200,564	184,623	385,187
Standpipe Painting \$200,000	17,290	6,782	24,072
<b>Total</b>	<b>2,328,372</b>	<b>458,201</b>	<b>2,786,573</b>

## Section 2 Revenue (continued)

- **Levy – Proposition 2½ Debt Exclusion** – The Town has passed three overrides, one for the McCall Middle School Project - \$17,745,000, Lincoln School Project - \$11,700,000, and immediate school repairs - 1,390,000. All interest and principal payments are outside of the limits of proposition 2½ and amount to \$1,299,572 in FY02. This amount is net State SBAB reimbursement for McCall School of \$1,038,777.
- **State Aid** – The Town expects to receive \$6,918,459 in State Aid in FY02. This is based on the Governor’s budget. This amount includes the State reimbursement for McCall School of \$1,038,777.
- **Automobile Excise Tax** – The budget assumes no increase over the FY01 budget estimate of \$2,700,000. We are assuming that the growth of the economy will level off and fewer new vehicles will be purchased.
- **Other Revenue** – There are eleven categories that make up other revenue. Penalties and Interest, Rentals, Other Departmental, Special Assessments, Fines and Forfeits, Investment Income and Miscellaneous Income have all been level budgeted with FY-01. The following categories were increased: Service Charges-Trash (\$144,000), Fees (\$45,000), Cemetery (\$170,040) and Licenses & Permits (\$70,000). Included in these adjustments were increases in the following fees: building permits, services performed by the Fire Department, municipal lien certificates, street opening permits, parking permits and cemetery fees. The cemetery fee adjustments, that were approved by the Board of Selectmen will allow the Wildwood Cemetery to be self-supporting. The Board of Selectmen, will be holding a public hearing on adjusting the transfer station permit fee and the Commercial Haulers’ disposal fees.

### ➤ Available Funds

- Free Cash** - The use of \$950,000 in free cash.
- Sale of Land** - \$50,000 from the Sale of Land Account to be used towards funding the Capital Budget.
- Overlay Surplus** - \$175,000 – The assessors reviewed the overlay accounts and released the indicated amount into overlay surplus.
- Other** - \$75,000 from the parking meter fund
  
- Cemetery Trust Fund** - \$145,000 from the Cemetery trust fund, \$85,000 to be used toward the Cemetery operating budget, \$60,000 to be used to fund two cemetery capital projects.
  
- Stabilization Fund** - The proposed budget uses \$410,875 from the NESWC Stabilization Fund. This amount is made up of \$160,875 from existing funds and \$250,000 of a \$1 million reimbursement (Winchester’s share) from Massachusetts Technology Park Corporation’s waste to energy renewable Fund Grant Program.

**Section 2 Revenue (continued)**

- **Comparative Revenue Data** - The FACTS Committee as part of their review compiled comparative data from other communities. One comparative analysis that was prepared shows that 87% of Winchester's total revenue is provided by local residents, 3.6% is attributable to Commercial and Industrial tax payers, and 9.4% comes from State Aid. Of the communities surveyed Winchester was second only to Weston in the amount funded by local residents. This data is shown in Table 2-j. Additionally, Table 2-k illustrates how the Commercial/Industrial tax base in Winchester has declined over the past several years.
  
- **Fund Balance History** – An element of the Town's financial position that is carefully reviewed by Moody's Investors Service is fund balance. The following table shows the activity for the last five years.

	06/30/00	06/30/99	06/30/98	06/30/97	06/30/96
Encumbrances & Continuing appropriations	1,587,696	872,790	585,165	718,368	1,033,860
Designated Fund Balance	1,274,774	1,068,245	712,200	960,677	1,207,638
Undesignated Fund Balance	2,654,075	1,657,410	1,506,531	1,702,374	1,699,772
<b>Total Fund Balance</b>	<b>5,516,545</b>	<b>3,598,445</b>	<b>2,703,896</b>	<b>3,381,419</b>	<b>3,941,270</b>

The Town last received a rating from Moody's in July of 1999 when general obligation bonds in the amount of \$9,355,000 were issued. During the course of this review it was pointed out by Moody's that there had been a series of general fund balance draw downs from the period of 1996 to 1999 in the amount of \$343,000. As may be seen in the above analysis, this trend was reversed last year and fund balance increased by almost \$2 Million. This was brought about, in large part, by the fact that actual receipts exceeded estimates by over \$1.6 Million for FY00.

The same review by Moody's pointed out the positive effect that the stabilization fund had on the Town's financial position. At that time the Stabilization fund (NESWC and Capital Stabilization) had a balance of approximately \$760,000. Since that time the stabilization fund has more than doubled, to a balance of approximately \$1,544,000. Although considerable progress has been made in strengthening the Town's financial position since 1998, it is important for all to be continually aware of the importance of maintaining an adequate fund balance.

- **Stabilization Fund** – Although Massachusetts's general laws technically allow for only one Stabilization Fund, Winchester's Town Meeting has, over the last several years, elected to appropriate monies into the Stabilization Fund for two separate purposes, NESWC rate stabilization and Town-wide capital projects. The fund, as of June 30, 2000, has a balance of \$1,543,790. The breakdown is \$911,781 for NESWC and \$632,009 for Capital.

Section 2 Revenue (continued)

➤ **Water & Sewer Revenue & Expenditures**

<b>Revenue</b>	
Rates	3,550,000
State Reimbursement	294,146
<b>Total Revenue</b>	<b>3,844,146</b>
 <b>Expenditures</b>	
Operating Budgets	1,257,977
M.W.R.A. Assessment	1,856,097
Capital Budget	120,000
Debt Service	207,149
Employee Benefits	462,699
Insurance	21,000
General Government	158,005
Administration – DPW	130,077
Maintenance – DPW	44,228
Buildings – DPW	10,250
Pay Raise Article	49,938
<b>Total Expenditures</b>	<b>4,317,420</b>
 <b>Surplus/Deficit</b>	 <b>(473,274)</b>

A rate increase will be required in FY02. The above expenditures are based on the FY01 M.W.R.A. assessment. The M.W.R.A. has indicated that system-wide rates will increase between 5% - 9%.

