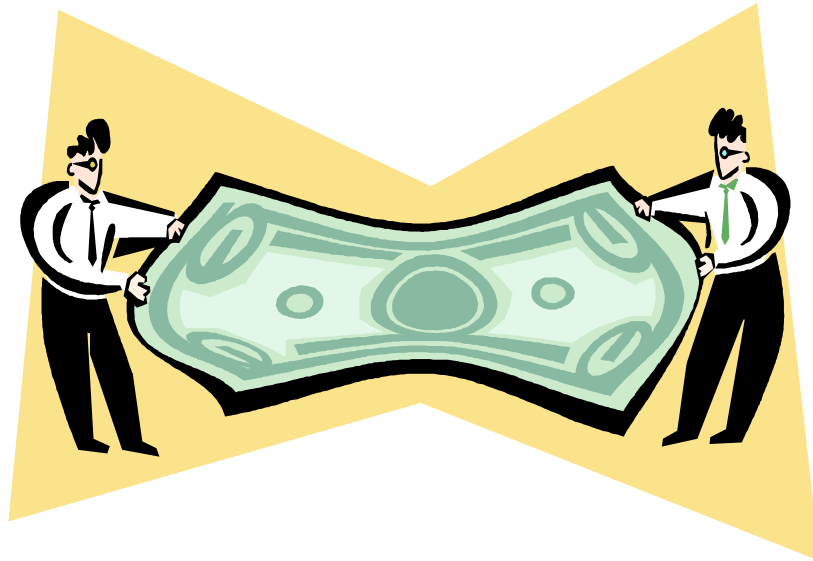


BUDGET MESSAGE

FY07



**Leon A. Gaumond Jr.
Town Administrator
Town of West Boylston**

Vision Statement

It is the Vision of the Town of West Boylston to make West Boylston the most ideal place in the Commonwealth of Massachusetts to live, work, recreate, worship and raise a family.

Mission Statement

It is the mission of government of West Boylston to provide all of its citizens with the greatest possible spectrum of basic services, directed at publicly expressed community needs, at the least possible cost. This includes providing a wide range of high quality constituent service to the citizens of the community, continually support a strong economic base for the community, and continuing to work in the best long-term interests of the community while working as a team.

To: Honorable Members of the Board of Selectmen
Members of the Finance Committee
Citizens of the Town of West Boylston
From: Leon A. Gaumond Jr., Town Administrator
Re: FY07 Budget Message

Introduction

In accordance with the requirements of the Massachusetts General Laws and Chapter 23 of the Acts of 1995 (An Act Establishing a Board of Selectmen-Town Administrator Form of Government in the Town of the West Boylston), I am proud to submit West Boylston's proposed Fiscal Year 2007 Operating and Capital Budgets.

As you can imagine, preparing any municipal budget has been a difficult in recent years. There have been considerable deviations in expectations in what the Town will be seeing in local aid and this year is no different. Similar to other communities, West Boylston's financial problems stem from a continued increase in certain fixed costs such as collective bargaining increases, employee health insurance, and pension increases as well as limited new growth and uncertain local aid figures. Local aid, which plays an important role in the revenues of the Town, still awaits final action by the State Legislature however I am somewhat comfortable in projecting a modest increase (5%) due primarily to the fact that this is an election year. Also uncertain at this time is the status of PILOT (Payment in Lieu of Taxes) monies; the Town is cautiously optimistic that an increase in these funds is forthcoming.

The proposed budget before you is balanced to the extent that the expenditures do not exceed the current revenue projections. However, in order to accomplish this balance, town departments will continue to struggle to provide level services to the Town. The past several years have not been kind to the Town's bottom line. Over the past several years, it is my observation that the budget process has largely succeeded by reducing discretionary program expenditures and relying heavily on the Town's reserves. I commend the Town Department Managers and the Board of Selectmen for their

conservative approach to recent budgets. Sadly, due to the grim financial outlook for the Town at this point, the Town must continue in this approach.

Financial Outlook

Last year I said that I was optimistic that brighter days were ahead for the Town as the country and the Commonwealth rebounded from economic downturns. Indeed, things did start to look up this year as State sales tax revenues increased greatly over the last few years. However, we are not out of the woods yet and I believe the Town will continue to be challenged to meet the service needs of the community with the revenues we have to work with. As you may recall, the Town departments took a 2% cut across the board two years ago that left many departments hard pressed to maintain proper levels of services to its citizens. It is clear that the educational, public safety, public infrastructure, and public services in at the Town were hit hard by these reductions in operating budgets. Unfortunately, if we are to maintain a balance of services and funds, we must continue to make difficult decisions that affect all areas of the Town’s budget.

