

1/23/2014

TOWN OF  
WESTFORD

## JANUARY 23, 2014 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 2012 to Fiscal Year 2015.

Revenue Source	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2014 Actual 12-31-13	FY2015 Projected	Budget Increase \$\$	Budget Increase %
Property Taxes*	59,474,751	61,929,283	64,828,936	31,004,505	67,069,528	2,240,592	3.46%
Local Revenue	8,504,112	7,993,823	7,470,348	2,651,499	7,618,404	148,056	1.98%
State Aid	19,534,851	19,846,627	20,130,278	9,113,902	20,160,232	29,954	0.15%
Approp. From Free Cash**	285,000	697,000	769,934	769,934	3,628,702	2,858,768	371.30%
Free Cash Applied**	1,935,539	1,851,116	1,995,414	1,995,414	1,954,147	(41,267)	-2.07%
<b>Total General Fund</b>	<b>89,734,253</b>	<b>92,317,849</b>	<b>95,194,910</b>	<b>45,535,255</b>	<b>100,431,013</b>	<b>5,236,103</b>	<b>5.50%</b>
Enterprise Revenue	5,882,021	6,112,797	6,455,501	3,356,728	6,687,218	231,717	3.59%
Other Available Funds**	3,191,895	3,262,513	2,960,492	2,960,492	934,276	(2,026,216)	-68.44%
<b>Total Revenue</b>	<b>98,808,169</b>	<b>101,693,159</b>	<b>104,610,903</b>	<b>51,852,474</b>	<b>108,052,507</b>	<b>3,441,603</b>	<b>3.29%</b>

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

\*\*Amounts included are as appropriated at Town Meeting.

DETAILED REVENUE SUMMARY							
	FY2011	FY2012	FY2013	FY2014	FY15 vs FY14		
General Fund	Actual	Actual	Actual	Budget	Projected	Budget Inc. \$	% Inc.
<b>Property Taxes*</b>	<b>57,247,755</b>	<b>59,474,751</b>	<b>61,929,283</b>	<b>64,828,936</b>	<b>67,069,528</b>	<b>2,240,592</b>	<b>3.46%</b>
<b>Local Revenue</b>	<b>7,392,556</b>	<b>8,504,112</b>	<b>7,993,823</b>	<b>7,470,348</b>	<b>7,618,404</b>	<b>148,056</b>	<b>1.98%</b>
Motor Vehicle Excise	2,692,125	2,888,535	2,921,395	2,921,000	2,994,025	73,025	2.50%
Other Excise (Local Options)	372,024	799,168	960,718	960,700	984,718	24,017	2.50%
Penalties & Interest	157,159	131,295	133,543	133,500	136,838	3,338	2.50%
Payments in Lieu of Taxes	47,504	57,814	56,036	57,000	58,425	1,425	2.50%
Fees	391,324	356,954	329,207	330,000	338,250	8,250	2.50%
Dept. Revenue - Cemeteries	26,245	35,300	20,625	20,600	21,115	515	2.50%
Other Dept. Revenue	33,879	24,482	29,533	7,285	7,467	182	2.50%
Licenses and Permits	992,256	1,144,684	1,124,740	1,108,321	1,136,029	27,708	2.50%
Special Assessments	41,172	16,983	18,410	17,293	16,693	(601)	-3.47%
Fines and Forfeits	23,496	26,312	99,284	99,200	101,680	2,480	2.50%
Investment Income	62,159	47,271	43,726	40,000	41,000	1,000	2.50%
Miscellaneous Recurring	1,832,447	1,898,201	1,814,852	1,775,449	1,782,165	6,716	0.38%
Miscellaneous Non-Recurring	720,766	1,077,113	441,753	-	-	-	-
<b>State Aid</b>	<b>20,371,315</b>	<b>19,534,851</b>	<b>19,846,627</b>	<b>20,130,278</b>	<b>20,160,232</b>	<b>29,954</b>	<b>0.15%</b>
General Government Aid	1,859,559	1,806,548	1,813,155	1,886,246	1,886,246	-	0.00%
School Aid	15,776,704	15,861,400	16,064,000	16,189,875	16,189,875	-	0.00%
School Construction Aid	2,494,010	1,557,026	1,557,026	1,557,026	1,557,026	-	0.00%
Tax Abatement Aid	74,611	74,478	96,001	118,066	148,020	29,954	25.37%
Offset Aid	166,431	235,399	316,445	379,065	379,065	-	0.00%
<b>Approp. From Free Cash**</b>	<b>523,000</b>	<b>285,000</b>	<b>697,000</b>	<b>769,934</b>	<b>3,628,702</b>	<b>2,858,768</b>	<b>371.30%</b>
<b>Free Cash Applied**</b>	<b>1,788,878</b>	<b>1,935,539</b>	<b>1,851,116</b>	<b>1,995,414</b>	<b>1,954,147</b>	<b>(41,267)</b>	<b>-2.07%</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>87,323,503</b>	<b>89,734,253</b>	<b>92,317,849</b>	<b>95,194,910</b>	<b>100,431,013</b>	<b>5,236,103</b>	<b>5.50%</b>
<b>Enterprise Revenue/Free Cash</b>	<b>5,869,580</b>	<b>5,882,021</b>	<b>6,112,797</b>	<b>6,455,501</b>	<b>6,687,218</b>	<b>231,717</b>	<b>3.59%</b>
Water Enterprise	4,383,454	4,138,033	4,284,616	4,625,001	4,774,205	149,204	3.23%
Recreation Enterprise	984,368	1,124,249	1,139,675	1,100,500	1,163,013	62,513	5.68%
Ambulance Enterprise	501,758	619,740	688,506	730,000	750,000	20,000	2.74%
<b>Other Available Funds**</b>	<b>3,844,406</b>	<b>3,191,895</b>	<b>3,262,513</b>	<b>2,960,492</b>	<b>934,276</b>	<b>(2,026,216)</b>	<b>-68.44%</b>
Premium on BANS/Bonds Non-Exempt	2,512	1,949	1,331	627	192	(435)	-69.33%
Premium on BANS/Bonds Exempt	65,644	53,755	42,801	32,167	22,061	(10,106)	-31.42%
Fund Balance Designated for Debt Exclusion	47,311	-	-	-	-	-	-
Capital Stabilization Fund	13,000	767,704	-	31,000	-	(31,000)	-100.00%
Overlay Surplus	122,600	-	-	-	-	-	-
Community Preservation Funds	2,393,531	2,032,921	2,821,272	2,271,095	887,023	(1,384,072)	-60.94%
Other Available Funds	1,199,808	335,566	397,109	625,603	25,000	(600,603)	-96.00%
<b>TOTAL ENTERPRISE / OTHER FUNDS</b>	<b>9,713,985</b>	<b>9,073,916</b>	<b>9,375,310</b>	<b>9,415,993</b>	<b>7,621,494</b>	<b>(1,794,499)</b>	<b>-19.06%</b>
<b>TOTAL REVENUES / AVAL FUNDS</b>	<b>97,037,488</b>	<b>98,808,169</b>	<b>101,693,159</b>	<b>104,610,903</b>	<b>108,052,507</b>	<b>3,441,603</b>	<b>3.29%</b>