The Governor’s budget currently includes a reduction in State assistance for M.W.R.A. debt service for capital projects. It is important to point out that any revenue deficit in the Water & Sewer Account impacts negatively on the Town’s general fund position.

The Town has a three-tiered water & sewer rate structure and therefore annual revenue is significantly affected by the amount of rainfall as well as temperatures during the summer period. This revenue variation can be seen in the table below:

**Water & Sewer Revenue History**

	<b>Total Committed</b>	<b>Surplus/Deficit</b>
FY95	\$3,121,530	( 88,470)
FY96	\$3,374,417	274,417
FY97	\$3,000,458	(200,992)
FY98	\$3,432,326	118,226
FY99	\$3,181,558	(142,250)
FY00	\$3,881,624	317,695
FY01	\$3,550,000*	(473,274)

\* estimated

**Section 2 Revenue (continued)**

Current rates are listed below:

<u>Residential</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
0 - 15	.71	.88	1.59
15 - 45	2.62	3.30	5.92
Over 45	4.29	5.39	9.68
 <u>Commercial/Industrial</u>			
0 - 75	3.25	3.93	7.18
Over 75	3.90	4.70	8.60

➤ **The following Revenue Tables are included:**

	<b>Page</b>
Table 2-a Sources of Funds FY00 through FY02	2-6
Table 2-b Revenue FY01 vs FY02	2-7
Table 2-c Levy Limit Calculation	2-8
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Table 2-j Comparison of Sources of Total Town Revenue	2-19
Table 2-k Sources of Tax Revenue	2-20

**Table 2-a Sources of Funds FY00 - FY02**

	FY00 Actual	FY01 Budget	FY02 Projected
<b>Revenue</b>			
<b>Tax Levy</b>	33,771,030	35,184,406	36,509,218
<b>Tax Levy Chapter 110</b>	2,221,669	2,937,710	2,786,573
<b>McCall School - Override</b>	235,200	631,538	580,454
<b>Lincoln School - Override</b>	0	0	585,000
<b>Immediate School - Override</b>		169,498	134,118
<b>State Aid</b>	4,905,888	5,428,682	5,879,682
<b>School Building Assistance</b>			1,038,777
<b>Motor/Boat Excise</b>	2,685,829	2,700,000	2,700,000
<b>Other Revenue *</b>			
Penalties & Interest	312,692	310,000	310,000
Service Charges - Trash	606,468	606,000	750,000
Fees	225,593	225,000	270,000
Rentals	102,895	65,000	65,000
Other Departmental	24,459	25,000	25,000
Cemetery	121,024	102,500	276,540
Licenses & Permits	479,253	480,000	550,000
Special Assessments	10,442	3,100	3,100
Fines & Forfeits	41,479	40,000	40,000
Investment Income	889,374	530,000	530,000
Miscellaneous	333,860	65,000	65,000
<b>Sub-Total Other Revenue</b>	<b>3,147,539</b>	<b>2,451,600</b>	<b>2,884,640</b>
<b>Total Revenue</b>	<b>46,967,155</b>	<b>49,503,434</b>	<b>53,098,462</b>
<b>Available Funds</b>			
Free Cash	968,245	1,174,774	950,000
Sale of Land Account	0	810,000	50,000
Stabilization Fund - NESWC	0	0	410,875
Stabilization Fund - Capital	0	0	0
Overlay Surplus	100,000	225,000	175,000
Account Closeouts/Transfers	153,614	55,838	0
Other	106,482	60,900	75,000
Cemetery Trust Fund	386,500	145,000	145,000
<b>Total Available Funds</b>	<b>1,714,841</b>	<b>2,471,512</b>	<b>1,805,875</b>
<b>Total General Fund</b>	<b>48,681,996</b>	<b>51,974,946</b>	<b>54,904,337</b>
<b>Total Excess (Deficit)</b>	<b>\$ 1,291,776</b>	<b>\$ -</b>	<b>\$ -</b>

## Table 2-b - Revenue Comparison FY01 vs FY02

	FY01 Budget	FY02 Projected	Dollar Change	Percent Change
<b>Revenue</b>				
<b>Tax Levy</b>	35,184,406	36,509,218	1,324,812	3.77%
<b>Tax Levy Chapter 110</b>	2,937,710	2,786,573	(151,137)	-5.14%
<b>McCall School - Override</b>	631,538	580,454	(51,084)	-8.09%
<b>Lincoln School - Override</b>	0	585,000	585,000	
<b>Immediate School - Override</b>	169,498	134,118	(35,380)	-20.87%
<b>State Aid</b>	5,428,682	5,879,682	451,000	8.31%
<b>School Building Assistance</b>	0	1,038,777	1,038,777	
<b>Motor/Boat Excise</b>	2,700,000	2,700,000	0	0.00%
<b>Other Revenue *</b>				
Penalties & Interest	310,000	310,000	0	0.00%
Service Charges - Trash	606,000	750,000	144,000	23.76%
Fees	225,000	270,000	45,000	20.00%
Rentals	65,000	65,000	0	0.00%
Other Departmental	25,000	25,000	0	0.00%
Cemetery	102,500	276,540	174,040	169.80%
Licenses & Permits	480,000	550,000	70,000	14.58%
Special Assessments	3,100	3,100	0	0.00%
Fines & Forfeits	40,000	40,000	0	0.00%
Investment Income	530,000	530,000	0	0.00%
Miscellaneous	65,000	65,000	0	0.00%
<b>Sub-Total Other Revenue</b>	2,451,600	<b>2,884,640</b>	433,040	17.66%
<b>Total Revenue</b>	<b>49,503,434</b>	<b>53,098,462</b>	<b>3,595,028</b>	<b>7.26%</b>
<b>Available Funds</b>				
Free Cash	1,174,774	950,000	(224,774)	-19.13%
Sale of Land Account	810,000	50,000	(760,000)	-93.83%
Stabilization Fund - NESWC	0	410,875	410,875	
Stabilization Fund - Capital	0	0	0	
Overlay Surplus	225,000	175,000	(50,000)	-22.22%
Account Closeouts/Transfers	55,838	0	(55,838)	-100.00%
Other	60,900	75,000	14,100	23.15%
Cemetery Trust Fund	145,000	145,000	0	0.00%
<b>Total Available Funds</b>	<b>2,471,512</b>	<b>1,805,875</b>	<b>(665,637)</b>	<b>-26.93%</b>
<b>Total General Fund</b>	<b>\$ 51,974,946</b>	<b>\$ 54,904,337</b>	<b>\$ 2,929,391</b>	<b>5.64%</b>
Chapter 110 (Minus)	2,937,710	2,786,573	(151,137)	-5.14%
Override (Minus)	801,036	1,299,572	498,536	62.24%
<b>Adjusted General Fund Revenue</b>	<b>\$ 48,236,200</b>	<b>\$ 50,818,192</b>	<b>\$ 2,581,992</b>	<b>5.35%</b>

