

Town of Westford



January 19, 2012 Revenue Overview

Summary:

Pre 1981, municipal budgets in Massachusetts were driven by expenditures. Local communities could raise taxes to the extent that the local authority appropriated. Then in 1982, Proposition 2 ½ (M.G.L. Ch. 59 ~ 21C) was enacted limiting the increase to the tax levy to 2.5%. Since that time, municipal budgets have been shaped by revenue limitations. There are six major revenue components that Westford uses to fund its annual operating budget; Property taxes, State Aid, Local Revenue, Enterprise Revenue, Other Available Funds, and Free Cash. Below is a brief analysis that displays the trends in revenue from Fiscal Year 2010 to Fiscal Year 2013.

Revenue Source	FY2010 Actual	FY2011 Actual	FY2012 Budget	FY2012 YTD (12-31-2011)	FY2013 Projected	Budget Increase \$\$	Budget Increase %
Property Taxes*	55,927,681	57,247,755	59,474,751	28,773,478	61,624,357	2,149,606	3.61%
Local Revenue	6,972,081	7,392,556	6,827,657	2,423,377	6,966,626	138,969	2.04%
State Aid	19,921,960	20,371,315	19,412,429	10,614,861	19,542,399	129,970	0.67%
Approp. From Free Cash**	57	523,000	285,000	285,000	-	(285,000)	-100.00%
Free Cash Applied**	2,053,913	1,788,878	1,935,539	1,935,539	3,165,577	1,230,038	63.55%
Total General Fund	84,875,692	87,323,502	87,935,376	44,032,255	91,298,959	3,363,584	3.83%
Enterprise Revenue	5,208,691	5,869,580	5,541,028	3,136,078	5,547,444	6,416	0.12%
Other Available Funds**	4,310,102	3,844,406	3,191,895	3,191,895	1,289,513	(1,902,381)	-59.60%
Total Revenue	94,394,486	97,037,488	96,668,298	50,360,227	98,135,917	1,467,618	1.52%

* These figures represent the levy limit, not the actual amount collected.

**Amounts included are as appropriated at Town Meeting.

Town of Westford, MA

Overall Summary

DETAILED REVENUE SUMMARY

FY13 vs FY12

General Fund	FY2010 Actual	FY2011 Actual	FY2012 Budget	FY2013 Projected	Budget Increase \$\$	Budget Increase %
Property Taxes*	\$55,927,681	\$57,247,755	\$59,474,751	\$61,624,357	\$2,149,606	3.61%
Local Revenue	\$6,972,082	\$7,392,556	\$6,827,657	\$6,966,626	\$138,970	2.04%
Motor Vehicle Excise	\$2,703,725	\$2,692,125	\$2,789,549	\$2,859,287	\$69,739	2.50%
Other Excise (Local Options)	\$346,885	\$372,024	\$560,000	\$574,000	\$14,000	2.50%
Penalties & Interest	\$145,893	\$157,159	\$160,000	\$164,000	\$4,000	2.50%
Payments in Lieu of Taxes	\$41,376	\$47,504	\$47,000	\$48,175	\$1,175	2.50%
Fees	\$409,821	\$391,324	\$400,000	\$410,000	\$10,000	2.50%
Dept. Revenue - Cemeteries	\$27,425	\$26,245	\$26,000	\$26,650	\$650	2.50%
Other Dept. Revenue	\$15,932	\$33,879	\$35,000	\$35,875	\$875	2.50%
Licenses and Permits	\$854,596	\$992,256	\$965,000	\$989,125	\$24,125	2.50%
Special Assessments	\$9,190	\$41,172	\$39,225	\$40,206	\$981	2.50%
Fines and Forfeits	\$23,937	\$23,496	\$24,000	\$24,600	\$600	2.50%
Investment Income	\$79,248	\$62,159	\$65,000	\$66,625	\$1,625	2.50%
Miscellaneous Recurring	\$1,809,563	\$1,832,447	\$1,716,883	\$1,728,083	\$11,200	0.65%
Miscellaneous Non-Recurring	\$504,491	\$720,766	\$0			
State Aid	\$19,921,960	\$20,371,315	\$19,412,429	\$19,542,399	\$129,970	0.67%
General Government Aid	\$1,965,404	\$1,859,559	\$1,680,600	\$1,810,570	\$129,970	7.73%
School Aid	\$15,317,915	\$15,776,704	\$15,861,400	\$15,861,400	\$0	0.00%
School Construction Aid	\$2,494,007	\$2,494,010	\$1,557,026	\$1,557,026	\$0	0.00%
Tax Abatement Aid	\$32,630	\$74,611	\$78,004	\$78,004	\$0	0.00%
Offset Aid	\$112,004	\$166,431	\$235,399	\$235,399	\$0	0.00%
Approp. From Free Cash**	\$57	\$523,000	\$285,000	\$0	(\$285,000)	-100.00%
Free Cash Applied**	\$2,053,913	\$1,788,878	\$1,935,539	\$3,165,577	\$1,230,038	63.55%
TOTAL GENERAL FUND REVENUE	\$84,875,693	\$87,323,503	\$87,935,376	\$91,298,959	\$3,363,584	3.83%
Enterprise Revenue/Free Cash	\$5,208,691	\$5,869,580	\$5,541,028	\$5,547,444	\$6,416	0.12%
Water Enterprise	\$3,641,300	\$4,383,454	\$3,726,962	\$3,968,061	\$241,099	6.47%
Recreation Enterprise	\$986,053	\$984,368	\$1,119,631	\$985,000	(\$134,631)	-12.02%
Ambulance Enterprise	\$581,339	\$501,758	\$694,435	\$594,383	(\$100,052)	-14.41%
Other Available Funds**	\$4,310,102	\$3,844,406	\$3,191,895	\$1,289,513	(\$1,902,382)	-59.60%
Premium on BANS/Bonds Non-Exempt	\$2,782	\$2,512	\$1,949	\$1,331	(\$618)	-31.70%
Premium on BANS/Bonds Exempt	\$76,179	\$65,644	\$53,755	\$42,801	(\$10,954)	-20.38%
Fund Balance Designated for Debt Exclusion Reduction	\$473,725	\$47,311	\$0	\$0	\$0	
Capital Stabilization Fund	\$130,000	\$13,000	\$767,704	\$0	(\$767,704)	-100.00%
Overlay Surplus	\$303,515	\$122,600	\$0	\$0	\$0	
Community Preservation Funds	\$2,647,379	\$2,393,531	\$2,032,921	\$891,266	(\$1,141,655)	-56.16%
Other Available Funds	\$676,523	\$1,199,808	\$335,566	\$354,115	\$18,549	5.53%
TOTAL ENTERPRISE / OTHER AVAILABLE FUNDS	\$9,518,793	\$9,713,985	\$8,732,923	\$6,836,957	(\$1,895,966)	-21.71%
TOTAL REVENUES / AVAL. FUNDS	\$94,394,486	\$97,037,488	\$96,668,298	\$98,135,917	\$1,467,618	1.52%

PROPERTY TAX

Property Tax is the primary source of revenue for the Town of Westford, which accounts for approximately 68% of general fund revenue. Property taxes are levied on real property (land and buildings) and personal property (equipment). State law mandates that communities update their property values every three years. A town-wide revaluation was most recently completed in Fiscal Year 2011. The next scheduled revaluation is for Fiscal Year 2014.