**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 2014. The next scheduled revaluation is for Fiscal Year 2017.

Due to Proposition 2 ½, the levy limit increase for property taxes cannot exceed 2.5%. This amount does not include “New Growth” which are additional taxes added from new properties, nor does it pertain to debt exclusions. Debt exclusion dollars are raised to pay for debt service that voters have previously authorized. Below is the calculation for the FY15 projected levy limit:

FY14 LEVY LIMIT	\$61,349,475
PROP. 2 ½ INCREASE	1,533,737
NEW GROWTH ESTIMATE	1,000,000
DEBT EXCLUSIONS	<u>3,186,316</u>
<b>TOTAL FY15 TAX LEVY</b>	<b><u>\$67,069,528</u></b>

Below is a table showing the tax levy calculation from Fiscal Years 2010 to 2014

<b>TAX REVENUE:</b>	<b>FY2010 TAX LEVY</b>	<b>FY2011 TAX LEVY</b>	<b>FY2012 TAX LEVY</b>	<b>FY2013 TAX LEVY</b>	<b>FY2014 BUDGET</b>
Prior Year Base Tax Levy	49,131,732	50,891,093	53,198,056	55,520,678	58,166,632
Prop. 2 1/2 Increase	1,228,293	1,272,731	1,329,956	1,389,166	1,454,166
New Growth	531,068	1,016,138	992,490	1,210,815	1,728,677
Overrides	-	-	-	-	-
Debt Exclusions	5,048,850	4,081,073	3,968,758	3,818,892	3,522,918
Capital Outlay/Ammended Growth	-	18,095	176	45,973	-
Excess Levy Capacity	(12,262)	(31,376)	(14,685)	(56,241)	(43,458)
<b>Total Property Tax Levy</b>	<b>55,927,681</b>	<b>57,247,754</b>	<b>59,474,751</b>	<b>61,929,284</b>	<b>64,828,936</b>

**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. The majority of estimated collections will be received in mid 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, 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** – Tax statements, tax filings, and other departmental revenue.

**Licenses & Permits** – Inspection permits made up 76.18% of the FY13 Actual Revenue, so Licenses and Permits are heavily dependent upon new growth.

**Special Assessments** – Street and sidewalk betterments. Budget amount coincides with assessments due for FY15.

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

**Investment Income** – Steadily declining with interest rates over the years. The Town received \$43,726 in FY13, which is down from \$846,064 in FY07.

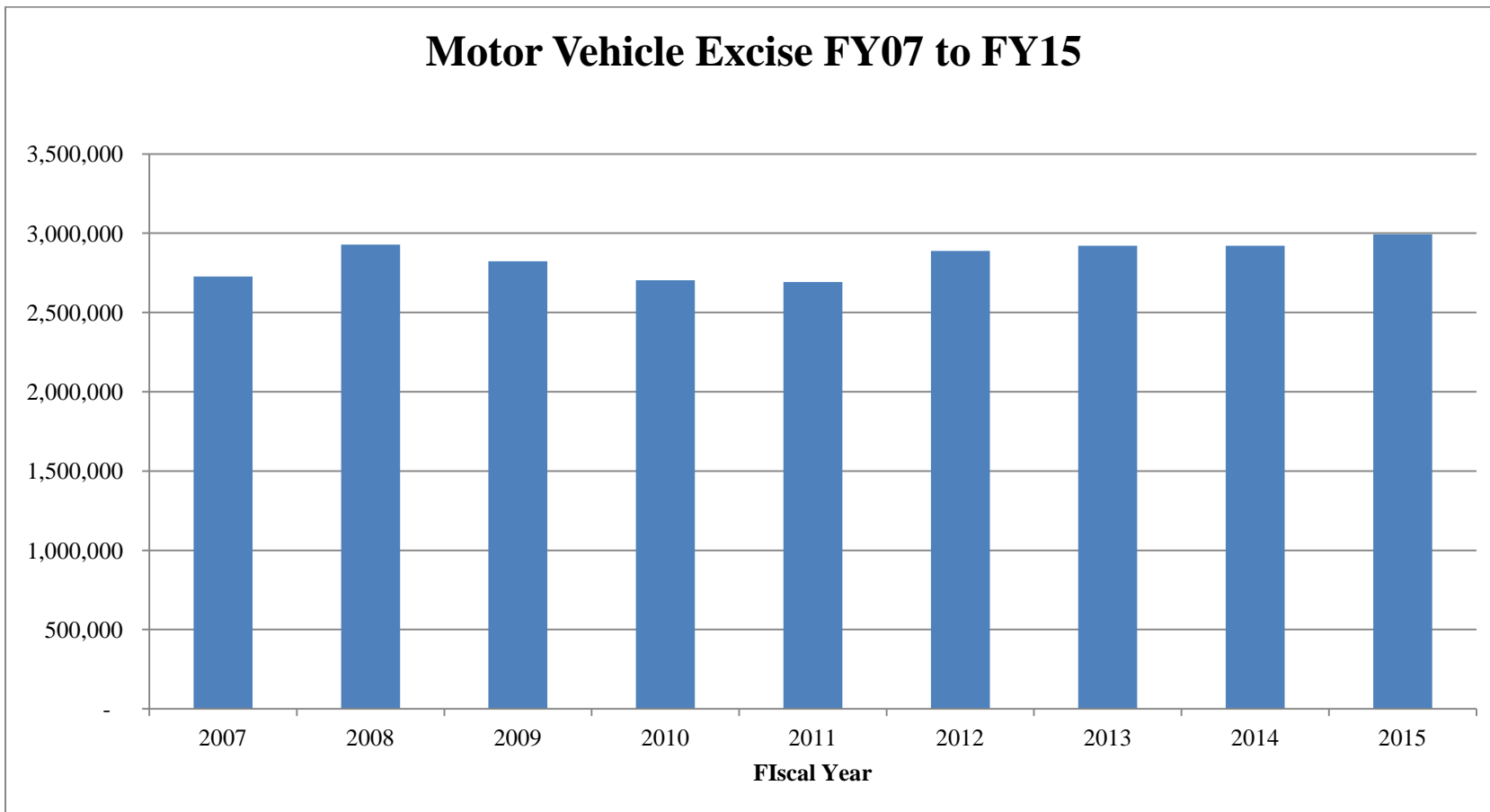
**Miscellaneous Recurring** – Mass School Building Authority's advanced refunding for Stony Brook, Rita Miller, and Crisafulli schools. Lump sum payment from the MSBA held in a separate account and a portion of principal and interest (earning 4+%) are transferred to the general fund each year.