## Table 2c- Levy Limit Calculation

<b>FY99 Levy Limit</b>			
Levy Limit FY98	31,183,701	Total Value	2,375,759,819
A. Add (A) x 2.5%	779,593	Actual Tax Levy w/o Chap 110	32,465,938
B. Add FY99 New Growth	528,558	Actual Tax Rate w/o Chap. 110	13.67
C. Add FY98 Over-Ride	-	Actual Tax Rate with Chap. 110	14.64
D. FY99 Sub-Total	32,491,852	Tax Rate (prior yr) w/o Chap 110	14.18
E. FY99 full and fair cash limit	59,393,995	Tax Rate (prior yr) with Chap 110	15.22
		New Growth	35,041,184
Chapter 110 Residential Debt	2,158,302	New Growth Value	528,558
Actual Tax Levy	32,465,938		
Total FY99 Levy (Actual)	34,624,240		

<b>FY00 Levy Limit</b>			
Levy Limit FY99	32,491,850	Total Value	2,633,277,519
A. Add (A) x 2.5%	812,296	Actual Tax Levy w/o Chap 110	34,006,230
B. Add FY00 New Growth	483,528	Actual Tax Rate w/o Chap. 110	12.92
C. Add FY00 Over-Ride	235,200	Actual Tax Rate with Chap. 110	13.82
D. FY00 Sub-Total	34,022,874	Tax Rate (prior yr) w/o Chap 110	13.67
E. FY00 full and fair cash limit	65,831,938	Tax Rate (prior yr) with Chap 110	14.64
		New Growth	33,260,866
Chapter 110 Residential Debt	2,221,669	New Growth Value	486,939
Actual Tax Levy w/o 110	34,006,230		
Total FY00 Levy (Actual)	36,227,899		

<b>FY01 Levy Limit</b>			
Levy Limit FY00	33,787,674	Total Value	2,984,897,626
A. Add (A) x 2.5%	844,692	Actual Tax Levy w/o Chap 110	35,985,442
B. Add FY01 New Growth	571,749	Actual Tax Rate w/o Chap. 110	12.06
C. Add FY01 Over-Ride	801,036	Actual Tax Rate with Chap. 110	13.11
D. FY01 Sub-Total	36,005,151	Tax Rate (prior yr) w/o Chap 110	12.92
E. FY01 full and fair cash limit	74,622,441	Tax Rate (prior yr) with Chap 110	13.82
		New Growth	41,690,840
Chapter 110 Residential Debt	2,937,710	New Growth Value	571,749
Actual Tax Levy w/o 110	35,985,442		
Total FY01 Levy	38,923,152		

<b>FY02 Levy Limit</b>			
Levy Limit FY01	35,204,115	Total Value	3,017,315,626
A. Add (A) x 2.5%	880,103	Est. Tax Levy w/o Chap 110	37,808,790
B. Add FY00 New Growth	425,000	Est. Tax Rate w/o Chap. 110	12.53
C. Add FY02 Over-Ride	1,299,572	Est. Tax Rate with Chap. 110	13.52
D. FY02 Sub-Total	37,808,790	Tax Rate (prior yr) w/o Chap 110	12.06
E. FY02 full and fair cash limit	75,432,891	Tax Rate (prior yr) with Chap 110	13.11
		New Growth Estimate	32,418,000
Chapter 110 Residential Debt	2,786,573	New Growth Value	425,000
Est. Tax Levy w/o 110	37,808,790		
Total FY02 Estimated Levy	40,595,363		

**Table 2-d Cherry Sheet Analysis FY00 through FY02**

	FY00 Actual	FY01 Budget	FY02 Manager
<b>A. Education</b>			
<b>Distributions and Reimbursements</b>			
1. Chapter 70	\$ 2,862,010	\$ 3,413,610	\$ 3,691,977
2. MCAS Assistance			\$ 34,043
3. School Transportation Programs	\$ 60,623	\$ 45,145	\$ 45,145
4. School Construction 1948			\$ 1,038,777
5. Retired Teachers' Pensions			
6. Tuition of State Wards	\$ 4,694		
<b>Offset Items - Reserve for Direct Expenditure</b>			
6. Racial Equality			
7. School Lunch	\$ 12,348	\$ 11,456	\$ 11,456
8. Per Pupil Education Aid			
<b>Sub-Total, All Education Items</b>	<b>\$ 2,939,675</b>	<b>\$ 3,470,211</b>	<b>\$ 4,821,398</b>
<b>B. General Government</b>			
<b>Distributions and Reimbursements</b>			
1. Lottery, Beano & Charity Games	\$ 1,166,872	\$ 1,254,678	\$ 1,420,776
2. Additional Assistance	\$ 433,387	\$ 433,387	\$ 433,387
3. Highway Fund Chapter 81	\$ 72,249	\$ 72,249	\$ 72,249
4. Local Share of Racing Taxes			
5. Regional Public Libraries			
6. Police Career Incentives	\$ 122,368	\$ 135,436	\$ 148,980
7. Urban Renewal Projects			
8. Veterans' Benefits			
9. Exemptions: Vets, Blind & Surv. Spouse	\$ 41,816	\$ 20,575	\$ 20,575
10. Exemptions: Elderly Chapter 59	\$ 12,550	\$ 12,550	\$ 12,550
11. Stabilization Fund			
<b>Offset Item - Reserve for Direct Expenditure</b>			
12. Public Libraries Chapter 78	\$ 30,353	\$ 30,287	\$ 30,287
<b>Sub-Total, All General Government</b>	<b>\$ 1,879,595</b>	<b>\$ 1,959,162</b>	<b>\$ 2,138,804</b>
C. Total Estimated Receipts	\$ 4,819,270	\$ 5,429,373	\$ 6,960,202
<b>Total Offsets Reserved Direct Expenditure</b>	<b>\$ 42,701</b>	<b>\$ 41,743</b>	<b>\$ 41,743</b>
<b>Total Receipts Excluding Offset Items</b>	<b>\$ 4,776,569</b>	<b>\$ 5,387,630</b>	<b>\$ 6,918,459</b>