Due to Proposition 2 ½, the levy limit for property taxes cannot exceed 2.5%. This amount does not include “New Growth” that are additional taxes added from new properties, or debt exclusions. Debt exclusion dollars are raised to pay for debt service that voters have previously authorized. Below is the calculation for the FY13 projected levy limit:

FY12 LEVY LIMIT	\$55,520,678
PROP. 2 ½ INCREASE	1,388,017
NEW GROWTH ESTIMATE	900,000
DEBT EXCLUSIONS	<u>3,815,662</u>
TOTAL FY13 TAX LEVY	<u>\$61,624,357</u>

Below is a table showing the tax levy calculation from Fiscal Years 2009 to 2012

TAX REVENUE:	FY2009 TAX LEVY	FY2010 TAX LEVY	FY2011 TAX LEVY	FY2012 BUDGET
Prior Year Base Tax Levy	46,769,872.00	49,131,386.00	50,891,093.00	53,198,056.00
Prop. 2 1/2 Increase	1,169,247.00	1,228,285.00	1,272,731.00	1,329,956.00
New Growth	1,192,267.00	531,414.00	1,034,232.00	992,666.00
Overrides	-	-	-	-
Debt Exclusions	5,153,246.00	5,048,850.00	4,081,073.00	3,968,758.00
Excess Levy Capacity	(1,826.59)	(12,261.66)	(31,375.89)	(14,685.03)
Total Property Tax Levy	54,282,805.41	55,927,681.34	57,247,754.11	59,474,750.97

LOCAL REVENUE

The below summary reflects the information submitted on page 3 of the recap.

Motor Vehicle Excise – Payments are due in 30 days after bills are sent out. Collections will begin in mid to late March.

Local Option Taxes – An additional .75% meals tax and 2% hotel tax were approved at the March 26, 2011 Annual Town Meeting and instituted on July 1, 2011.

Penalties & Interest – Fees collected on late property tax and motor vehicle excise payments.

Payments in Lieu of Taxes – Revenue collected from tax exempt properties, with MIT being the largest contributor.

Fees – The largest contributors include: Demand Fees, Registry of Motor Vehicle Fees, Municipal Lien Certificates, Planning Board Fees, Police Detail Admin Fees, Fire Alarm Monitoring Fees, and Board of Health Fees.

Dept. Revenue – Cemeteries – Grave openings.

Other Dept. Revenue – The largest contributor in FY11 was the sale of permitting software (\$26,734)

Licenses & Permits – Building permits make up 57.39% of the budget, so licenses and permits are heavily dependent upon new growth.

Special Assessments – Street and sidewalk betterments. Pond Rd. was the largest contributor in FY11.

Fines and Forfeits – Health and smoking, civil substance possession, parking violations, court fines, and animal fines.

Investment Income – Steadily declining with interest rates over the years. The Town received \$62,159 in FY11, which is down from \$622,862 in FY08.

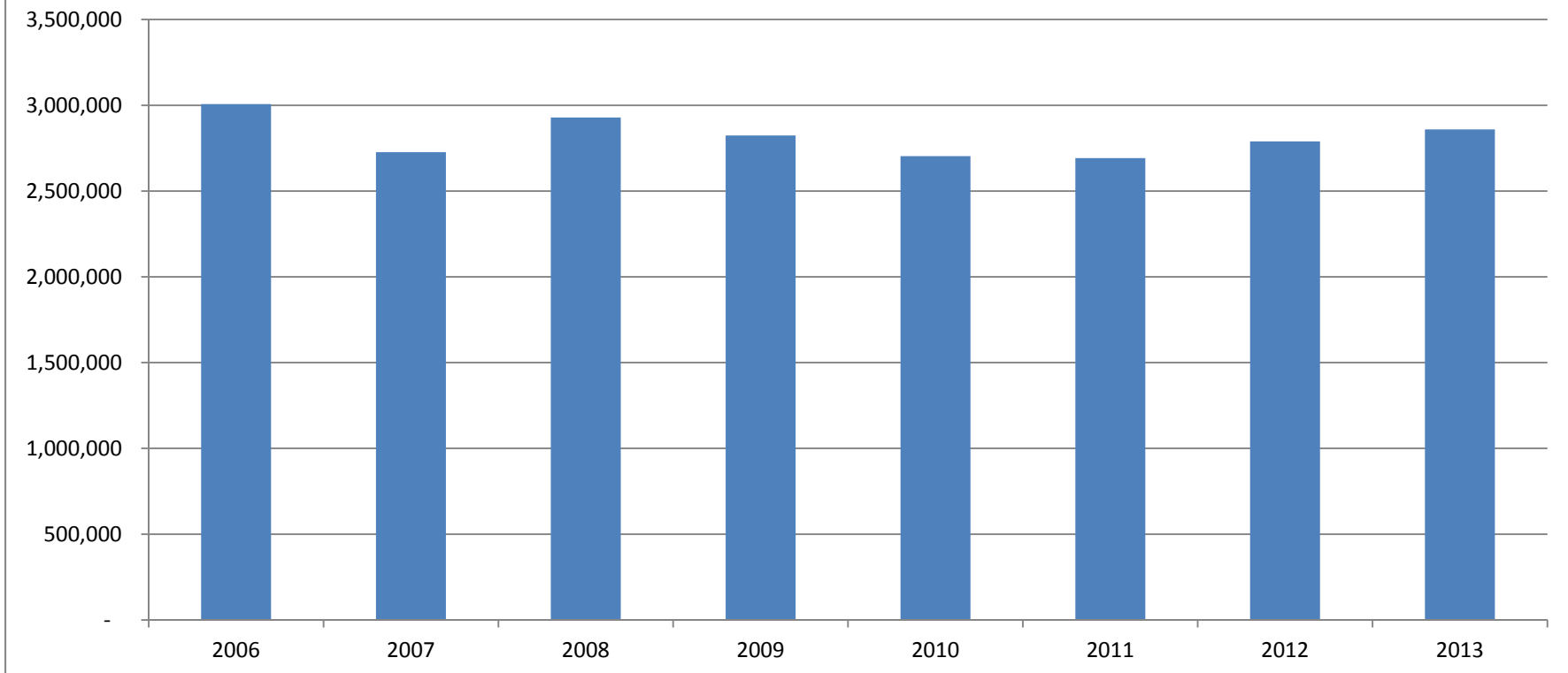
Miscellaneous Recurring – Mass School Building Authority's advanced refunding for Stony Brook, Rita Miller, and Crisafulli schools. Lump sum payment from the MSBA held in a separate account and a portion of principal and interest (earning 4+%) are transferred to the general fund each year.

Miscellaneous Non-Recurring – Sale of tax possession properties, sales of equipment, settlement proceeds, retiree drug subsidy and FEMA/MEMA reimbursements.

Motor Vehicle Excise – Excise tax commitments are billed based on calendar year and come from the Registry of Motor Vehicles in batches. The first commitment for calendar year 2012 will be billed in February.

Fiscal Year	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 YTD Actual – 12-31-11	2013 Budget
MV Excise	3,006,704	2,726,951	2,928,677	2,823,987	2,703,682	2,692,125	2,789,549	369,290	2,859,287

Motor Vehicle Excise Tax - FY06 to FY13



Local Options Excise – As of December 31, 2011, Westford has received Hotel excise of \$282,838 and Meals excise of \$120,317 for a total of \$403,155. The budget for local options in FY12 is \$560,000. It looks as if the Town will surpass its original estimate by the third quarter. As new growth continues to increase along route 110, particularly with the new restaurants being added to the Cornerstone Square development, the meals tax should continue to increase as well. Below is a table showing the history of hotel occupancy revenue since Fiscal Year 2006.