**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 2014 will be billed in February.

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>MV Excise</b>	2,726,951	2,928,677	2,823,987	2,703,682	2,692,125	2,888,535	2,921,395	2,921,000	2,994,025

**Motor Vehicle Excise FY07 to FY15**



**Local Options Excise** – As of December 31, 2013, Westford has received Hotel excise of \$365,708 (11.7% increase) and Meals excise of \$234,859 (21.9% increase) for a total of \$600,567. The budget for local options in FY14 is \$960,700. At this point, it looks as if the Town is projected to surpass the original estimate. New growth along Route 110 has been the main reason for the increased meals excise, particularly with the addition of several new restaurants at Cornerstone Square. Below is a table showing the history of hotel occupancy revenue since Fiscal Year 2007.

<b>Hotel</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2014 Actual (12- 31-13)</b>	<b>2015 Budget</b>
Q1	73,857	79,400	108,560	93,290	98,723	122,544	170,123	583,900	178,592	598,498
Q2	82,061	97,470	109,925	99,469	110,037	160,293	157,208	-	187,116	-
Q3	61,992	76,775	73,528	72,660	74,756	119,377	113,440	-	-	-
Q4	64,184	75,718	84,467	81,446	88,507	131,255	143,144	-	-	-
<b>Total</b>	<b>282,094</b>	<b>329,363</b>	<b>376,480</b>	<b>346,865</b>	<b>372,024</b>	<b>533,470</b>	<b>583,915</b>	<b>583,900</b>	<b>365,708</b>	<b>598,498</b>
<b>Meals</b>										
Q1	-	-	-	-	-	31,539	99,233	376,800	119,050	386,220
Q2	-	-	-	-	-	88,777	93,500	-	115,810	-
Q3	-	-	-	-	-	71,219	91,309	-	-	-
Q4	-	-	-	-	-	74,163	92,762	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,698</b>	<b>376,803</b>	<b>376,800</b>	<b>234,859</b>	<b>386,220</b>
<b>Total Excise</b>	<b>282,094</b>	<b>329,363</b>	<b>376,480</b>	<b>346,865</b>	<b>372,024</b>	<b>799,168</b>	<b>960,718</b>	<b>960,700</b>	<b>600,567</b>	<b>984,718</b>

**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 2007 to Fiscal Year 2015**

<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>Actual 12-31-13</b>	<b>2015 Budget</b>
128,797	128,285	117,159	145,875	157,159	131,295	133,543	133,500	57,022	136,838

**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 2014**

<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>Actual 12-31-13</b>	<b>2015 Budget</b>
41,537	42,424	51,622	41,376	47,504	47,000	56,036	57,000	-	58,425



**Fees** – The table below shows a brief history of different types of fees charged by the Town of Westford. 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. In addition, Hunting & Fishing licenses are also no longer offered by the town as of January 1, 2012. They are now available exclusively online. 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 Revenue	FY13 Revenue	FY14 Budget	FY14 YTD	FY15 Projected
Tax Collector	ADD'TL FEES TAX TAKING	8,258	4,808	255	85	100	170	-
Tax Collector	DEMAND FEES	59,085	46,395	47,690	45,865	46,000	17,510	-
Tax Collector	REG MOTOR VEHICLE FEES	61,975	51,558	58,015	420	420	120	-
BOS	CABLE FRANCHISE FEE	3,358	3,430	3,480	3,607	3,607	-	-
Tax Collector	MUNICIPAL LIEN CERTIFICATE	23,477	54,103	53,600	56,051	56,100	19,450	-
Town Clerk	LATE FEES	2,315	6,345	5,050	3,250	3,300	4,875	-
Town Clerk	BUSINESS CERTIFICATES	5,070	4,520	4,010	3,954	4,000	1,660	-
Town Clerk	PASSPORT FEES	7,950	4,575	-	-	-	-	-
Town Clerk	BIRTH CERTIFICATES	4,120	3,450	3,620	3,980	4,000	1,707	-
Town Clerk	DEATH CERTIFICATES	6,130	7,370	6,710	7,340	7,400	2,921	-
Town Clerk	BULK CURBSIDE PICKUP	12,995	20,141	16,663	18,034	18,000	8,359	-
Planning Board	DEPARTMENTAL FEES	74,852	29,456	36,010	69,026	69,000	2,700	-
ZBA	DEPARTMENTAL FEES	8,350	7,400	14,300	7,500	7,500	3,850	-
Police	INSURANCE REPORT FEES	4,013	3,540	2,815	2,853	2,900	2,159	-
Police	DETAIL ADMINISTRATION FEES	47,834	44,319	34,588	43,227	43,165	19,544	-
Fire	ALARM MONITORING FEES	31,400	30,400	30,100	33,550	34,000	34,100	-
Board of Health	DEPARTMENTAL/OTHER FEES	24,413	46,721	1,510	1,532	1,500	1,613	-
Town Wide	DEPARTMENTAL/OTHER FEES	24,227	22,793	34,618	28,934	29,008	20,799	-
	<b>Total</b>	<b>409,821</b>	<b>391,324</b>	<b>353,033</b>	<b>329,207</b>	<b>330,000</b>	<b>141,538</b>	<b>338,250</b>

**Departmental Revenue - Cemeteries** – The cost of grave openings 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 the 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 charged for grave openings beginning in Fiscal Year 2007.