**Table 2-e Free Cash Analysis**

	<b>FY96</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
<b>General Surplus Revenue Beginning Balance</b>	<b>1,942,643</b>	<b>1,383,279</b>	<b>1,534,483</b>	<b>1,599,797</b>	<b>1,725,971</b>
<b>Additions</b>					
Appropriation Reversions (current year)	388,531	348,835	406,348	365,900	262,011
Appropriation Reversions (prior year)	18,384	34,297	37,468	19,375	4,813
Receipts Excess/Deficit	(24,441)	105,670	262,108	499,541	1,291,776
Tax Titles Receipts	196,342	341,169	164,830	114,659	181,406
Misc.	-	124,402	-	223,877	-
Cl. 41A Deferrals	7,764	4,091	19,650	18,094	79,906
Water & Sewer Free Cash Adjustment	-	-	-	-	-
<b>Total Additions</b>	<b>586,580</b>	<b>958,464</b>	<b>890,404</b>	<b>1,241,446</b>	<b>1,819,912</b>
<b>Deductions</b>					
Appropriations from "Free Cash"	-	-	-	-	-
Appropriations for next budget year	949,925	642,586	612,200	968,245	1,049,774
Tax Title Taking	129,528	82,115	111,080	56,519	43,175
Misc.	-	-	13,502	-	-
Cl. 41A Deferrals	66,491	82,559	88,308	90,508	79,195
<b>Total Deductions</b>	<b>1,145,944</b>	<b>807,260</b>	<b>825,090</b>	<b>1,115,272</b>	<b>1,172,144</b>
<b>Net Additions/Deductions</b>	<b>(559,364)</b>	<b>151,204</b>	<b>65,314</b>	<b>126,174</b>	<b>647,768</b>
<b>General Surplus Revenue Ending Balance</b>	<b>1,383,279</b>	<b>1,534,483</b>	<b>1,599,797</b>	<b>1,725,971</b>	<b>2,373,739</b>
<b>Uncollected Property Taxes</b>	<b>740,693</b>	<b>834,253</b>	<b>631,552</b>	<b>615,924</b>	<b>456,045</b>
<b>General Fund Balance or "Free Cash" July 1</b>	<b>642,586</b>	<b>700,230</b>	<b>968,245</b>	<b>1,110,047</b>	<b>1,917,694</b>
<b>Water &amp; Sewer Free Cash July 1</b>	<b>320,603</b>	<b>(88,030)</b>	<b>59,669</b>	<b>(60,273)</b>	<b>280,336</b>
<b>Total Free Cash</b>	<b>963,189</b>	<b>612,200</b>	<b>1,027,914</b>	<b>1,049,774</b>	<b>2,198,030</b>
Department of Revenue Adjustment	-	-	-	-	(789,840)
<b>Certified Free Cash</b>	<b>963,189</b>	<b>612,200</b>	<b>1,027,914</b>	<b>1,049,774</b>	<b>1,408,190</b>

Note: Fall Town Meeting appropriated \$125,000 from Free Cash for the MIS article. Total Free Cash of \$2,198,030 does not reflect this appropriation since it occurred after July 1, 2000.

## Table 2-f Free Cash History

Year	General Fund	Water & Sewer	Total
1-Jul-00	1,917,694	280,336	2,198,030 *
1-Jul-99	1,110,047	-60,273	1,049,774
1-Jul-98	968,245	59,669	1,027,914
1-Jul-97	700,230	-88,030	612,200
1-Jul-96	642,586	320,603	963,189
1-Jul-95	949,925	134,710	1,084,635
1-Jul-94	494,502	327,026	821,528
1-Jul-93	687,893	320,814	1,008,707
1-Jul-92	481,903	185,724	667,627
1-Jul-91	97,034	-21,185	75,849
1-Jul-90	920,606	288,077	1,208,683
1-Jul-89	140,832	183,437	324,269
1-Jul-88	814,660	0	814,660
1-Jul-87	1,328,359	0	1,328,359
1-Jul-86	1,667,916	0	1,667,916
1-Jul-85	1,901,416	0	1,901,416
1-Jul-84	1,391,328	0	1,391,328
1-Jul-83	1,392,456	0	1,392,456
1-Jul-82	2,649,805	0	2,649,805