Hotel	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
Q1	79,905	73,857	79,400	108,560	93,290	98,723		122,545	
Q2	82,814	82,061	97,470	109,925	99,469	110,037		160,293	
Q3	64,415	61,992	76,775	73,528	72,660	74,756		TBD	
Q4	58,275	64,184	75,718	84,467	81,446	88,508		TBD	
Meals									
Q1								31,540	
Q2								88,777	
Q3								TBD	
Q4								TBD	
Total	285,409	282,094	329,363	376,480	346,865	372,024	560,000	403,155	574,000

Penalties & Interest – Mass General Law allows Collectors to assess penalties and interest to unpaid balances. Westford charges interest on all unpaid tax bills starting on the day after the due date according to provisions found in MGL Chapters 59 and 60. Interest is intended to be penal in nature. The rates are as follows:

Real Estate and Personal Property Tax - 14%
 Motor Vehicle Excise Tax 12%
 Tax Title 16%

In addition to interest, demand fees are also added to delinquent tax bill notices. MGL Ch. 60, Sec 15 allows communities to charge up to \$30 for a demand fee. Westford has set the demand fee at \$10.00. There are various other fees and charges provided by law according to type of tax and stage of collection. Most common are the fees associated with unpaid excise tax bills. If allowed to go all the way through every stage of collection the added fees can total as much as \$69.00. The budgetary benefit of fees collected is relatively minor. The fees do however motivate tax payers to make their payments timely and that helps to keep Westford fiscally sound.

Penalties & Interest – Fiscal Year 2006 to Fiscal Year 2013								
2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
130,679	128,797	128,285	117,159	145,875	157,159	160,000	56,315	164,000

Payments in Lieu of Taxes – The revenue received from PILOTS are from agreements that the Board of Selectmen have entered into with non-profits in Westford. The largest contributor on an annual basis is MIT.

Payments in Lieu of Taxes – Fiscal Year 2006 to Fiscal Year 2013								
2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
40,553	41,537	42,424	51,622	41,376	47,504	47,000	11,288	48,175

Fees – The table below shows a brief history of different types of fees charged by the Town of Westford. The Town generally collects over \$100,000 in demand and registry of motor vehicle fees for late payments. The price of municipal lien certificates increased in FY11 resulting in over a 100% increase in revenue. Passports are no longer offered by the Town Clerk as of May 2011. Police administration fees are dependent upon the amount of utility work and new growth performed in town. Other fees generally include copy fees, returned check fees, and other small amounts charged by departments.

Department	Description	FY10 Revenue	FY11 Revenue	FY12 Budget	FY12 YTD	FY13 Projected
Tax Collector	ADD'TL FEES TAX TAKING	8,257.73	4,808.48	5,200.00	85.00	
Tax Collector	DEMAND FEES	59,085.00	46,395.41	50,000.00	18,250.00	
Tax Collector	REG MOTOR VEHICLE FEES	61,975.00	51,557.50	62,000.00	33,502.50	
BOS	CABLE FRANCHISE FEE	3,357.50	3,429.50	3,500.00	-	
Tax Collector	MUNICIPAL LIEN CERTIFICATE FEE	23,477.00	54,103.00	55,000.00	27,000.00	
Town Clerk	LATE FEES	2,315.00	6,345.00	6,000.00	575.00	
Town Clerk	BUSINESS CERTIFICATES	5,070.00	4,520.00	5,000.00	1,290.00	
Town Clerk	PASSPORT FEES	7,950.00	4,575.00	-	-	
Town Clerk	BIRTH CERTIFICATES	4,120.00	3,450.00	3,500.00	1,610.00	
Town Clerk	DEATH CERTIFICATES	6,130.00	7,370.00	7,400.00	3,490.00	
Town Clerk	BULK CURBSIDE PICKUP	12,995.00	20,141.00	13,000.00	9,755.00	
Planning Board	DEPARTMENTAL FEES	74,851.79	29,455.88	30,000.00	18,425.00	
ZBA	DEPARTMENTAL FEES	8,350.00	7,400.00	7,500.00	9,000.00	
Police	INSURANCE REPORT FEES	4,013.00	3,539.70	3,500.00	1,122.00	
Police	DETAIL ADMINISTRATION FEES	47,833.96	44,319.49	50,050.00	15,162.44	
Fire	ALARM MONITORING FEES	31,400.00	30,400.00	32,000.00	30,200.00	
Board of Health	DEPARTMENTAL/OTHER FEES	24,412.81	46,720.96	48,000.00	1,005.78	*
Town Wide	DEPARTMENTAL/OTHER FEES	24,227.00	22,793.21	18,350.00	14,907.65	
	Total	409,820.79	391,324.13	400,000.00	185,380.37	410,000.00

*Flu vaccine reimbursements have been deposited to the BOH General Fund Department Fee line item for the Board of Health. In FY12, a new account is being set up to more accurately portray the source of revenue in the general fund.

Departmental Revenue - Cemeteries – The cost of grave openings recently increased on January 1, 2012 from \$600 to \$800. The cost for purchasing a grave also increased to \$800. Of the \$800 for purchasing a lot, 60% goes to perpetual care non-expendable trust and 40% goes to the cemetery “sale of the lots” receipts reserved account. Below is a table displaying the fees charge for grave opening beginning in Fiscal Year 2006.

Departmental Revenue - Cemeteries – Fiscal Year 2006 to Fiscal Year 2013

2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
14,450	13,050	18,400	20,550	27,425	26,245	26,000	17,525	26,650

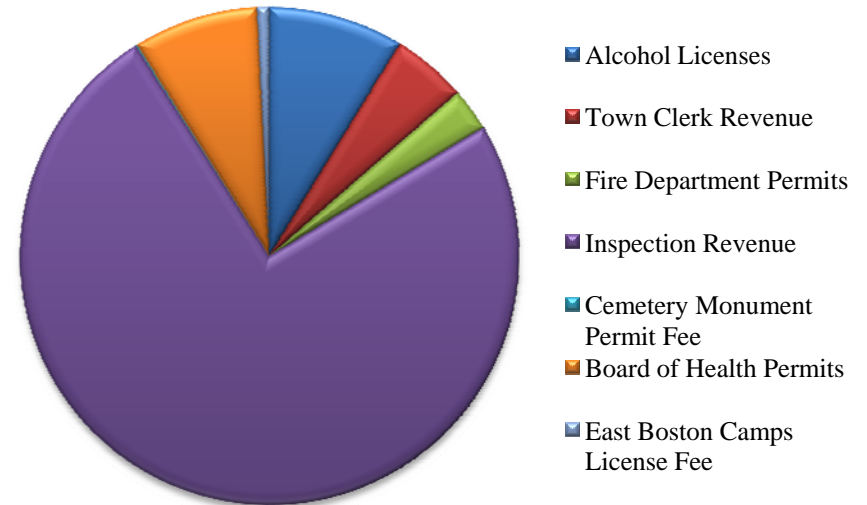
Other Departmental Revenue – In recent years, the majority of revenue has come from the sale of permitting software. It is unclear as to whether or not this revenue will continue in the future, but for the time being we are keeping it in our revenue projections. The majority of the other revenue is from money collected for tax statements and tax files.