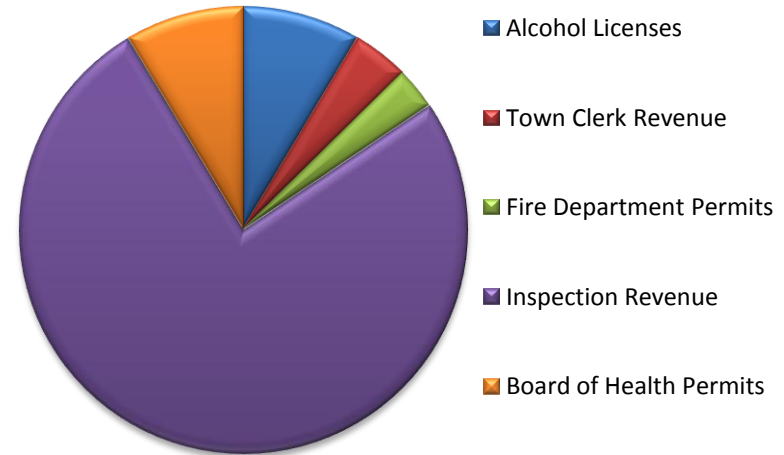
<b>Departmental Revenue - Cemeteries – Fiscal Year 2007 to Fiscal Year 2015</b>									
<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2014 Actual – 12- 31-13</b>	<b>2015 Budget</b>
13,050	18,400	20,550	27,425	26,245	35,300	20,625	20,600	8,925	21,115

**Other Departmental Revenue** – In recent years, the majority of revenue has come from the sale of permitting software. In FY13, the Town of Westford sold the software for \$90,000 due to the time commitment necessary to maintain it for other communities. Westford continues to use the software. The majority of the other revenue is from money collected for tax statements, tax files and the Board of Health Flu Vaccine. Since the March 2013 Annual Town Meeting approved the BOH Clinical Services revolving fund, there will no longer be receipts for flu vaccine deposited into the general fund.

<b>Other Departmental Revenue – Fiscal Year 2007 to Fiscal Year 2015</b>										
<b>Account</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>Actual – 12-31-13</b>	<b>2015 Budget</b>
Sale of Permitting Software	-	-	-	11,700	26,734	-	-	-	-	-
Other	725	2,506	6,245	4,232	5,130	24,482	24,748	2,500	1,366	2,563
<b>Total</b>	<b>725</b>	<b>2,506</b>	<b>6,245</b>	<b>15,932</b>	<b>31,864</b>	<b>24,482</b>	<b>24,748</b>	<b>2,500</b>	<b>1,366</b>	<b>2,563</b>

**Licenses & Permits** – The majority (76.2%) of revenues from licenses and permits comes from inspection services. The more construction being performed in town, the more inspection revenue received. 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. The cemetery charges \$20 as a monument permit fee for any type of headstone. Lastly, fees associated with East Boston Camps are now deposited into a revolving fund.

### FY14 Licenses & Permits Budget



Account	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2014 YTD	2015 Budget
Alcohol Licenses	83,125	83,868	87,475	94,325	94,325	92,075	-
Dog Licenses	31,395	35,230	33,711	31,368	32,000	6,328	-
Hunting/Fishing Licenses	293	275	65	-	-	-	-
Other Town Clerk Licenses & Permits	13,812	11,640	13,265	13,165	13,155	7,750	-
Fire Department Permits	27,099	25,530	26,540	33,313	33,350	15,060	-
Building Permits	481,927	506,789	661,580	512,898	600,000	487,759	-
Electrical Permits	63,569	123,845	121,060	131,642	90,000	62,919	-
Plumbing Permits	39,905	70,186	51,715	67,190	47,191	28,065	-
Gas Permits	27,790	40,395	41,795	42,305	43,200	21,825	-
Occupancy Permits	-	1,015	-	-	-	-	-
Other Inspection Revenue	-	6,277	19,123	102,760	59,600	27,700	-
Cemetery Monument Permit Fee	500	1,055	640	440	500	220	-
Board of Health Permits	78,286	78,651	87,565	95,334	95,000	63,455	-
East Boston Camps License Fee	6,895	7,500	150	-	-	-	-
<b>Total</b>	<b>854,596</b>	<b>992,256</b>	<b>1,144,684</b>	<b>1,124,740</b>	<b>1,108,321</b>	<b>813,156</b>	<b>1,136,029</b>

**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.

<b>Special Assessments – Fiscal Year 2007 to Fiscal Year 2015</b>									
<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>Actual – 12- 31-13</b>	<b>2015 Budget</b>
15,760	11,014	10,609	9,190	41,172	16,983	18,410	17,293	22,573	16,693

**Fines & Forfeits** – A majority of the fines collected are due to police involvement. Court fines are reimbursed from Ayer district court. In addition, Motor Vehicle Infractions were reclassified to Fines & Forfeits in FY13.

<b>Fines &amp; Forfeits – Fiscal Year 2007 to Fiscal Year 2015</b>										
	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2014 YTD</b>	<b>2015 Budget</b>
Health & Smoking Fines	1,895	-	-	-	300	-	200	200	-	-
Civil Substance Possession Fine	-	-	1,600	4,050	7,200	6,200	3,100	3,100	2,200	-
Conservation Fines	-	-	-	-	-	-	500	500	400	-
Motor Vehicle Infractions	-	-	-	-	-	-	71,558	71,500	55,078	-
Parking Violations	2,651	5,555	4,455	4,825	6,480	11,280	13,981	14,000	7,163	-
Court Fines	18,389	16,215	10,640	14,517	8,441	7,847	9,516	9,500	2,441	-
Animal Fines	5,810	1,175	1,130	545	1,075	985	430	400	440	-
<b>Total</b>	<b>28,745</b>	<b>22,945</b>	<b>17,825</b>	<b>23,937</b>	<b>23,496</b>	<b>26,312</b>	<b>99,284</b>	<b>99,200</b>	<b>67,721</b>	<b>101,680</b>

**Investment Income** – The estimate for investment income in Fiscal Year 2014 is \$40,000. 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.