\* adjusted by Department of Revenue to \$1,408,190



**Table 2-g Summary of Reversions FY96 Through FY00**

	<b>FY96</b>	<b>%</b>	<b>FY97</b>	<b>%</b>	<b>FY98</b>	<b>%</b>	<b>FY99</b>	<b>%</b>	<b>FY00</b>	<b>%</b>
<b>Municipal</b>										
General Government	30,261	7.8%	41,713	12.0%	24,348	6.0%	13,430	3.7%	73,998	28%
Culture/Recreation	4,149	1.1%	8,196	2.3%	1,512	0.4%	15,551	4.3%	14,674	6%
Health/Social Services	15,804	4.1%	4,032	1.2%	9,558	2.4%	11,790	3.2%	7,789	3%
Public Safety	28,370	7.3%	10,019	2.9%	31,394	7.7%	46,107	12.6%	3,353	1%
Public Works	82,258	21.2%	133,118	38.2%	57,718	14.2%	81,747	22.3%	56,550	22%
<b>Total Municipal</b>	<b>160,842</b>	<b>41.4%</b>	<b>197,078</b>	<b>56.5%</b>	<b>124,530</b>	<b>30.6%</b>	<b>168,625</b>	<b>46.1%</b>	<b>156,364</b>	<b>60%</b>
<b>Energy</b>	-	0.0%	-	0.0%	109,614	27.0%	101,347	27.7%	3,992	2%
<b>NESWC</b>	25,963	6.7%	-	0.0%	74,293	18.3%	1	0.0%	4	0%
<b>Education</b>	6,286	1.62%	46,119	13.2%	-	0.0%	8,505	2.3%	3,275	1%
<b>Undistributed</b>	195,440	50.3%	105,638	30.3%	97,911	24.1%	87,422	23.9%	98,376	38%
<b>Total Reversions</b>	<b>388,531</b>	<b>100.0%</b>	<b>348,835</b>	<b>100.0%</b>	<b>406,348</b>	<b>100.0%</b>	<b>365,900</b>	<b>100.0%</b>	<b>262,011</b>	<b>100%</b>

**Table 2-h Revolving Fund Activity**

<b>Fund</b>	<b>Opening Balance 7/1/99</b>	<b>Receipts/ Appropriation</b>	<b>Transferred/ Expended</b>	<b>Ending Balance 6/30/00</b>
Police Details	22,279	492,788	470,514	44,553
School Lunch	71,417	639,766	668,191	42,992
School Transportation	26,095	122,996	92,886	56,205
School Tuition	(1,613)	44,621	11,442	31,566
School Athletics	(7,181)	430,699	416,763	6,755
School Building Rentals	79,719	64,868	110,060	34,527
Transfer & Recycling Center	12,564	28,023	987	39,600
Board of Health Clinics	3,711	5,014	6,248	2,477
Recreation	298,130	913,020	1,161,078	50,072
Recreation (established FY99)	-	84,252	84,252	-
Sewer Connection Fee Account	41,786	89,523	15,395	115,914
<b>Total</b>	<b>546,907</b>	<b>2,915,570</b>	<b>3,037,816</b>	<b>424,661</b>



## Table 2-I Water & Sewer Account History

	FY01	FY02
<b>Revenue</b>		
Rates - Budgeted	3,800,018	3,550,000
Free Cash - Rate Stabilization	0	0
State Reimbursement	294,146	294,146
<b>Total Budgeted Revenue</b>	<b>4,094,164</b>	<b>3,844,146</b>
<b>Actual / Estimated</b>	<b>4,094,164</b>	<b>3,844,146</b>
<b>Revenue - Surplus/(Deficit)</b>	<b>0</b>	<b>-473,274</b>
<b>Budget</b>		
Operating Budget	1,139,785	1,257,977
M.W.R.A. Assessment	1,856,097	1,856,097
Capital	85,000	120,000
Debt Service	230,838	207,149
Employee Benefits	422,813	462,699
Insurance - General	20,000	21,000
General Government	158,365	158,005
Administration - DPW	126,851	130,077
Maintenance - DPW	44,165	44,228
Buildings - DPW	10,250	10,250
Pay Raise Article	0	49,938
<b>Total Budget</b>	<b>4,094,164</b>	<b>4,317,420</b>
<b>Actual Expenditures</b>		
Operating Budget		
M.W.R.A. Assessment		
Capital		
Debt Service		
Employee Benefits		
Insurance - General		
General Government		
Administration - DPW		
Maintenance - DPW		
Buildings - DPW		
<b>Total Actual Expenditures</b>	<b>4,094,164</b>	<b>4,317,420</b>
Reversion (Budget vs Actual)	0	0
Reversion (Prior Year)	0	0
Revenue Surplus/(Deficit)	0	0
Net to Free Cash	0	0
Free Cash Beginning Balance	280,336	280,336
Free Cash Used ( Rate Stabilization)	0	0
Free Cash Transferred to General Fund	0	0
<b>Free Cash Ending Balance</b>	<b>280,336</b>	<b>280,336</b>

## Table 2-I Water & Sewer Account History

	FY98	FY99	FY00
<b>Revenue</b>			
Rates - Budgeted	3,314,100	3,323,808	3,563,929
Free Cash - Rate Stabilization	318,091	0	0
State Reimbursement	0	294,148	294,146
<b>Total Budgeted Revenue</b>	<b>3,632,191</b>	<b>3,617,956</b>	<b>3,858,075</b>
<b>Actual / Estimated</b>	<b>3,750,417</b>	<b>3,475,706</b>	<b>4,175,770</b>
<b>Revenue - Surplus/(Deficit)</b>	<b>118,226</b>	<b>-142,250</b>	<b>317,695</b>
<b>Budget</b>			
Operating Budget	977,773	1,044,381	1,081,301
M.W.R.A. Assessment	1,877,710	1,691,206	1,800,854
Capital	25,000	0	67,000
Debt Service	139,658	141,036	158,501
Employee Benefits	380,895	402,917	400,182
Insurance - General	19,000	19,000	20,000
General Government	100,059	150,500	151,800
Administration - DPW	87,430	112,614	116,522
Maintenance - DPW	27,665	50,969	51,665
Buildings - DPW	10,250	10,250	10,250
<b>Total Budget</b>	<b>3,645,440</b>	<b>3,622,873</b>	<b>3,858,075</b>
<b>Actual Expenditures</b>			
Operating Budget	1,046,299	1,065,932	1,107,248
M.W.R.A. Assessment	1,779,734	1,647,347	1,776,140
Capital	25,000	0	67,000
Debt Service	139,658	141,036	134,819
Employee Benefits	380,895	402,917	400,182
Insurance - General	19,000	19,000	20,000
General Government	100,059	150,500	151,800
Administration - DPW	87,430	112,614	116,522
Maintenance - DPW	27,665	50,969	51,665
Buildings - DPW	10,250	10,250	10,250
<b>Total Actual Expenditures</b>	<b>3,615,990</b>	<b>3,600,565</b>	<b>3,835,626</b>
Reversion (Budget vs Actual)	<b>29,450</b>	<b>22,308</b>	<b>22,449</b>
Reversion (Prior Year)	<b>23</b>	<b>0</b>	<b>465</b>
Revenue Surplus/(Deficit)	<b>118,226</b>	<b>-142,250</b>	<b>317,695</b>
Net to Free Cash	<b>147,699</b>	<b>-119,942</b>	<b>340,609</b>
Free Cash Beginning Balance	<b>-88,030</b>	<b>59,669</b>	<b>-60,273</b>
Free Cash Used ( Rate Stabilization)	<b>0</b>	<b>0</b>	<b>0</b>
Free Cash Transferred to General Fund	<b>0</b>	<b>0</b>	<b>0</b>
<b>Free Cash Ending Balance</b>	<b>59,669</b>	<b>-60,273</b>	<b>280,336</b>