The Town’s focus must continue to be upon those areas of revenues and expenditures that are discretionary in nature. Unfortunately, there are few areas of the budget left that fall into the non-discretionary category. Given our fiscal pressures and known exposures, it is possible we may be facing further service reductions or requests for additional tax revenues in the form of a Proposition 2 ½ operational override. Much will depend on State budgetary actions later this year and in the years to come.

As in recent years, it looks like the planned utilization of other funding sources to support the operating budget will be necessary to occur again in FY07. The withdrawal is necessary, in part, to offset the Non-exempt Debt Service related to the construction of the sewer and storm drains project and, without a dramatic adjustment in revenues, it is likely to continue until non-recurring funds are completely exhausted. As your Town Administrator, it is my hope to avoid this at all costs and to capitalize the Stabilization Fund to an appropriate level. I believe that an appropriate stabilization fund balance to be between 5-10% of budgeted revenues. Replenishment of the Stabilization Fund should be a critical component of our financial planning, as it protects our bond rating and continued ability to manage unexpected problems.

FY Budget & Free Cash	Total Budget	Free Cash	Free Cash as % of Budget	FY Stabilization	Stabilization Fund	Stabilization Fund as % of Budget
1994	8,063,188	67,283	0.83	1993	57,875	0.72
1995	8,892,382	29,954	0.34	1994	32,138	0.36
1996	9,970,082	1,233,362	12.37	1995	45,717	0.46
1997	11,704,752	1,475,163	12.60	1996	526,591	4.50
1998	12,271,320	774,988	6.32	1997	1,476,987	12.04
1999	12,619,267	401,411	3.18	1998	1,690,772	13.40
2000	13,843,537	(33,695)	(0.24)	1999	1,554,762	11.23

2001	14,455,541	447,874	3.10	2000	1,164,057	8.05
2002	15,658,849	480,924	3.07	2001	1,392,489	8.89
2003	16,936,611		0.00	2002	1,470,843	8.68
2004	18,489,250	661,738	3.58	2003	1,798,161	9.73
2005	18,369,048	624,708	3.40	2004	821,339	4.47
2006	19,718,826	754,808	3.83	2005	760,915	3.86

There are three prominent credit rating agencies in municipal finance that assign credit ratings. I am pleased to report that one of these companies, Moody's, has affirmed our bond rating at A2. This rating reflects the rating agency's confidence in the Town's ability to manage through the current economic cycle. The more conservative and disciplined the Town is in dealing with our reserves, the better our ratings are with these credit rating agencies which in turn leads to lower rates on bonds resulting in less tax dollars going to pay for interest.

Moody's Investor Service
Aaa
Aa1
Aa2
Aa3
A1
⇒ A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2
B3
Caa
Ca
C

Budget Principles

Last year I mentioned that I would like to spend some time working with our financial team and the Finance Committee to review and to adopt sound fiscal policies; ensuring that a slowing economy will not compromise the Town's ability to preserve budgetary balance. Strong budget policies help the Town determine not only what we want, but equally important, what we can afford. As conditions change, the Town must continue to be proactive in adjusting the budget or risk compromising our long-term fiscal health.

Over the past several years, the Town administration has developed several budgetary and financial principles to guide the Administration, the Finance Committee, the Town Department's and the citizens in crafting and adopting a budget that continues to preserve the financial strength of the Town. The policies currently adopted by the Town Administration can be found in Appendix A and include:

- *Policy on Reserve Fund Transfers:* The purpose of this policy is to identify the criteria the Finance Committee will use to rule on requests for transfers from the Reserve Fund.
- *Policy on Intra-Departmental Line Item Budget Transfers:* The purpose of this policy statement is to identify the criteria the Finance Committee will use to rule on requests for intra-departmental transfers between account types.

- *Policy on Spending in Excess of Appropriation:* The purpose of this policy is to provide a summary and interpretation of the statutory prohibition against spending in excess of appropriation.

While these policies are a good start, there are clearly areas for addition. I have directed the Finance Director and spoken with the Finance Committee to think critically about the policies we currently have and where we could adopt others. However, in general, I believe that wherever possible, a municipal budget should be created with the following short-term principles:

- Current revenues must be sufficient to support current expenditures
- Debt is not used to fund current operating expenditures
- Strong General Fund reserves are to be maintained
- Adequate contingency funds are budgeted
- Sufficient maintenance and replacement dollars are included to ensure capital facilities and equipment are properly maintained
- The budget strives to maintain the quality of services currently provided, while at the same time attempts to address any new or increased service demands

Taken as a whole, the Town's financial management policies represent the general philosophy upon which financial decisions are made and include provisions for long-term financial planning, as well as guidelines for the use of Free Cash and Stabilization Fund reserves.