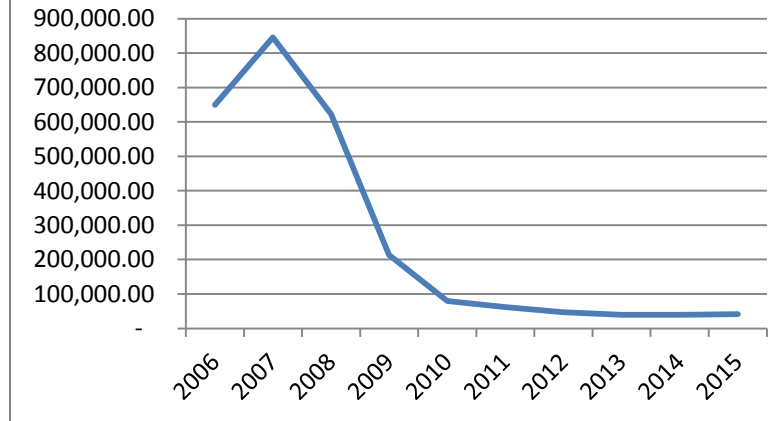
**Federal Reserve Interest Rates**

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

**General Fund Investment Income**



The projected budget for Fiscal Year 2015 is \$41,000, or about 4.8% 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 accounts are currently ranging from .10% to .35% as of December 2013. 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.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Principal</b>							
Middle School	458,601	478,665	501,595	521,658	547,455	573,251	596,181
Elementary Schools	427,574	447,935	465,751	488,656	509,017	531,923	557,374
<b>Total - Offset to DE1</b>	<b>886,175</b>	<b>926,600</b>	<b>967,346</b>	<b>1,010,314</b>	<b>1,056,472</b>	<b>1,105,174</b>	<b>1,153,555</b>
<b>Interest</b>	<b>716,986</b>	<b>687,743</b>	<b>657,813</b>	<b>626,568</b>	<b>591,611</b>	<b>553,156</b>	<b>511,491</b>

In addition to the MSBA reimbursements, the Town receives annual payments from the federal government as a Medicare reimbursement. The chart below highlights the payments received from the federal government from Fiscal Year 2007 to Fiscal Year 2015.

<b>Medicare Reimbursements – Fiscal Year 2007 to Fiscal Year 2015</b>									
<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>Actual – 12-31-13</b>	<b>2015 Budget</b>
85,951	222,390	218,883	104,861	107,979	154,003	57,279	40,000	-	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.

Fiscal Year 2011 saw the remainder of the sale of tax possession revenue, totaling \$305,826. There was also a settlement regarding the Stony Brook School Construction 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.

In Fiscal Year 2012, the Town has received \$1,184,429 in miscellaneous revenue. \$250,000 is from the MD&B settlement which will be used to pay for perchlorate costs. The Town also received \$375,000 in another perchlorate related settlement which also indemnified the Town from further legal action. There was also a Wheelabrator settlement of \$55,284. The retiree drug subsidy increased again to \$107,315, while FEMA and MEMA reimbursements netted \$123,730 and \$92,104 respectively.

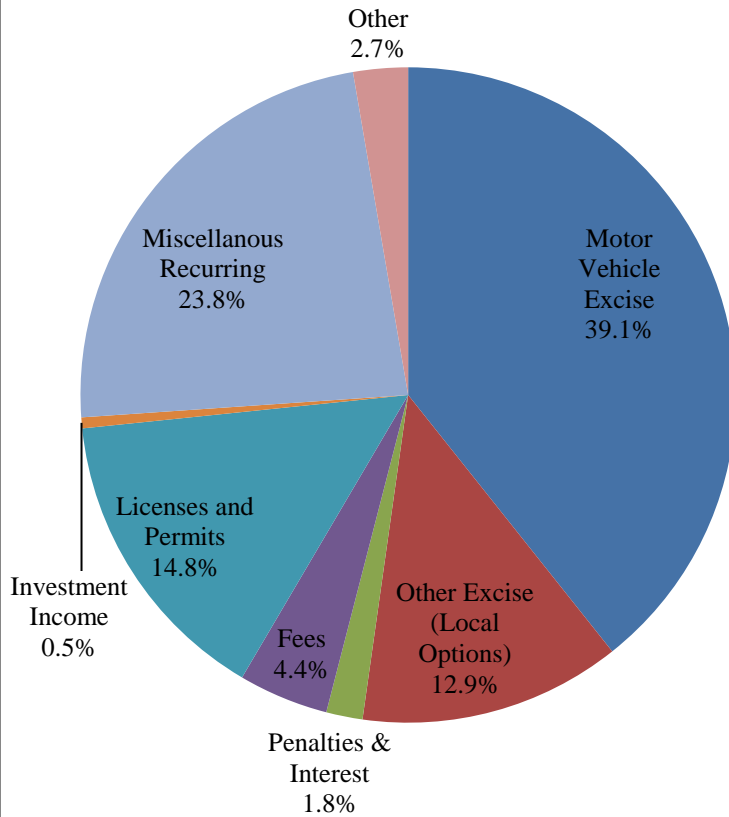
In Fiscal Year 2013, the Town received a \$90,000 settlement as a final payment for its permitting software sale. It was also the final payment we will receive for the Retiree Drug Subsidy. This offset is now reflected in the reduced Medicare payments that the Town and retirees pay. FEMA & MEMA payments totaled \$178,671.

FY014 is tracking behind previous years. The largest receipt has been from FEMA in the amount of \$119,004. The Town Manager's office also held an auction which generated \$13,515 in revenue. The bookmobile was included in this auction, selling for \$11,900.