Other Departmental Revenue – Fiscal Year 2007 to Fiscal Year 2013

Account	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
Sale of Permitting Software				11,700	26,734	29,500	0	29,500
Other	725	2,506	6,245	4,232	5,130	5,500	1,036	6,375
Total	725	2,506	6,245	15,932	31,864	35,000	1,036	35,875

Licenses & Permits – The majority (74.6%) of revenues from licenses and permits comes from inspection services. The more construction being performed in town, the more inspection revenue received. Revenue is expected to escalate in the spring. Alcohol licenses are collected in December of each year. Dog licenses are due by March 31. The majority of fire department permits come from fire alarm and smoke detector permits. Examples of board of health permits includes food, pool, tobacco, hauler (septic), installer (septic), stabling (horses), piggery, and beach permits. Lastly, the cemetery charges \$20 as a monument permit fee for any type of headstone.

FY12 Licenses & Permits



Account	2010 Actual	2011 Actual	2012 Budget	2012 YTD	2013 Budget
Alcohol Licenses	83,125	83,868	84,550	88,150	
Dog Licenses	31,395	35,230	35,000	2,060	
Hunting/Fishing Licenses	293	275	280	65	
Other Town Clerk Licenses & Permits	13,812	11,640	11,555	7,135	
Fire Department Permits	27,099	25,530	26,600	16,040	
Building Permits	481,927	506,789	505,000	171,398	
Electrical Permits	63,569	123,845	115,000	65,556	
Plumbing Permits	39,905	70,186	55,000	20,920	
Gas Permits	27,790	40,395	37,415	20,465	
Other Inspection Revenue		7,292	7,600	10,771	
Cemetery Monument Permit Fee	500	1,055	1,000	300	
Board of Health Permits	78,286	78,651	78,500	57,883	
East Boston Camps License Fee	6,895	7,500	7,500	150	
Total	854,596	992,256	965,000	460,893	989,125

Special Assessments – Revenue collected from betterments and other projects through the tax collection process. Below is a table reviewing the history of special assessments collected. Fiscal Year 2011 had an increase because two residents on Pond Road paid their assessment off in full, which was a total of \$22,690.

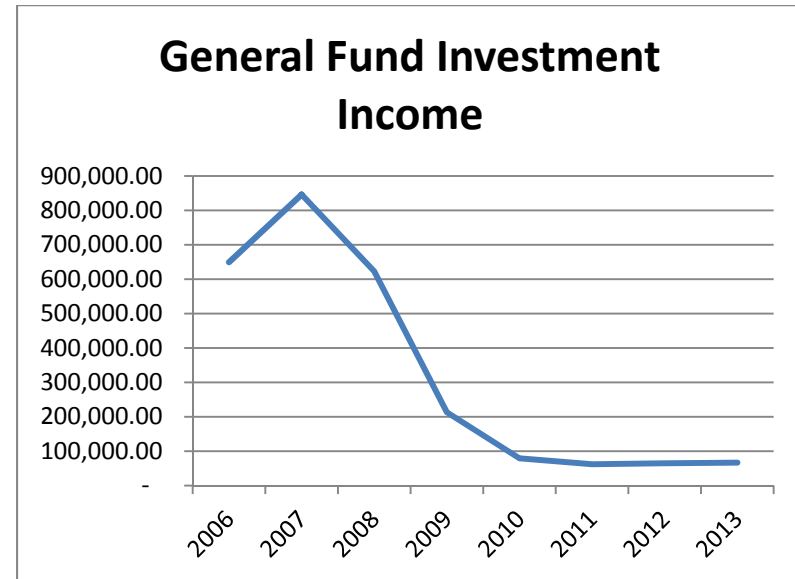
Special Assessments – Fiscal Year 2006 to Fiscal Year 2013								
2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
13,197	15,760	11,014	10,609	9,190	41,172	39,225	801	40,205

Fines & Forfeits – A majority of the fines collected are due to police involvement. Court fines are reimbursed from Ayer district court. FY12 is tracking about 26% above the budgeted figure.

Account	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 YTD 12-31-11	2013 Budget
Health & Smoking Fines	1,490	1,895				300			
Civil Substance Possession Fine				1,600	4,050	7,200	7,500	2,000	
Parking Violations	6,719	2,651	5,555	4,455	4,825	6,480	6,500	8,520	
Court Fines	19,217	18,389	16,215	10,640	14,517	8,441	8,500	4,107	
Animal Fines	3,305	5,810	1,175	1,130	545	1,075	1,500	490	
Total	30,731	28,745	22,945	17,825	23,937	23,496	24,000	15,117	24,600

Investment Income – The estimate for investment income in Fiscal Year 2012 is \$65,000. This revenue source has been steadily declining since the Federal Reserve began lowering interest rates from a high of 5.25% on September 18, 2007. Over the following 14 months, the interest rate was lowered 14 times to a low of 0% to .25% in December of 2008.

Federal Reserve Interest Rates			
2008			
Date	Increase	Decrease	Level (%)
16-Dec	...	75-100	0-0.25
29-Oct	...	50	1
8-Oct	...	50	1.5
30-Apr	...	25	2
18-Mar	...	75	2.25
30-Jan	...	50	3
22-Jan	...	75	3.5
2007			
Date	Increase	Decrease	Level (%)
11-Dec	...	25	4.25
31-Oct	...	25	4.5
18-Sep	...	50	4.75
2006			
Date	Increase	Decrease	Level (%)
29-Jun	25	...	5.25



The projected budget for Fiscal Year 2013 is \$66,625, or about 7.9% of the total investment income generated in our most lucrative year of Fiscal Year 2007 when the Town earned \$846,064. The loss of investment income has produced a strain on the budget, as we now fund a higher percentage of our budget using property tax revenues.

The Town’s money market account is currently earning .20% as of December 2011. Rates are not expected to improve in the foreseeable future.

Miscellaneous Recurring Revenue – The largest portion of this revenue is an advanced refunding from the Massachusetts School Building Authority that has paid for a portion of the Crisafulli, Miller, and Stony Brook Schools. \$19,266,355 in principal was transferred to the Town in order to pay down the corresponding share of debt service for the three school projects that had a total cost of \$41,000,000. Each year, a portion of the principal is used to offset the debt payment for the schools, thus lowering the amount collected through debt exclusions until 2023 when the debt is paid off. Below is a chart that displays the payment schedule.

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Principal						
Middle School	438,537.00	458,601.00	478,665.00	501,595.00	521,658.00	547,455.00
Elementary Schools	409,759.00	427,574.00	447,935.00	465,751.00	488,656.00	509,017.00
Total - Offset to DE1	848,296.00	886,175.00	926,600.00	967,346.00	1,010,314.00	1,056,472.00
Interest	832,078.00	716,986.00	687,743.00	657,813.00	626,568.00	591,611.00

In addition to the MSBA reimbursements, the Town receives annual payments from the federal government as a Medicare reimbursement. The Medicare subsidy is being built into the Town's health insurance plan and will no longer receive a reimbursement beginning in Fiscal Year 2014. However, the Town will have a lower retiree health insurance rate because of this. The chart below highlights the payments received from the federal government from Fiscal Year 2006 to Fiscal Year 2013.

Medicare Reimbursements – Fiscal Year 2006 to Fiscal Year 2013								
2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2012 Actual – 12-31-11	2013 Budget
135,666	85,951	222,390	218,883	104,861	107,979	40,000	11,805	40,000

Miscellaneous Non-Recurring Revenue – This is a category of local revenue that allows us to properly account for and classify one-time revenues that are unexpected, unplanned, or non-recurring. Since this revenue is not budgeted, any revenue in this category will help our free cash situation at the end of the fiscal year.