## Table 2-I Water & Sewer Account History

	FY95	FY96	FY97
<b>Revenue</b>			
Rates - Budgeted	3,210,000	3,100,000	3,201,450
Free Cash - Rate Stabilization	23,258	162,821	130,539
State Reimbursement	0	0	0
<b>Total Budgeted Revenue</b>	<b>3,233,258</b>	<b>3,262,821</b>	<b>3,331,989</b>
<b>Actual / Estimated</b>	<b>3,144,788</b>	<b>3,537,238</b>	<b>3,130,997</b>
<b>Revenue - Surplus/(Deficit)</b>	<b>-88,470</b>	<b>274,417</b>	<b>-200,992</b>
<b>Budget</b>			
Operating Budget	791,596	813,753	975,554
M.W.R.A. Assessment	1,803,102	1,681,049	1,625,062
Capital	0	45,000	0
Debt Service	85,346	144,196	144,375
Employee Benefits	328,011	353,251	362,369
Insurance - General	14,000	14,000	19,000
General Government	96,351	91,609	94,914
Administration - DPW	78,867	82,048	86,050
Maintenance - DPW	26,252	27,665	27,665
Buildings - DPW	9,733	10,250	10,250
<b>Total Budget</b>	<b>3,233,258</b>	<b>3,262,821</b>	<b>3,345,239</b>
<b>Actual Expenditures</b>			
Operating Budget	817,595	855,144	939,142
M.W.R.A. Assessment	1,718,890	1,597,864	1,551,024
Capital	0	44,779	0
Debt Service	84,584	144,196	144,375
Employee Benefits	328,011	353,251	362,369
Insurance - General	14,000	14,000	19,000
General Government	96,351	91,609	94,914
Administration - DPW	78,867	82,048	86,050
Maintenance - DPW	26,252	27,665	27,665
Buildings - DPW	9,733	10,250	10,250
<b>Total Actual Expenditures</b>	<b>3,174,283</b>	<b>3,220,806</b>	<b>3,234,789</b>
Reversion (Budget vs Actual)	<b>58,975</b>	<b>42,015</b>	<b>110,450</b>
Reversion (Prior Year)	<b>0</b>	<b>0</b>	<b>0</b>
Revenue Surplus/(Deficit)	<b>-88,470</b>	<b>274,417</b>	<b>-200,992</b>
Net to Free Cash	<b>-29,495</b>	<b>316,432</b>	<b>-90,542</b>
Free Cash Beginning Balance	<b>327,026</b>	<b>134,710</b>	<b>320,603</b>
Free Cash Used ( Rate Stabilization)	<b>162,821</b>	<b>130,539</b>	<b>318,091</b>
Free Cash Transferred to General Fund	<b>0</b>	<b>0</b>	<b>0</b>
<b>Free Cash Ending Balance</b>	<b>134,710</b>	<b>320,603</b>	<b>-88,030</b>

## Table 2-I Water & Sewer Account History

	FY89	FY90	FY91
<b>Revenue</b>			
Rates - Budgeted	2,847,000	3,248,853	3,356,621
Free Cash - Rate Stabilization	0	0	128,900
State Reimbursement	0	0	0
<b>Total Budgeted Revenue</b>	<b>2,847,000</b>	<b>3,248,853</b>	<b>3,485,521</b>
<b>Actual / Estimated</b>	<b>2,983,027</b>	<b>3,307,301</b>	<b>3,209,926</b>
<b>Revenue - Surplus/(Deficit)</b>	<b>136,027</b>	<b>58,448</b>	<b>-275,595</b>
<b>Budget</b>			
Operating Budget	711,292	765,021	737,137
M.W.R.A. Assessment	1,210,865	1,813,000	1,720,000
Capital	269,200	49,200	0
Debt Service	42,167	187,710	543,047
Employee Benefits	245,599	259,880	272,860
Insurance - General	16,320	16,320	17,900
General Government	40,965	58,700	57,530
Administration - DPW	52,337	60,032	63,987
Maintenance - DPW	27,750	28,990	28,990
Buildings - DPW	10,000	10,000	10,000
<b>Total Budget</b>	<b>2,626,495</b>	<b>3,248,853</b>	<b>3,451,451</b>
<b>Actual Expenditures</b>			
Operating Budget	729,364	819,196	659,736
M.W.R.A. Assessment	1,136,278	1,576,053	1,593,968
Capital	269,200	49,200	0
Debt Service	42,167	187,710	543,047
Employee Benefits	250,722	263,380	272,860
Insurance - General	16,320	16,320	9,841
General Government	44,947	62,880	54,118
Administration - DPW	52,337	60,032	64,894
Maintenance - DPW	27,750	28,990	15,814
Buildings - DPW	10,000	10,000	7,315
<b>Total Actual Expenditures</b>	<b>2,579,085</b>	<b>3,073,761</b>	<b>3,221,593</b>
Reversion (Budget vs Actual)	<b>47,410</b>	<b>175,092</b>	<b>229,858</b>
Reversion (Prior Year)	0	0	24,851
Revenue Surplus/(Deficit)	<b>136,027</b>	<b>58,448</b>	<b>-275,595</b>
Net to Free Cash	<b>183,437</b>	<b>233,540</b>	<b>-20,886</b>
Free Cash Beginning Balance	0	<b>183,437</b>	<b>288,077</b>
Free Cash Used ( Rate Stabilization)	0	<b>128,900</b>	<b>288,376</b>
Free Cash Transferred to General Fund	0	0	0
<b>Free Cash Ending Balance</b>	<b>183,437</b>	<b>288,077</b>	<b>-21,185</b>