Budget Process

Like most municipal budgets, this budget has been developed upon projected assumptions of available revenue, thereby accepting the limits of the Town's financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes in accordance with Proposition 2 ½. Added to these revenues are State Aid, Miscellaneous Revenues such as fees, permits, and interest earned, and Available Funds such as Free Cash, Recaptured Funds and Special Revenues. The one exception to this process is exempt projects whereby voters determine that a particular project is worthy of an increase in taxation. West Boylston's examples of this include the library renovation project, school renovation projects and a fire truck. The Town has also voted to override the Proposition 2 ½ levy cap for solid waste collection and disposal.

While the projection of available revenues creates a budget ceiling for the Town, an expenditure floor is created by calculating certain fixed or semi-fixed costs such as debt payments, employee benefits, various assessments, and dedication of state education aid. These costs subtracted from projected revenues leaves remaining funds that are available for discretionary spending such as education, public safety, infrastructure maintenance, municipal administration and community services.

The calculation of this level of monies compared to the previous year creates a growth factor that is applied to local school spending and non-school spending. This

methodology is used as a model of distributing funds based upon an assumption of equal sharing of resources and maintaining the established balance of services. It should be noted that school spending must meet the state calculated minimum level of spending as set forth by statute. We currently exceed the minimum level by nearly \$1.6 million. For a more detailed report on this, please refer to Appendix B.

This year, I have instructed every department to prepare three budgets for FY07; a level funded budget (taking into account any contractual increases and COLA's), a minus 2% budget (taking into account any contractual increases and COLA's), and a service maintenance budget (which are the costs required to provide the same services as the previous year and taking into account any contractual increases and COLA's). These new budget forms required Department Managers to think creatively about their budgets and were distributed in December. The Town Administrator received some of the budgets back from the Department Managers in early January and began to prepare a draft budget in February in order to meet with the West Boylston Financial Team and Selectmen to begin the process of developing the budget. Each Department was also given an opportunity to make a claim for additional funding that a Department Manager believed was warranted. The copies of the budget forms used this year can be found in Appendix C.

I have established the following West Boylston Budget Process timeline to develop the budget every year:

- **July-August:** Assessors finalize valuation tables and complete inspections of newly constructed buildings; Assessors prepare new growth update
- **August/September:** Identify goals and strategic needs; Update the Financial Plan Forecasts; Assessors prepare & review new assessed valuations
- **October:** Capital Budget Forms sent out to each Department; Assessors calculate new growth for certification by DOR
- **November:** Capital requests submitted & Reviewed by the Capital Planning Committee; Operating Budget Request Forms sent out to Departments; Selectmen hold classification hearing; Town obtains tax rate approval
- **December:** Town Administrator reviews requests and develops operating budget; Town Administrator and Capital Planning Committee develop capital budget
- **January:** Proposed Capital Budget presented to Finance Committee; Preliminary operating budget presented to Finance Committee
- **February/March:** Finance Committee and Town Administrator holds public budget hearing; Proposed budget presented to Board of Selectmen and Finance Committee
- **May:** Proposed operating and capital budgets presented to Town Meeting
- **June/July:** June 30 current fiscal year ends; July 1 new fiscal year begins; State budget typically passed with Final State Aid numbers (aka Cherry Sheets)
- **October:** Fall Town Meeting makes adjustments to new fiscal year budget as needed; Final Tax Rate set.

Personnel Summary

In a relative sense, the fastest growing cost segment of the budget is personnel and personnel related expenses such as medical and personnel related expenses such as medical insurance, pension costs and Medicare contributions. As vacancies occur, every effort will be made to reexamine positions with a view toward restructuring, reducing, or eliminating where possible,