In Fiscal Year 2010, a substantial amount of the miscellaneous revenue came from reimbursements from FEMA and MEMA for the December 2008 ice storm. Other revenue included the sale of tax possession property that totaled \$51,115. Lastly, the retiree drug subsidy from the federal government brought in \$90,359 in revenue, bringing the total to \$570,695 for the year.

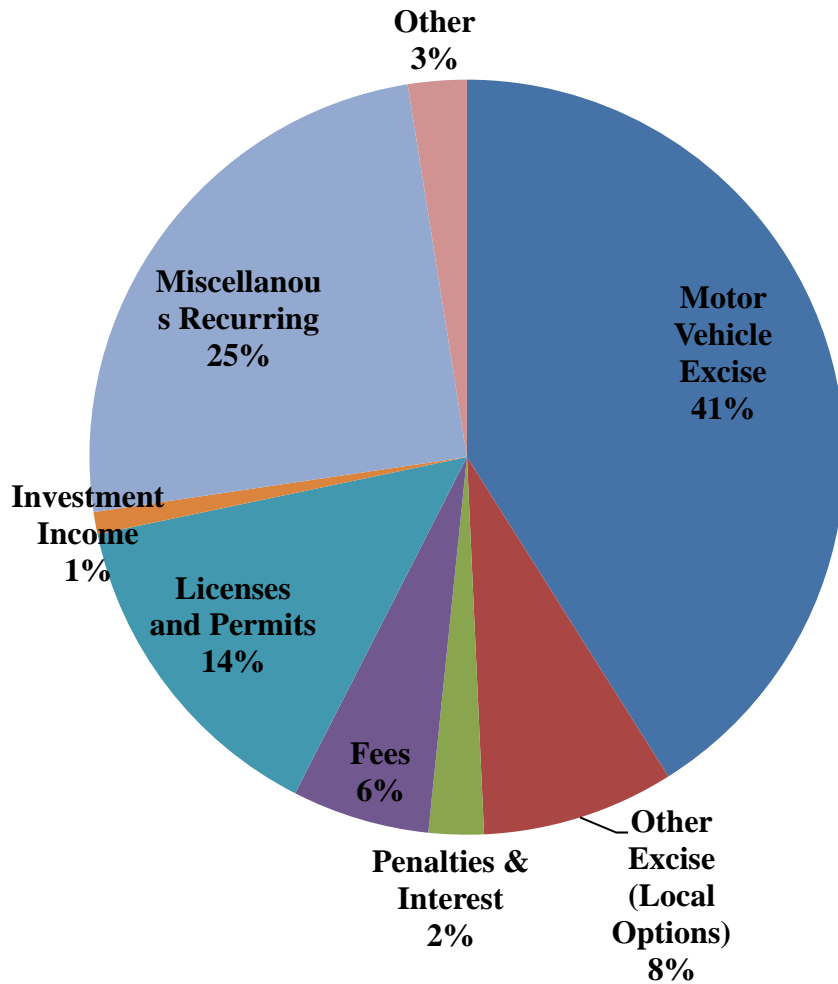
Fiscal Year 2011 saw the remainder of the sale of tax possession revenue, totaling \$305,826. There was also a settlement regarding perchlorate, for which the Town received \$300,000. The retiree drug subsidy increased to \$99,309, bringing in a net total of \$822,325 in revenue during the fiscal year.

Halfway through Fiscal Year 2012, the Town has received \$655,123 in miscellaneous revenue. \$250,000 is from the MD&B settlement which will be used to pay for perchlorate costs. There was also a Wheelabrator settlement of \$55,284. The retiree drug subsidy increased once again to \$107,315, while FEMA and MEMA reimbursements netted \$83,005 and \$88,273 respectively.

Account	FY 2010	FY 2011	FY2012 YTD
Workers Comp Insurance Recovery	17,631	60,130	41,879
Restitution	3,549		
Sale of Tax Possessions	51,115	305,826	
Sale of Vehicles, Equipment	12,600	7,451	
Settlement Proceeds	1,268	300,000	305,284
Retiree Drug Subsidy	90,359	99,309	107,315
Otherwise Unclassified	21,444	10,806	29,367
FEMA Reimbursement	300,639	34,144	83,005
MEMA Reimbursement	72,088	4,659	88,273
Total	570,695	822,325	655,123

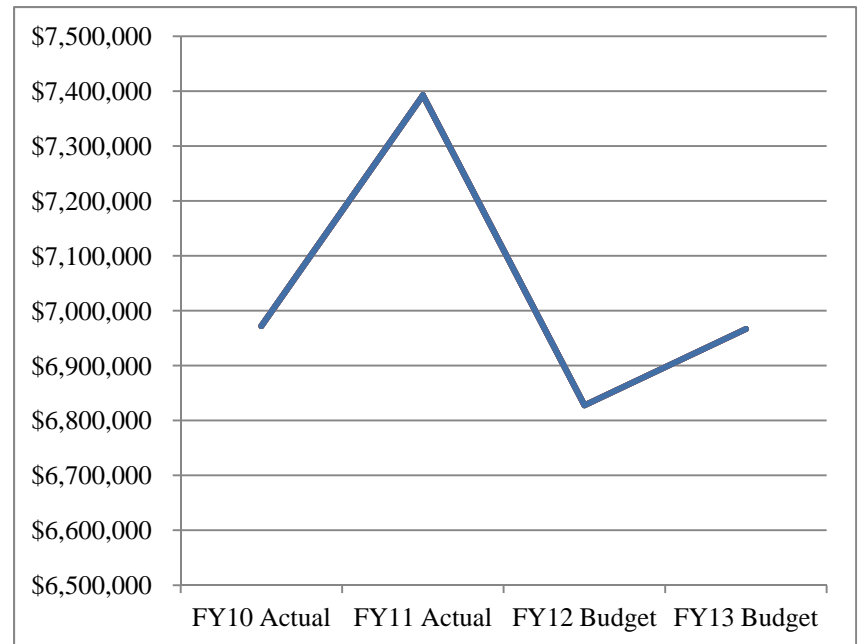
Local Revenue Summary

FY13 Projected Local Revenue



Fiscal Year 2013 Projected Local Revenue

Motor Vehicle Excise	2,859,287.46
Other Excise (Local Options)	574,000.00
Penalties & Interest	164,000.00
Fees	410,000.00
Licenses and Permits	989,125.00
Investment Income	66,625.00
Miscellaneous Recurring	1,728,083.38
Other	175,505.63
Total	6,966,626.47



STATE AID - In Fiscal Year 2012, State Aid accounted for 21.87% of general fund revenues. Below is a brief description of each component of State Aid.

Chapter 70 – The largest portion of state aid comes in the form of Chapter 70 money. On July 11 Governor Patrick signed the FY12 state budget which authorizes \$3.99 billion in Chapter 70 education aid to Massachusetts school districts. Westford’s FY12 budget of \$46,271,921 exceeded the minimum net school spending amount by \$1,169,468. \$200.5 million in education jobs grants which were run through the formula in FY11 were one-time stimulus monies and are not folded into the FY12 base. This means that statewide, total aid falls from \$4.072 billion to \$3.991 billion, a reduction of \$81.5 million or two percent.