**Table 2-j Comparison of Sources of Total Town Revenue**

	<u>% Commercial and Industrial</u>	<u>% State Aid</u>	<u>TOTAL % from C/I &amp; State</u>	<u>Remaining Percent, Shouldered by Local Residents</u>
Weston	2.9%	6.5%	9.4%	90.6%
<b>Winchester</b>	<b>3.6%</b>	<b>9.4%</b>	<b>13.0%</b>	<b>87.0%</b>
Wayland	3.2%	10.7%	13.9%	86.1%
Belmont	3.1%	11.2%	14.3%	85.7%
Cohasset	4.3%	11.4%	15.7%	84.3%
Acton	9.4%	7.8%	17.2%	82.8%
Concord	8.1%	9.3%	17.4%	82.6%
Wellesley	8.7%	9.7%	18.4%	81.6%
Newton	12.0%	8.4%	20.4%	79.6%
Needham	13.6%	9.1%	22.7%	77.3%
Reading	4.1%	19.0%	23.1%	76.9%
Lexington	14.1%	9.0%	23.1%	76.9%
Arlington	4.2%	19.0%	23.2%	76.8%
Stoneham	7.5%	16.2%	23.7%	76.3%
N. Reading	8.9%	15.6%	24.5%	75.5%
N. Andover	10.9%	14.7%	25.6%	74.4%
Melrose	4.2%	23.0%	27.2%	72.8%
Andover	18.6%	10.2%	28.8%	71.2%
Bedford	28.5%	8.5%	37.0%	63.0%
Medford	12.2%	25.8%	38.0%	62.0%
Woburn	27.6%	15.2%	42.8%	57.2%
Wilmington	33.7%	13.8%	47.5%	52.5%
Burlington	41.5%	10.5%	52.0%	48.0%
<b>AVERAGE</b>	<b>12.4%</b>	<b>12.8%</b>	<b>25.2%</b>	<b>74.8%</b>

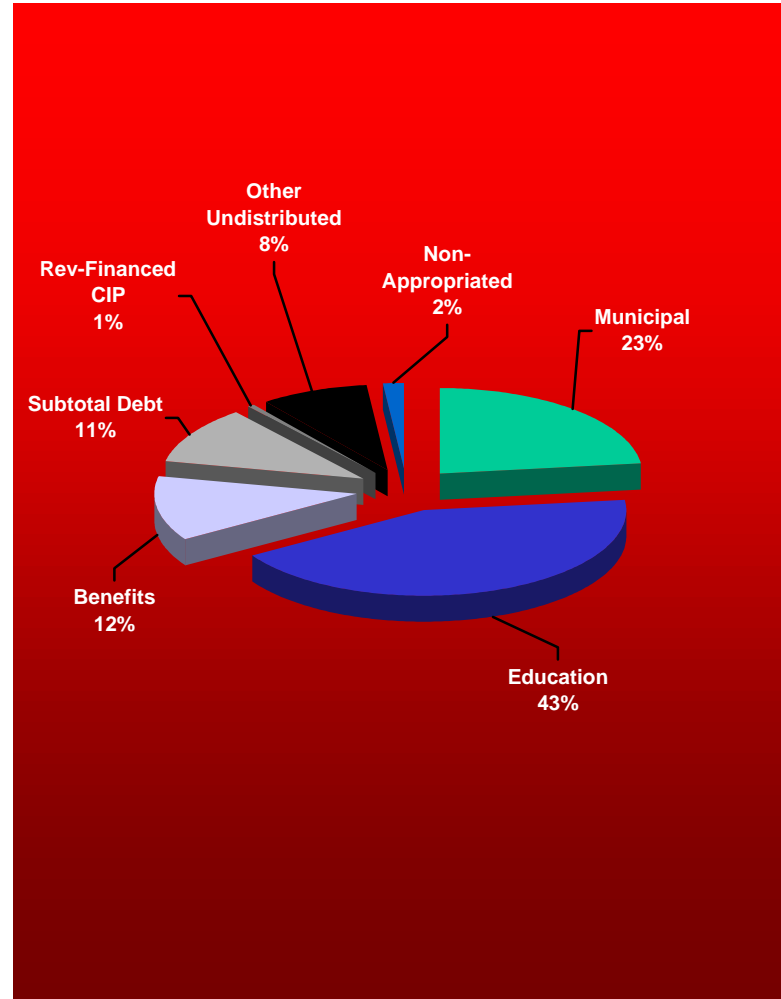
**Table 2-k Sources of Tax Revenue**

	<b>Residential Revenue</b>	<b>Comm/Ind Revenue</b>	<b>Residential Percent</b>	<b>Comm/Ind Percent</b>
1983	\$15,319,941	\$2,281,418	87.04%	12.96%
1988	\$20,085,682	\$1,754,271	91.97%	8.03%
1993	\$24,002,762	\$2,277,419	91.33%	8.67%
1998	\$29,105,996	\$2,064,094	93.38%	6.62%
2000	\$31,651,975	\$1,981,862	94.11%	5.89%
2001	\$33,586,587	\$2,203,205	93.84%	6.16%

# FY 2002 BUDGET SUMMARY

## EXPENDITURES

Municipal	\$12,721,104
Education	\$23,633,420
Personnel Benefits	\$ 6,662,769
Subtotal Debt	\$ 5,912,445
Rev-Financed CIP	\$ 359,500
Other Undistributed	\$ 4,666,858
Non-Appropriated Exp.	\$ 948,241





### Section Three -- EXPENDITURES

The budget is based upon the following major components:

➤ **Municipal - \$12,721,104**

➤ **Education - \$23,633,420**

These amounts include any pay raises for FY02.