Five-Year Personnel Summary

Dept Code	Description	2002	2003	2004	2005	2006	Notes:
123	Town Administrators	2.00	2.00	2.00	2.00	2.00	
135	Finance Director	2.00	2.00	1.00	1.00	1.00	Finance Director Outsourced - No Benefits
141	Assessors	2.00	2.00	1.00	1.00	1.00	Principal Assessor Outsourced - No Benefits
145	Treasurer/Collector	3.00	3.00	3.00	3.00	3.00	
161	Town Clerk	1.50	1.50	1.50	1.50	1.50	
194	Mixer Building	1.00	0.50	0.50	0.50	0.50	Position Reduced to 17 Hrs per week - No Benefits
210	Police	14.00	14.00	14.00	14.00	14.00	
210	Police – Reserve Officers	2.00	2.00	2.00	0.00	0.00	Reserve Offices Eliminated during FY04
220	Fire	4.00	4.00	4.00	4.00	4.00	
235	Dispatch Center	5.75	5.75	5.75	5.75	5.75	
241	Building Inspector	1.50	1.50	1.50	1.50	1.50	Part Time Inspector vacant since 8/04
300	Education	N/a	172.19	165.58	159.61	167.0	
420	Streets & Park	8.75	8.75	8.75	8.25	8.25	Director now split with Sewer Dept
491	Cemetery	1.00	1.00	1.00	1.00	1.00	
510	Board of Health	0.00	0.00	0.00	0.00	0.00	Wages paid from revolving - Town pays benefits
541	Council on Aging	2.00	2.00	2.00	2.00	2.00	Budget does not support both employees Grant/Revolving pays part
610	Library	6.50	6.50	6.50	5.90	6.50	FY04 3 Full plus 3.5 FTE's FY05 3 plus 2.9 FTE down .6 FTE
	Totals	58.00*	228.7	220.08	211.01	219.0	
434	Sewer		1.75	1.75	1.25	1.25	Director now split with Streets Dept

* Not including school information currently not available at print time.

As you can see from the above information, over the past 5 years, the Town Government has seen a reduction of its budgeted work force from 58.00 FTE (Full-Time Equivalents) in FY02 to 52.00 in FY06 (about 10.3%). Likewise, the schools have seen a reduction of 5.19 FTE (from 172.19 in FY03 to 167.00 in FY06), a reduction of about 3.0% over the past four years. Unless something dramatic occurs with the Town's revenues and/or expenses in the next several years, the Town will have no choice but to look at further staff reductions.

Capital Budget

This year, the Town Administrator has asked that Departments prepare separate requests for capital items. Below is the list of items requested under this new process.

Capital Requests for FY07

Public Works

- 1) \$43,000 Ford F350 4x4 Pick-up truck with plow package
- 2) \$23,000 Air-Flow Combination Steel Dump Body and material spreader

Fire Department

- 1) \$33,000 to replace car 1
- 2) \$150,000 to replace ambulance 2
- 3) \$32,500 Opticom traffic control system for Rte 140/Rte. 12
- 4) \$15,000 to replace department copier

Police Department

- 1) \$31,500 for lease of three police cruisers

Computer Department

- 1) Some amount for various computer needs in the Town

There have been numerous capital purchases over the past six fiscal years which have come from various sources.

Capital Purchases History

Date	Article	Purpose	Amount	Source
5/15/2000	17	FY 2001 Operating Budget		
		Computer Operations	1,500.00	Taxes
		Planning Board	1,200.00	Taxes
		Police	28,000.00	Taxes
	19	Department Equipment		
		Police – Copier	4,775.00	Stabilization
		Fire – Ambulance	110,000.00	Debt
	24	Mixer Bldg - ADA Compliance	40,000.00	Stabilization
	28	Woodland Park Improvements		
			45,000.00	Stabilization
			25,000.00	Receipts Reserved - Parks
10/16/2000	14	Tax Collector - Software/Hardware	23,000.00	Additional Lottery
	18	Fire - Propane Tank/Heating System	4,500.00	Additional Lottery

5/21/2001	12	FY 2002 Operating Budget		
		Computer Operations	2,000.00	Taxes
		Police	30,000.00	Taxes
	14	Increase ATM 5/00 Article 19 – Ambulance	15,390.00	Debt
	19	Increase ATM 5/00 Article 24 – Mixer ADA	30,000.00	Free Cash
	20	Woodland Park Improvements	40,000.00	Stabilization
	21	Goodale Park - Tennis & Basketball Court Improvements	30,000.00	Stabilization
5/20/2002	15	FY 2003 Operating Budget		
		Computer Operations	1,000.00	Taxes
		Police	21,000.00	Taxes
	20	Streets & Parks - Tractor & Lawn Mower	23,000.00	Capital Investment Fund
	22	Mixer Bldg - Heating System	40,000.00	Stabilization
5/19/2003	37	FY 2004 Operating Budget		
		Computer Operations	2,000.00	Taxes
		Police	19,500.00	Taxes
10/27/2003	4	Goodale Street - Parking Lot	18,000.00	ATM 5/99 Article 22 (Playing Fields)
	7	Weights & Measures – Equipment	2,370.00	Overlay Surplus
	9	Computer Operations	6,000.00	Overlay Surplus
5/17/2004	30	School Roof & Related Repairs Study	70,000.00	Capital Investment Fund
	39	FY 2005 Operating Budget		
		Computer Operations	7,030.00	Taxes
		Police	19,500.00	Taxes
5/16/2005	22	School Roofs	2,000,000.00	Debt
	23	Gym Floor	112,000.00	Debt
	28	Replace Fire Truck	421,000.00	Debt
	31	Capital Items		
		Dump Truck Plows (2)	25,600.00	Capital Investment Fund
		Computer Equipment	9,350.00	Capital Investment Fund
		Lease Police Cruisers (3)	31,501.00	Capital Investment Fund
		Shared Pick Up Truck (1/2)	13,000.00	Capital Investment Fund