Additional Assistance – In FY10, Lottery and Additional Assistance funding were combined into one line item by the State. Proceeds from the state lottery are distributed to communities with the intention of having an equalizing affect. Those communities with a lower Equalized Property Valuations (EQV) receive a higher share aid. Additional Assistance funding does not have a formula, and the funding is at the discretion of the Legislature. After Lottery and Additional Assistance funding were combined, Westford had a \$514,813 decrease in spending.

Police Career Incentive – This program encourages officers to obtain degrees in criminal justice. Based on their level of education, they are eligible for base salary increases of 10% (Associates), 20% (Bachelors), or 25% (Masters). The funding by the state in FY12 decreased to zero. The Westford Superior Officers have graciously agreed to freeze payments at step 1 rates for all new superior officers.

Veterans Benefits – Under Chapter 115, Section 6 of Massachusetts General Laws (M.G.L. ch. 115), the Commonwealth provides a uniform program of financial and medical assistance for indigent veterans and their dependents. Qualifying veterans and their dependents receive necessary financial assistance for food, shelter, clothing, fuel, and medical care in accordance with a formula which takes into account the number of dependents and income from all sources. Benefits paid out in accordance with state guidelines are reimbursed 75%. Westford has experienced a lot more activity regarding these benefits, and the town expects to be reimbursed accordingly.

Tax Exemption Aid for Veterans, Blind Persons, Surviving Spouses and the Elderly – Chapter 59, Section 5 of M.G.L.s details the requirements for assistance. The town is partially reimbursed for these exemptions towards property taxes.

State Owned Land – Much like payment in lieu of taxes, the state pays the town an amount to make up for lost property tax revenue on state owned land.

Charter Tuition Reimbursement – Municipal and regional school districts pay tuition for resident pupils attending Commonwealth Charter Schools. Parents have a choice to send their children to charter schools and have the town pay the tuition. The state reimburses the town a portion of these costs.

School Construction – The state provides an offsetting revenue stream to pay for a portion of school building projects. The two projects recently reimbursed through this funding have been the Blanchard Middle School and Westford Academy addition. The note for the Blanchard M.S. was paid off in FY11. The town will continue to receive \$1,557,026 each year through fiscal year 2020 when the debt is fully paid.

Offset Items – These items are amounts that constitute categorical aid, i.e., funds that must be spent for specific municipal and regional school district programs. These items can be spent without an appropriation in the local budget.

Public Libraries – Public Libraries include three grants awards: The Library Incentive Grants (LIG) that encourage municipalities to maintain minimum levels of service, the Municipal Equalization Grant (MEG) to help compensate libraries with relatively less revenue, and the Nonresident Circulation Offset (NRC) that helps offset the cost of circulating materials to residents of other communities.

School Lunch Programs – To reimburse part of the cost incurred in serving lunches to school children

School Choice – To provide funding to school districts for accepting pupils from other districts.

Town of Westford, MA

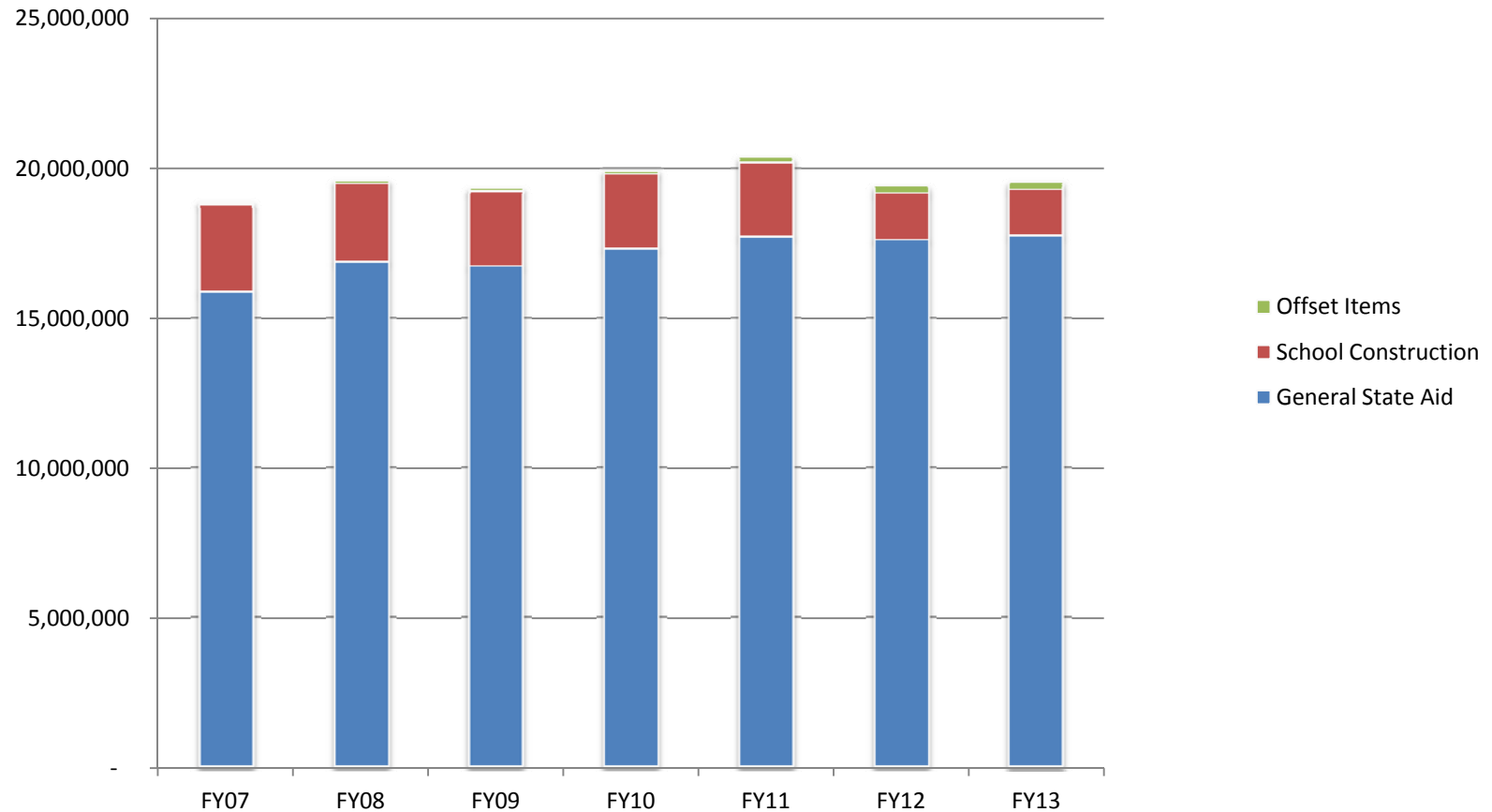
General Fund Revenue

The following table displays the history of state aid revenue from Fiscal Year 2007 to Fiscal Year 2012. There is also a projection for Fiscal Year 2013, but the governor has not yet approved an initial budget. These figures are subject to change.