Account	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 YTD
Workers Comp Insurance Recovery	1,035	17,631	60,130	89,645	49,221	14,682
Restitution	-	3,549	-	246	75	-
Sale of Tax Possessions	9,058	51,115	305,826	1,022	-	-
Sale of Vehicles, Equipment	-	12,600	7,451	-	-	13,515
Settlement Proceeds	1,677	1,268	300,000	680,284	90,000	-
Retiree Drug Subsidy	82,318	90,359	99,309	107,315	109,489	-
Retiree Health Reimbursement	-	-	-	1,839	3,276	-
Otherwise Unclassified	60,289	21,444	10,806	88,244	68,017	68,594
FEMA Reimbursement	189,546	300,639	34,144	123,730	165,096	119,004
MEMA Reimbursement	38,191	72,088	4,659	92,104	13,575	-
<b>Total</b>	<b>382,114</b>	<b>570,695</b>	<b>822,325</b>	<b>1,184,429</b>	<b>498,750</b>	<b>215,796</b>

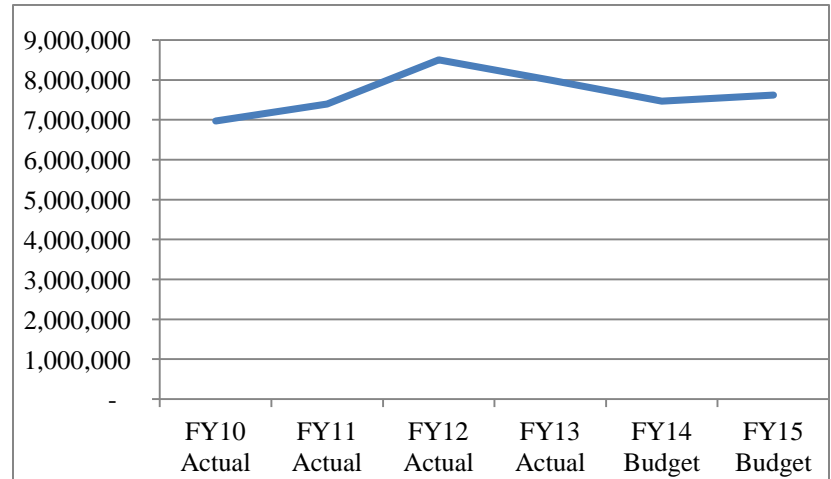
**Local Revenue Summary**

**FY15 Projected Local Revenue**



**Fiscal Year 2015 Projected Local Revenue**

Motor Vehicle Excise	2,994,025
Other Excise (Local Options)	984,718
Penalties & Interest	136,838
Fees	338,250
Licenses and Permits	1,136,029
Investment Income	41,000
Miscellaneous Recurring	1,782,165
Other	205,380
<b>Total</b>	<b>7,618,404</b>





STATE AID - In Fiscal Year 2015, State Aid is projected to account for 21.26% 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 12<sup>th</sup>, 2013, Governor Patrick signed the FY14 State Budget. Every district was awarded at least a \$25 per pupil increase. Westford’s FY14 budget of \$49,251,566 exceeded the minimum net school spending amount by \$1,458,008. The Governor’s FY14 budget represents a .8% increase (\$16,064,000 in FY13 to \$16,189,875 in FY14). To date, there has not been a projection released regarding the FY15 budget.

**Unrestricted Government Aid** – 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. The Governor’s FY14 Budget for Unrestricted Aid was increased by \$42,490, or 2.36%

**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.

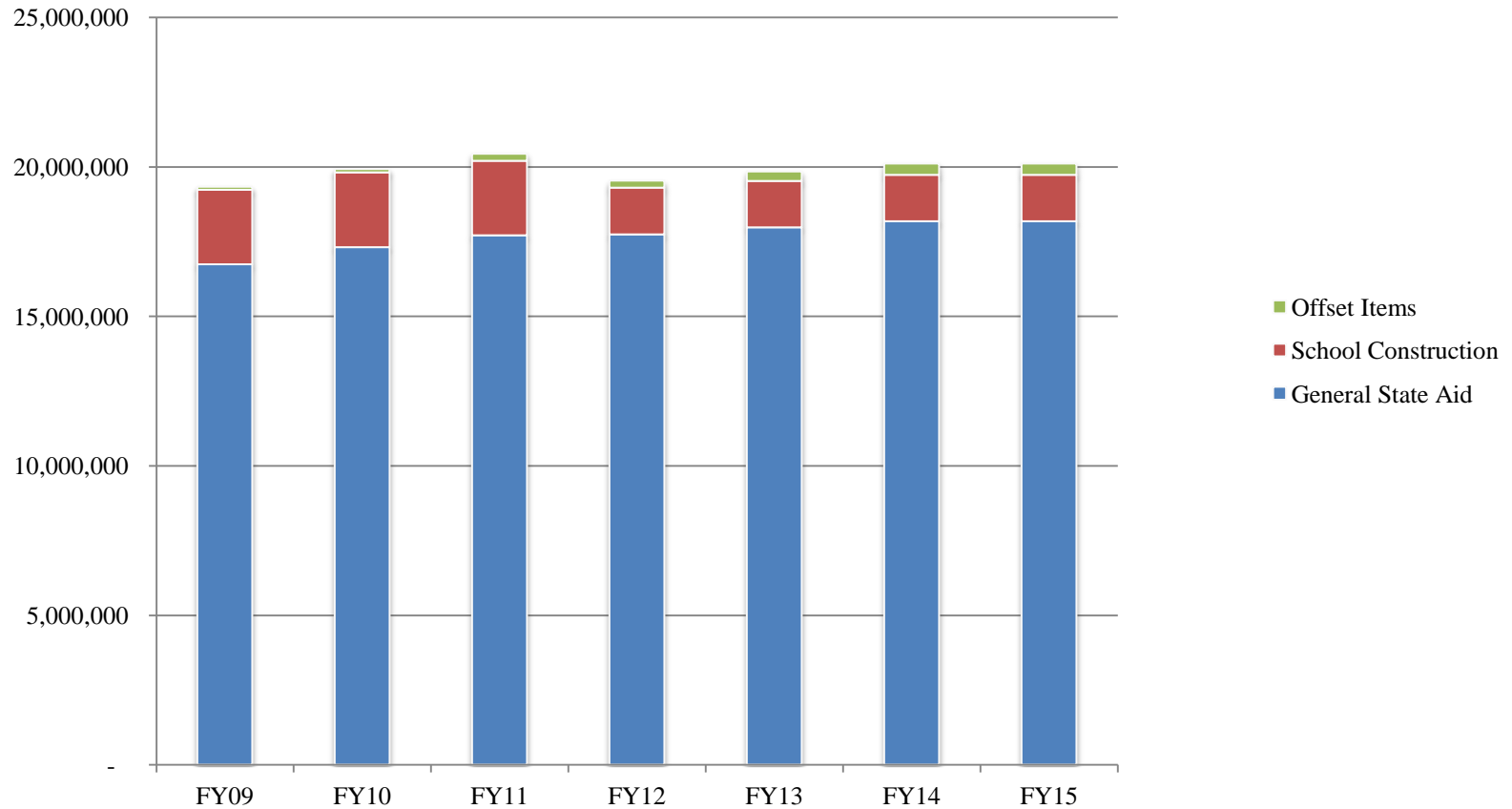
**School Lunch Programs** – To reimburse part of the cost incurred in serving lunches to school children