Budget Appropriations and Accounting

The Town of West Boylston operates under state statutes and Town Bylaws as amended to establish the Selectmen-Town Administrator form of government. The legislative body of West Boylston is an Open Town Meeting. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects except for specific instances where statutes or regulations do not require appropriation. Any amendments to appropriations require Town Meeting vote at either a regular or Special Town Meeting.

The procedures for Town Meeting are specified in Article 1 of the Town of West Boylston By-Laws.

The budget presents only the General Fund, which is required by state statute to be appropriated by Town Meeting. Revenues from Special Revenue Funds such as sewer betterment fees and monies from the sale of cemetery lots are used to offset specific departmental budgets. These funds are use in accordance with laws designed to provide funding sources for specific purposes.

The budget for the Town is presented on a modified accrual basis. Briefly, this means that transactions are recorded when expenditures are dispersed and when revenues are received. Obligations of the Town (i.e. outstanding purchase orders) are not reflected as expenditures in the year incurred but are reflected in the year disbursed. Funds for these obligations are reflected in the year disbursed. Funds for these obligations are reflected as 'continued' appropriations from prior fiscal years.

Budget Format

I have chosen this format for the FY07 Budget to provide the citizens and Town officials with a document that more effectively communicates the important fiscal issues facing the Town. The budget document provides this Budget Transmittal Message, Budget Summaries & Highlights, as well as detail on departmental requests where necessary.

The comprehensive detailed departmental budgets provide greater information regarding revenues and expenditures. However, it should be noted that these details are provided for informational purposes only. The final budget vote of the Town Meeting aggregates departmental requests into functional areas broken into personnel and operating line item expenses. This consolidated breakdown constitutes the legal budget authority that ultimately governs the manner and amount of local funding expended during the fiscal year.

Major Upcoming Issues

Looking forward, there are a number of things facing the Town that need the particular attention of the Town Officials and the citizens:

- 1) Building/facility needs: Like I mentioned last year, the Town has several serious building needs. These needs are most prevalent within the schools (due in part to possible overcrowding issues), the Public Safety Building (due in part to the age and overcrowding issues) and the Mixer/Town Hall/Senior Center Building (due to structural issues, age, and safety concerns). The Town Wide Planning Committee finalized its Master Plan for and its implementation is now underway.
- 2) Operating shortfalls: Since final state aid numbers are not yet available as I write this document and while I am optimistic that things will be getting better in Massachusetts, it has been difficult for municipal financial planners as we attempt to plan and forecast ahead. Even maintaining level services will prove to be more

and more challenging every year unless the Town is successful in finding a way to greatly increase our revenues or reduce our expenses/services to the Town.

- 3) Costs of personnel benefits: As was mentioned previously, the dramatic cost increases associated with personnel and personnel related benefits are one of the largest 'budget busters' that most employers face, and West Boylston is no different. Over the upcoming months and years, strategies must be explored to address this ongoing issue. Simply put, the Town will not be able to continue to absorb double digit increases on the employee benefit side without serious implications on the Town's budget.

Conclusion

In summary, the FY07 Budget as proposed is balanced pending the passage of a final state budget. It also provides for the continued financial stability of the Town and seeks to maintain essential services in spite of slowing revenues. However the Town Administration still has work to do in order to ensure that West Boylston continues to be a good place to live, work, play and raise a family. We must continue to reduce costs wherever possible and plan carefully for the future. Comprehensive and realistic planning will only become more crucial as we head into even more years of fiscal uncertainty.