	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Revenue							
Chapter 70	12,975,693	14,023,606	13,986,752	15,317,915	15,776,704	15,861,400	15,861,400
Lottery, Beano & Charity	1,716,670	1,749,484	1,579,004				
Unrestricted Aid				1,872,441	1,797,543	1,667,573	1,797,543
Additional Assistance	895,514	895,514	808,250				
Police Career Incentive	184,886	163,660	159,869	29,381	16,178		
Veterans' Benefits	1,025		1,453		4,107	7,500	7,500
Vets, Blind, Surv Spouses	32,976		74,468	32,630	70,504	70,504	70,504
Exemptions: Elderly	34,638	35,140	31,124				
State-Owned Land	197	219	235	212	191	198	198
Charter Tuition Reimb.	30,337	19,501	95,727	63,370	45,647	12,829	12,829
Subtotal	15,871,936	16,887,124	16,736,882	17,315,949	17,710,874	17,620,004	17,749,974
School Construction	2,920,519	2,613,589	2,494,007	2,494,007	2,494,010	1,557,026	1,557,026
Subtotal	2,920,519	2,613,589	2,494,007	2,494,007	2,494,010	1,557,026	1,557,026
Offset Items - Reserve for Direct Expenditure							
Public Libraries	25,003	26,384	27,736	19,611	19,389	19,623	19,623
School Lunch Programs	22,250	26,671	25,116	27,721	23,842	27,322	27,322
School Choice Rec. Tuition	40,000	35,000	53,830	64,672	123,200	188,454	188,454
Subtotal	87,253	88,055	106,682	112,004	166,431	235,399	235,399
Total State Aid	18,879,708	19,588,768	19,337,571	19,921,960	20,371,315	19,412,429	19,542,399

STATE AID - In October of 2011, the Town received \$129,970 in additional unrestricted aid that kept the line item level funded from the previous year. This amount is included in the level funded projection for state aid in Fiscal Year 2013. In preliminary conversations with our state representative, we are confident that a level funded budget is a conservative projection.

State Aid - FY07 to FY13



Town of Westford, MA

Enterprise Fund Revenue

Enterprise Revenue – Enterprise Funds are authorized under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. Westford currently has three enterprise funds: Water, Ambulance, and Recreation. The Recreation Enterprise was the latest one established in Fiscal Year 2009. Below is a summary of Enterprise Revenue from FY07 to FY13.

	FY07	FY08	FY09	FY10	FY11	FY12 Budget	FY12 YTD	FY13
Enterprise								
Water	2,628,441	2,932,760	3,183,501	3,641,300	4,383,454	3,471,962	2,383,524	3,968,061
Recreation	-	-	1,073,659	986,053	984,368	1,079,631	474,062	985,000
Ambulance	444,772	482,470	495,503	581,339	501,758	544,435	278,491	594,383
Total	3,073,213	3,415,230	4,752,663	5,208,691	5,869,580	5,096,028	3,136,078	5,547,444

Enterprises can either be self-supporting, or receive financial assistance from the city or town. Below is a table displaying the general funds subsidies provided to the various enterprises from FY07 to FY13.

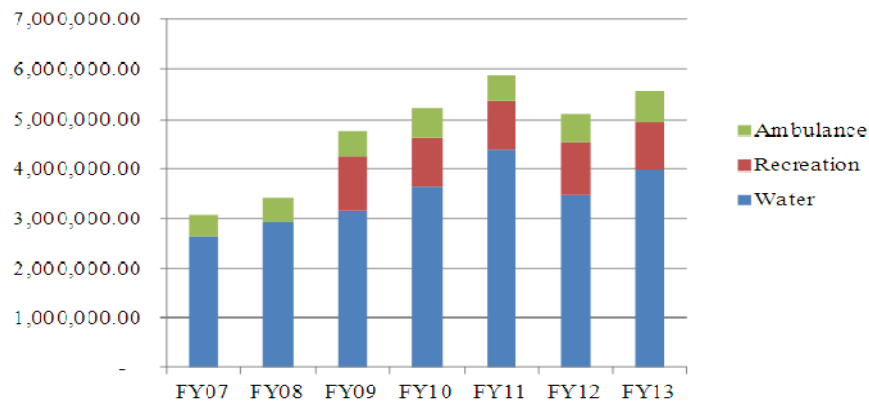
	General Fund Subsidies for Enterprise Funds - FY07 to FY13						
	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Water							
Recreation			324,042	199,852		85,000	157,066
Ambulance	391,682	417,851	404,239	394,586	409,334	306,130	346,214
Total	391,682.00	417,851.00	728,281.00	594,438.00	409,334.00	391,130.00	503,280.00

Water Enterprise – The Water Enterprise submitted a five year plan during this year’s budget process. The plan included a detailed operating budget and revenue projections. A capital plan was also proposed, and the water enterprise will be proposing that the Town replace two different stretches of water mains along route 110 at this annual town meeting. The five year plan does not show any plans for rate increases during this time.

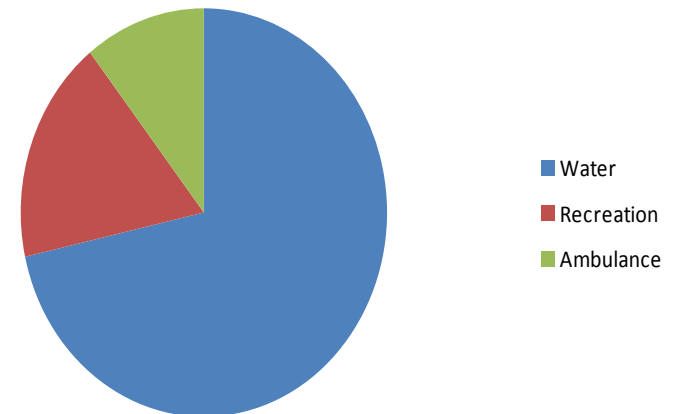
Recreation Enterprise – Due to a downturn in the economy, the recreation enterprise saw their revenues fall nearly \$88,000 from Fiscal Year 2009 to 2010. The Fiscal Year 2011 budget was supplemented with \$150,000 in Recreation Free cash. The Fiscal Year 2012 budget was supplemented with \$40,000 in Recreation Free Cash and \$85,000 in General Fund Free Cash. The Town Manager is recommending a subsidy of \$157,066 in Fiscal Year 2013.

Ambulance Enterprise – The Advanced Life Support program was implemented in August of 2010. Since that time, the Fire Department has been focused on developing the program by both training current employees and hiring paramedics when vacancies occur. The Ambulance Enterprise currently has a staff of 9 paramedics and they are hopeful the program will be running on every shift by the end of the fiscal year. The subsidy for Fiscal Year 2013 is expected to be \$346,214.

Enterprise Revenue - FY07 to FY13



FY13 Enterprise Revenue Budget



OTHER AVAILABLE FUNDS – A complete list of special revenue funds can be found in the annual town report.

Premium on Bonds (non-exempt and exempt debt) – Often times when bonds are sold by the Town, lenders offer premiums in order to make their offering price more attractive. Small premiums are used to offset closing costs. Large premiums are amortized over the life of the loan and reduce the Town’s cost for borrowing.

Capital Stabilization Fund - This fund was established at the October 20, 2008 Special Town Meeting and was funded with a \$100,000 appropriation. Since that time the fund was built up to \$784,266 in Fiscal Year 2011 until \$767,700 was appropriated at the Annual Town Meeting. The current balance is \$17,524, although there are plans to make an appropriation in this fund at the A.T.M.

Overlay Surplus – Overlay is an annual account to cover anticipated abatements and exemptions of committed real and personal property taxes for that fiscal year. The overly amount is determined by the board of assessors and may be raised in the tax rate without appropriation. Remaining balances in the overlay accounts are needed for pending abatements or outstanding Appellate Tax Board decisions. Excess overlay is determined, certified and transferred by vote of the assessors to an Overlay Surplus Account. Overlay surplus may be appropriated for any lawful purpose or closed to the general fund at the end of the year.