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



STATE AID - In FY14, the Town will receive an additional \$125,875 in Chapter 70 funding, along with \$42,490 in Unrestricted Aid and \$22,065 in Veterans Services Reimbursements. School choice revenue has also increased by \$66,341.

### State Aid - FY09 to FY15



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 FY09 to FY15.

Enterprise	FY09	FY10	FY11	FY12	FY13	FY14 Budget	FY14 YTD	FY15 Budget
Water	3,183,501	3,641,300	4,383,454	4,138,033	4,284,616	3,470,340	2,394,226	3,677,373
Recreation	1,073,659	986,053	984,368	1,124,249	1,139,675	1,100,500	546,449	1,128,013
Ambulance	495,503	581,339	501,758	619,740	688,506	650,000	416,053	700,000
<b>Total</b>	<b>4,752,663</b>	<b>5,208,691</b>	<b>5,869,580</b>	<b>5,882,021</b>	<b>6,112,797</b>	<b>5,220,840</b>	<b>3,356,728</b>	<b>5,505,386</b>

Enterprises can either be self-supporting, or receive financial assistance from the city or town. Below is a table displaying the general fund subsidies provided to the various enterprises from FY09 to FY15. The Water Enterprise is applying \$1,155,861 in retained earnings towards their FY15 budget in order to fully fund their OPEB liability of \$700,000. The Recreation Enterprise and Ambulance Enterprise are also applying \$35,000 and \$50,000 in retained earnings to help reduce their FY15 general fund subsidy.

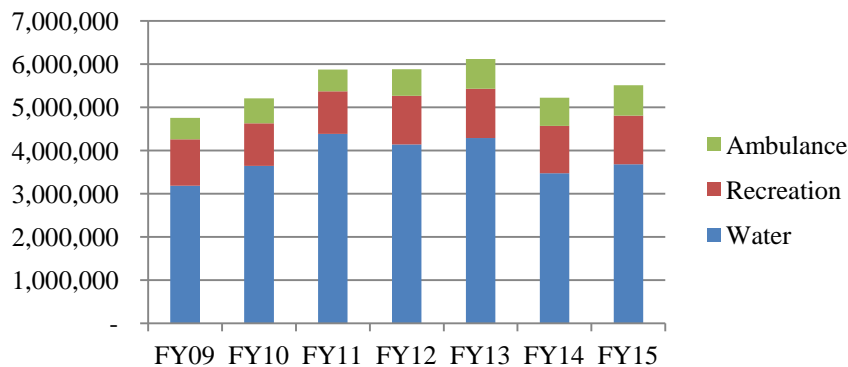
<b>Enterprise General Fund Subsidies: Fiscal Year 2009 to Fiscal Year 2015</b>							
	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Water	-	-	-	-	-	-	-
Recreation	324,042	199,852	-	85,000	157,066	117,224	99,060
Ambulance	404,239	394,586	409,334	306,130	346,214	403,441	382,023
<b>Total</b>	<b>728,281</b>	<b>594,438</b>	<b>409,334</b>	<b>391,130</b>	<b>503,280</b>	<b>520,665</b>	<b>481,083</b>

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. The major change in the water operating budget is that the Water Commissioners have agreed to appropriate an additional \$700,000 to fully fund their OPEB liability. The five year plan does not show any plans for rate increases during this time.

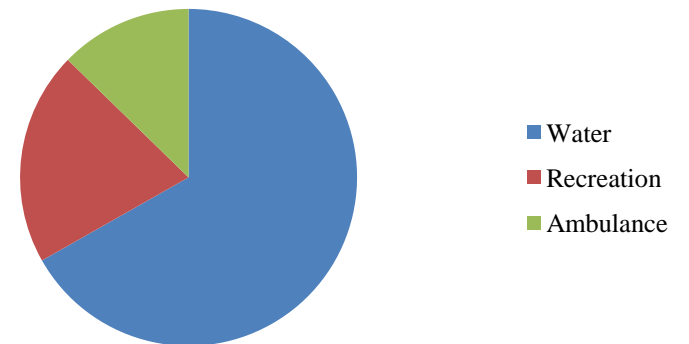
Recreation Enterprise – Due to a downturn in the economy, the recreation enterprise saw their revenues fall nearly \$88,000 from Fiscal Year 2009 to 2010. The Fiscal Year 2011 budget was supplemented with \$150,000 in Recreation Free cash. The Fiscal Year 2012 budget was supplemented with \$40,000 in Recreation Free Cash and \$85,000 in General Fund Free Cash, which essentially exhausted their retained earnings. Revenues climbed to \$1,139,675 in FY13. The Town Manager is recommending the we apply \$35,000 in Recreation Retained Earnings in order to reduce the general fund subsidy to \$99,060 in FY15.

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 12 paramedics and is fully functional. The subsidy for Fiscal Year 2015 is expected to be \$382,023 after applying \$50,000 in Ambulance Retained Earnings.

**Enterprise Revenue - FY09 to FY15**



**FY15 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 \$266,077. However, the Town Manager is recommending that we appropriate \$500,000 at the March 2014 Annual Town Meeting to pay for building related projects found in the town wide building assessment survey.