Respectfully submitted,

TOWN OF WEST BOYLSTON

LEON A. GAUMOND JR.
Town Administrator

Community Profile



West Boylston, incorporated in 1808, and abutting Worcester, flourished through the 19th century as an industrial center, with cotton mills, a scythe factory and boot finishing shops. In 1896, the Metropolitan District Commission chose the south branch of the Nashua River as the storage site for Boston's water supply and the fate of West Boylston, and several other towns, was changed forever.

In 1897, the MDC evicted 1,700 West Boylstonites who lived near the town's center and began razing 6 mills, 8 schools, 4 churches, one hotel and 360 homes to prepare

for the 65 billion gallon reservoir. The entire Beaman Graveyard was moved to the center of town. Buildings, some still in use today, were dragged through the streets. The old stone Baptist Church, built in 1892 and recently restored by the West Boylston Historical Commission is all of the old center that remains in its original place. Away from Route 12, West Boylston is dotted with well-kept sub-divisions.

Most of West Boylston's residents work in Worcester or Worcester County, but I-190 passes through town giving easy access to Routes 9, 20, I-90 and I-495 and Boston is just 40 miles away. Being a suburb of Worcester means easy access to the city's cultural and commercial features.

Some town residents say that West Boylston is the best of both worlds because it is a non-urban environment just a stone's throw from the city. The excellent school system, under a school choice program, has students from other communities enrolled from kindergarten through grade 12.

West Boylston is located in Central Massachusetts, bordered by Worcester and Shrewsbury on the south, Holden on the west, Sterling on the north, and Boylston and the Wachusett Reservoir on the east. West Boylston is about 7 miles north of Worcester, 18 miles south of Fitchburg, 41 miles west of Boston, and 185 miles from New York City.

Narrative compiled by the Massachusetts Department of Housing and Community Development (DHCD).

Budget Highlights

FY06 Revenue Budget – Overview

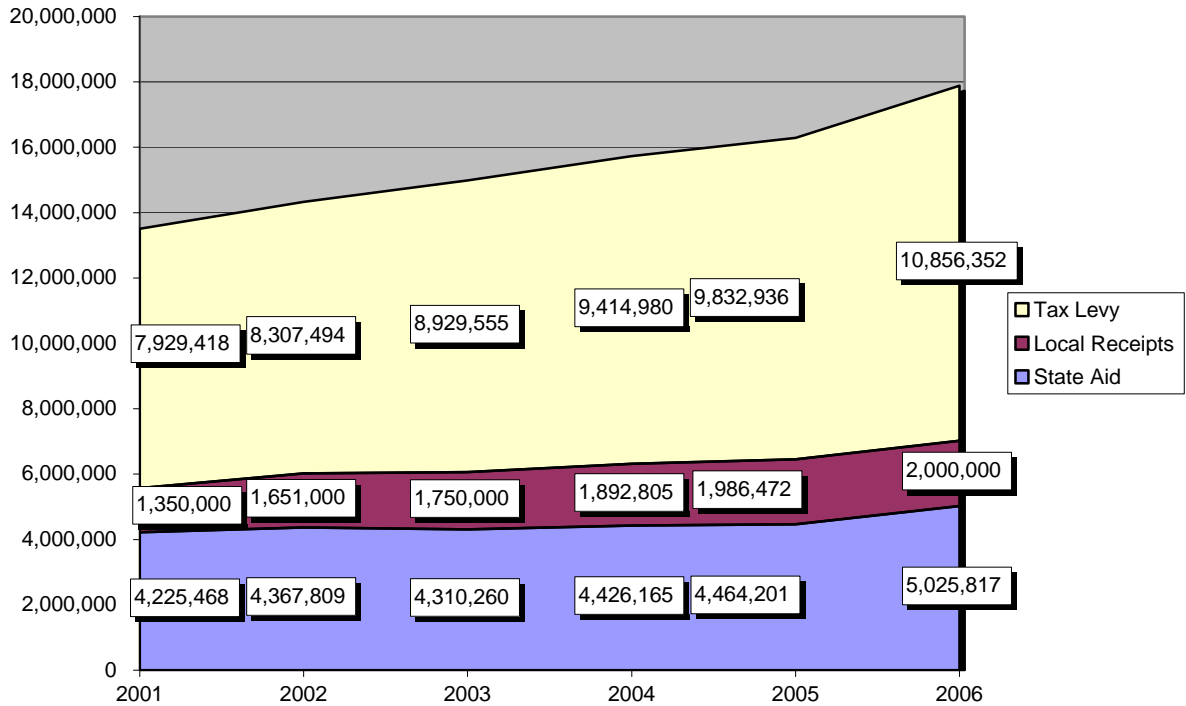
West Boylston has enjoyed somewhat modest revenue growth over the past several years ranging from roughly 3% to 6%. Unfortunately, the trend over the past few years shows that the Town's revenue increases have slowed considerably. During FY07 total revenue is currently expected to increase from \$17,167,277 to \$17,882,169. This represents a modest increase of approximately 4.16% or \$714,892. However, after intergovernmental assessments, direct aid to schools and the library, and the Assessor's overlay account (reserve for abatements) are removed from the local aid numbers, the new revenue figure available for appropriation for FY07 is estimated to be about **\$17,060,777.**