Other Available Funds – Misc. – See the below table for a *draft* list of FY13 appropriations:

Fund	Amount	Purpose
Perchlorate Stabilization Fund	\$200,000	For perchlorate related expenses
Wetlands Receipts Reserved	\$18,720	To offset 171 Conversation Budget
Recycle Revolving Account	\$6,100	To offset 432 Recycling Budget – Hazardous Waste Disposal
Parks & Grounds Revolving Fund	\$42,000	To offset the 650 Parks & Grounds Budget
School Lunch Fund	\$10,000	To offset the capital purchase of POS software
Completed Capital Projects	\$47,006.28	To fund the Capital Budget
Receipts Reserved	\$30,288.86	To fund the Capital Budget

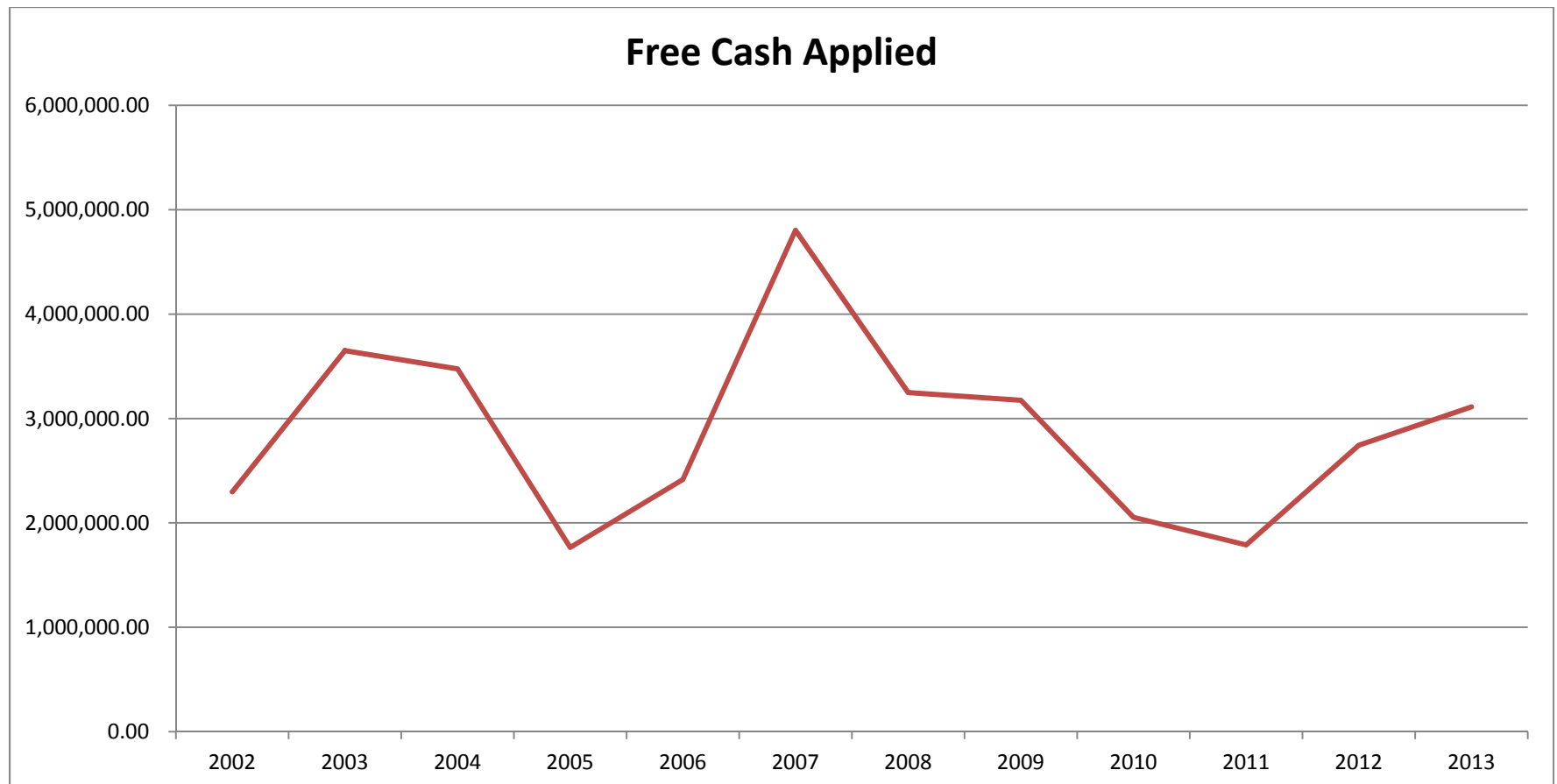
Town of Westford, MA

Other Available Funds

Community Preservation Funds – The Community Preservation Act (CPA) allows Westford to preserve the community character in the areas of open space, community housing, historical resources, and land for recreational use. Westford residents currently pay a 3% property tax surcharge to fund such projects. The current amount listed under available funds for appropriation for the CPC include the debt payments due for both East Boston Camps and the Town Hall in Fiscal Year 2013, along with an appropriation of \$15,000 for administrative expenses. The CPC will be meeting in January and February to review applications for funding.

Fiscal Year	Penalties / Interest	Other Taxes - CPA Surcharge	CPA - State Share	Earnings on Investments	Total
2003	1,395.53	927,877.35	815,485.00	32,765.41	1,777,523.29
2004	2,724.99	1,010,454.76	924,436.00	76,600.82	2,014,216.57
2005	1,820.31	1,077,557.22	1,005,454.00	120,934.60	2,205,766.13
2006	1,433.27	1,139,232.16	1,078,627.00	116,414.27	2,335,706.70
2007	1,978.27	1,188,066.11	1,137,231.00	197,197.75	2,524,473.13
2008	2,348.42	1,220,210.29	1,190,322.00	289,460.41	2,702,341.12
2009	2,204.36	1,250,223.28	885,461.00	228,229.44	2,366,118.08
2010	2,527.72	1,284,730.99	485,429.00	175,070.12	1,947,757.83
2011	2,929.67	1,303,521.74	386,547.00	144,429.70	1,837,428.11
2012 Proj	2,600.00	1,300,000.00	385,895.00	100,000.00	1,788,495.00
2012 YTD	1,232.04	694,035.47	385,895.00	46,665.93	1,127,828.44
Total	23,194.58	12,395,909.37	8,680,782.00	1,527,768.45	22,627,654.40

FREE CASH – Free cash, which is certified as of July 1 each year by the Commonwealth’s Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental Town Meeting appropriations during the year, or they may be used to fund a portion of the following year’s budget. Free cash is generated when the actual operating expenses are less than the amount budgeted, or when actual revenues exceed the original estimates. Below is a graph showing the amount of free cash used to balance the budget each year.



REVENUES:	Fiscal Year 2011	Fiscal Year 2012	FY 2013 Projection
Tax Revenue	57,247,754.11	59,474,750.97	61,624,356.95
Local Revenue	6,509,336.99	6,827,656.74	6,966,626.46
State Aid	20,401,423.00	19,412,429.00	19,542,399.00
Free Cash - Appropriations	-	808,000.00	-
Free Cash - Offset Tax Rate	1,788,877.64	1,935,538.79	3,165,576.99
Available Funds	3,844,405.74	3,191,894.85	1,289,513.17
Enterprise Revenue	5,288,064.00	5,541,028.00	5,547,444.00
TOTAL REVENUE	95,079,861.48	97,191,298.35	98,135,916.57

FY2013 Projected Revenue