➤ **ENERGY - \$1,842,377**

➤

**This budget has been prepared in accordance with the standards of the Energy budget in prior years, based on the average consumption.**

• Electricity	\$1,055,230
• Natural Gas	125,166
• Fuel	544,855
• Gasoline	78,804
• Diesel	38,222

➤ **NESWC - \$1,770,000**

This budget is based upon Winchester's contractual obligation to deliver 12,375 tons of trash to the North Andover facility owned by Wheelabrator at a cost of \$140 per ton. Additionally, the budget provides for an additional 600 tons above the GAT. This is due to the fact that actual tonnage is higher than the GAT.

The Town Meeting in 1996 established a Stabilization Fund for NESWC to offset anticipated increases for trash disposal to \$200 per ton by the year 2005, the last year of the agreement with Wheelabrator. During the period FY-97 through FY00, \$200,000 was appropriated annually into the N.E.S.W.C. Stabilization account. The revenue to establish this fund came from a Transfer Station fee increase.

➤ **UNDISTRIBUTED - \$13,629,695**

The Undistributed budget including Funded Debt, Health Insurance, Legal, Workers' Compensation, and Contributory Retirement, etc. These items are fixed, and the Town is required to pay these amounts.

<u>Account</u>	<u>Budget</u>
Audit	42,500
Data Processing	330,581
Legal	160,000
Funded Debt General Fund	493,007
Funded Debt MWRA	1,464,950
Funded Debt Chapter 110 Other	863,423
Funded Debt Override	69,500
Interest on Funded Debt General Fund	294,515
Interest Chapter 110	458,201
Override	2,268,849

Tax Abatement Interest 1,000

Contributory Retirement	1,948,864
Workers Compensation	245,000
Unemployment	25,000
Health Insurance	3,879,813
Medicare/Tax Refunds	291,967
FICA Tax	132,125
Non-contributory Retirement	90,000
Indemnification	50,000
Reserve Fund	250,000
General Insurance	150,000
Environmental Remediation	120,400
<b>Total Undistributed</b>	<b>13,629,695</b>

➤ **CAPITAL IMPROVEMENTS General Fund - \$299,500**

The Capital Planning Committee has prepared its recommendation for FY-02. It is noted that requests significantly exceed the recommendation. A copy of the Capital Planning Committee's report is included in this budget document.

➤ **Capital Improvements Cemetery - \$60,000**

The Capital Planning Committee has recommended that three Cemetery projects be funded in FY01 from Cemetery Trust Funds. These projects are as follows: 1) Improvements to Cemetery Building 40,000 2) New Vehicle

➤ **Charges & Assessments - \$559,815**

These are assessments made by the State on the annual cherry sheet. FY02 budget is based on the Governor's Budget.

➤ **Overlay Account - \$334,476**

These are funds provided to the Board of Assessors for abatements and exemptions granted on Real Estate and Personal Property Taxes.

➤ **Other - \$53,950**

This is the required payment for the Charles George landfill case. The last payment is in FY03.





**Table 3-a FY2002 Budget Allocated by Municipal / Education / Water & Sewer**

	<b>Municipal</b>	<b>Education</b>	<b>General Fund</b>	<b>Water &amp; Sewer</b>	<b>Total</b>		
General Government	\$1,518,336	\$287,059	\$1,805,395	\$158,005	\$1,963,400		
Culture/Recreation	\$1,244,600	\$0	\$1,244,600	\$0	\$1,244,600		
Health/Social Services	\$342,817	\$3,000	\$345,817	\$0	\$345,817		
Public Safety	\$5,474,051	\$183,003	\$5,657,054	\$0	\$5,657,054		
Public Works	\$2,384,371	\$657,717	\$3,042,088	\$184,555	\$3,226,643		
Pay Raises	\$626,150	\$0	\$626,150	\$49,938	\$676,088		
Water & Sewer Operations	\$0	\$0	\$0	\$1,257,977	\$1,257,977		
MWRA Assessment	\$0	\$0	\$0	\$1,856,097	\$1,856,097		
Education	\$0	\$23,558,420	\$23,558,420	\$0	\$23,558,420		
Vocational School	\$0	\$75,000	\$75,000	\$0	\$75,000		
Energy	\$571,596	\$1,270,781	\$1,842,377	\$0	\$1,842,377		
NESWC	\$1,740,000	\$30,000	\$1,770,000	\$0	\$1,770,000		
Undistributed	\$7,486,431	\$6,143,264	\$13,629,695	\$690,848	\$14,320,543		
Capital	\$234,500	\$65,000	\$299,500	\$120,000	\$419,500		
Capital - Cemetery	\$60,000	\$0	\$60,000	\$0	\$60,000		
<b>Sub-Total Expenditures</b>	<b>\$21,682,852</b>	<b>40.2%</b>	<b>\$32,273,244</b>	<b>59.8%</b>	<b>\$53,956,096</b>	<b>\$4,317,420</b>	<b>\$58,273,516</b>
Court Judgements	\$53,950	\$0	\$53,950	\$0	\$53,950		
Overlay Account	\$334,476	\$0	\$334,476	\$0	\$334,476		
Charges & Assessments	\$559,815	\$0	\$559,815	\$0	\$559,815		
<b>Non-appropriated Items</b>	<b>\$948,241</b>	<b>\$0</b>	<b>\$948,241</b>	<b>\$0</b>	<b>\$948,241</b>		