FY	Revenues	% Increase
2002	14,326,303	6.08
2003	14,989,815	4.63
2004	15,733,950	4.96
2005	16,283,609	3.49
2006	17,167,277	5.43
2007	17,882,169	4.16

The Town's revenue is divided into four main categories: property taxes, state aid, available funds and miscellaneous receipts. Revenues are now divided differently than in the past to the extent that school aid is reported differently. For FY07, the Town's revenue looks as follows:

State Aid: \$4,325,345 (using House 1 estimates)
State School Construction Aid: \$700,472 (using pre-audit estimates)
Local Receipts: \$2,000,000
Tax Levy: \$10,856,352 (including \$200,00 for new growth)
Total Revenues projected for FY07: \$17,882,169

Revenue Budget 2001-2006



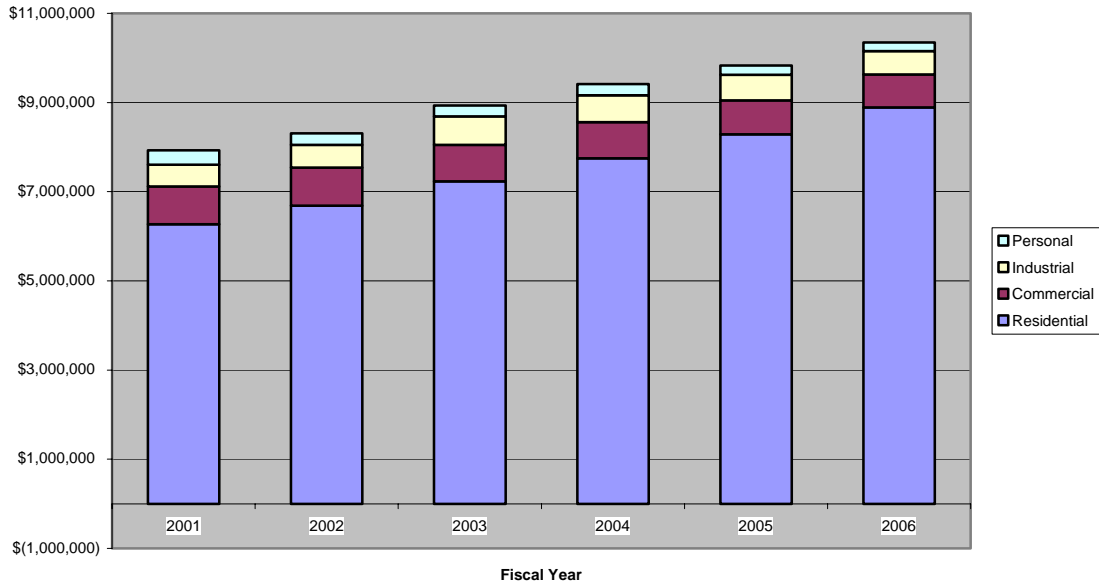
Property Taxes

Property taxes are the largest single revenue source for the Town and historically provide approximately 60% of total operating revenues. Typically, year to year variations of 1 or 2% are the result of external factors beyond the Town's control which affect some of the significant components on non-tax revenues; examples include the amount of state funding received, the general level of building activity and the movement, up or down, of interest rates.

Property taxes are levied on real property (land and buildings) and personal property (equipment) used by West Boylston's non-manufacturing business firms. In accordance with State Law, the Town's Board of Assessors determines the fair market value of all taxable real property.

Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their 'full and fair cash value.' This limit is known as the 'levy ceiling.' Annual levy increases may not exceed 2.5% more than the previous year's levy plus the taxes added from any new properties added to the tax rolls. Any Proposition 2 ½ override or debt exclusion amounts voted are added to the levy limit.