**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 FY15 appropriations:

Fund	Amount	Purpose
Wetlands Receipts Reserved	\$10,000	To offset 171 Conversation Budget
Parks & Grounds Revolving Fund	\$15,000	To offset the 650 Parks & Grounds Budget

## Town of Westford, MA

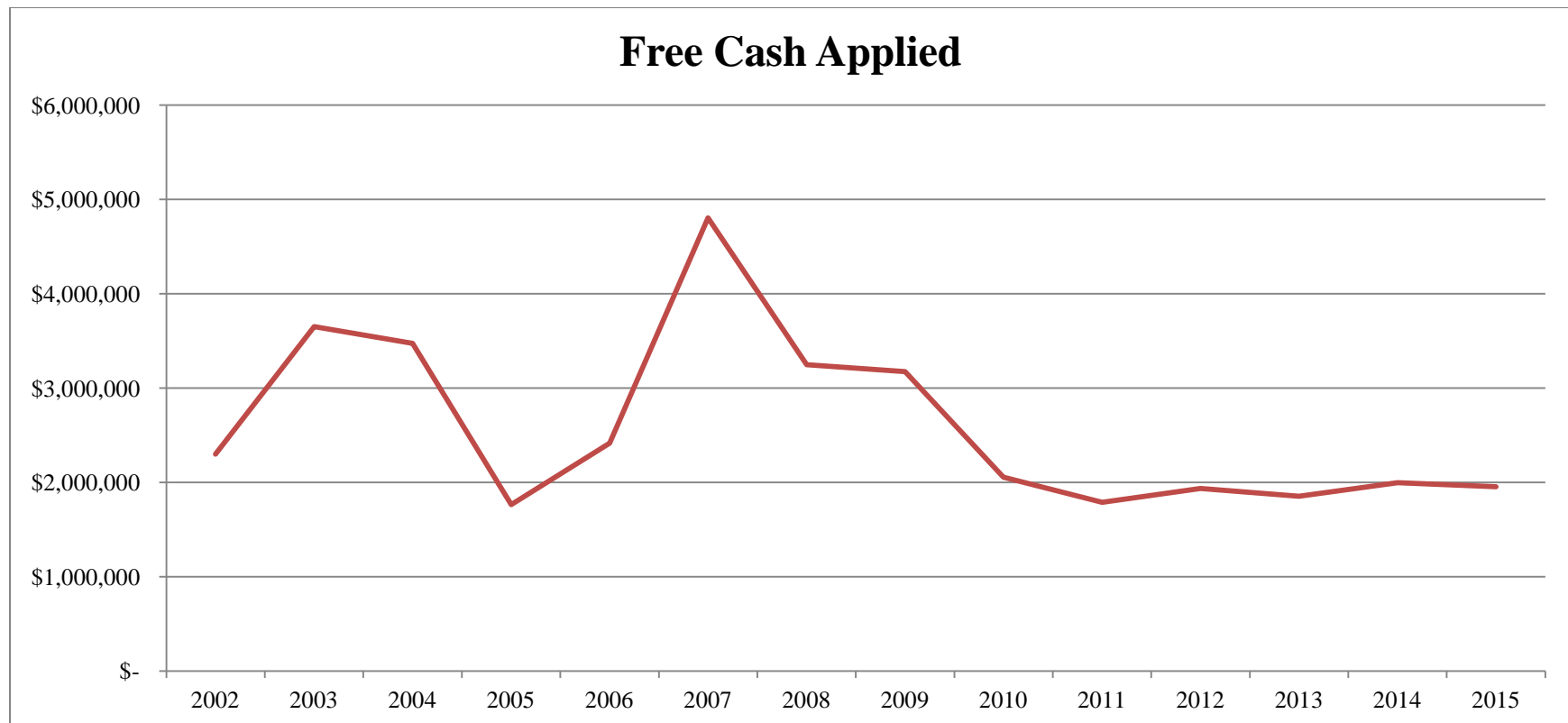
## Other Available Funds

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 2014, along with an appropriation of \$15,000 for administrative expenses. The CPC will be meeting in January and February to review applications for funding.

<b>Fiscal Year</b>	<b>Penalties / Interest</b>	<b>Other Taxes - CPA Surcharge</b>	<b>CPA - State Share</b>	<b>Earnings on Investments</b>	<b>Total</b>
2003	1,396	927,877	815,485	32,765	1,777,523
2004	2,725	1,010,455	924,436	76,601	2,014,217
2005	1,820	1,077,557	1,005,454	120,935	2,205,766
2006	1,433	1,139,232	1,078,627	116,414	2,335,707
2007	1,978	1,188,066	1,137,231	197,198	2,524,473
2008	2,348	1,220,210	1,190,322	289,460	2,702,341
2009	2,204	1,250,223	885,461	228,229	2,366,118
2010	2,528	1,284,731	485,429	175,070	1,947,758
2011	2,930	1,303,522	386,547	144,430	1,837,428
2012	2,356	1,361,388	385,895	106,484	1,856,123
2013	2,489	1,407,989	402,455	41,425	1,854,357
YTD	1,091	711,302	818,612	18,371	1,549,376
<b>Total</b>	<b>25,297</b>	<b>13,882,552</b>	<b>9,515,954</b>	<b>1,547,383</b>	<b>24,971,187</b>



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.



<b>REVENUES:</b>	<b>Fiscal Year 2011</b>	<b>Fiscal Year 2012</b>	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2015</b>
Tax Revenue	57,247,754	59,474,751	61,929,284	64,828,936	67,069,528
Local Revenue	6,509,337	6,827,657	7,144,933	7,470,348	7,618,404
State Aid	20,401,423	19,412,429	19,862,504	20,130,278	20,160,232
Free Cash - Appropriations	-	808,000	697,000	769,934	3,628,702
Free Cash - Offset Tax Rate	1,788,878	1,935,539	1,851,116	1,995,414	1,954,147
Available Funds	3,844,406	3,191,895	3,262,513	2,960,492	934,276
Enterprise Revenue	5,288,064	5,541,028	5,727,232	6,455,501	6,687,218
<b>TOTAL REVENUE</b>	<b>95,079,861</b>	<b>97,191,298</b>	<b>100,474,580</b>	<b>104,610,903</b>	<b>108,052,507</b>

### FY2015 Projected Revenue