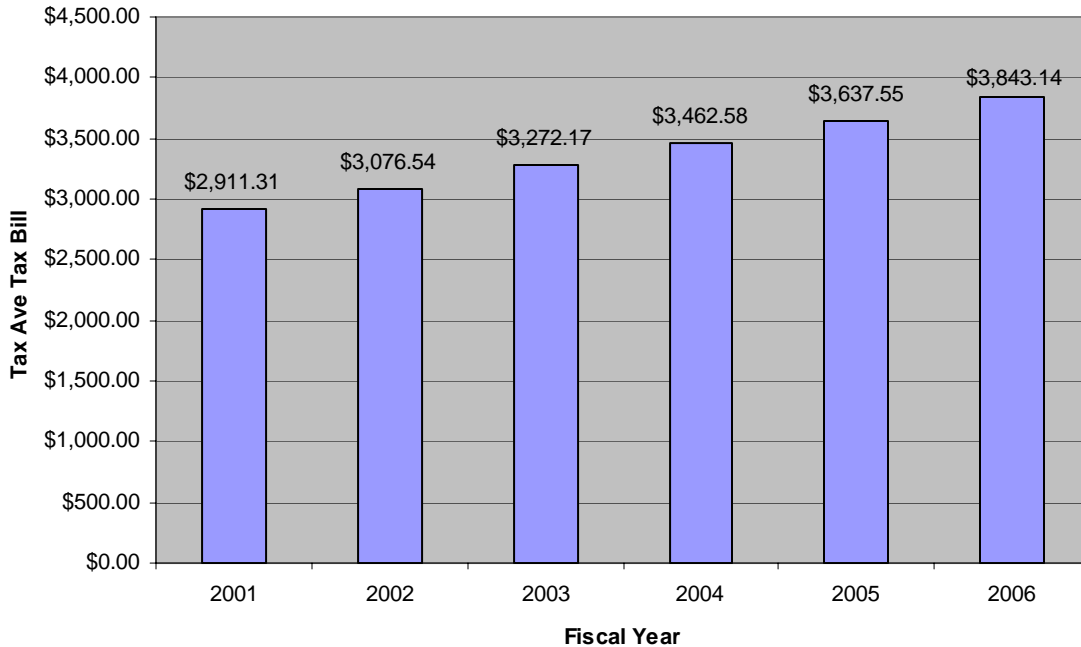
Town of West Boylston Property Tax Levy



For a more detailed view of the Town's Taxation Analysis, please refer to the chart in the Appendix D entitled Town of West Boylston Taxation Analysis. As you can see, the Town is becoming more and more reliant upon residential taxes as a main source of the Town's revenues (from 79.09% in FY01 to 85.90% in FY06). This is increasingly unhealthy for our Town to maintain and continues to move in the wrong direction.

As the Town's primary revenue source, property taxes are expected to increase in FY07 by approximately \$511,222 to \$10,856,352. This increase includes the allowable 2.5% increase plus \$200,000 in taxes from new growth properties projected to come on line. The projected \$200,000 in new growth is certainly modest by any definition and is due to many factors including the economic slowdown in our nation's and state's economy as well as the constraints of the watershed protection area.

Town of West Boylston Average Residential Tax Bill



State Aid

State aid – West Boylston’s second largest revenue source – was originally expected to be level funded in FY07. However recent actions by the Governor has given us the freedom to estimate local aid to be funded at \$4,325,345 and an additional \$700,472 in school building construction reimbursements. These school building reimbursements are no longer added to cherry sheet numbers as had been the state’s practice. Instead, school building reimbursements appear as local receipts. We have made this modification in this budget message. However, after intergovernmental assessments, direct aid to schools and the library, and the Assessor’s overlay account (reserve for abatements) are removed from the local aid numbers, the new revenue figure available for appropriation for FY07 is estimated to be about **\$17,060,777**.

Miscellaneous Local Receipts

This category of revenues includes a variety of fees, permits, fines, and license related monies that the town receives, as well as interest that is earned on investment or paid by late taxpayers. The single largest source of funds within this category is Motor Vehicle Excise Taxes, which is a state tax collected by the municipality for its own use. The level of miscellaneous receipts is greatly affected by outside economic conditions. Hence, the current recessionary period results in fewer buildings and fewer new licensed establishments and businesses being started. The general economic slowdown also affected the amount of money earned through interest on investments and on the level of delinquent taxes being paid with interest.

In general, the Town's Financial Officials are projecting the Town's Miscellaneous Receipts are expected to remain relatively stagnant at \$2,000,000. This number can be justified by examining our present motor vehicle excise tax receipts over the first portion of the year as compared to last year and the general economic status of the Commonwealth.

Available funds

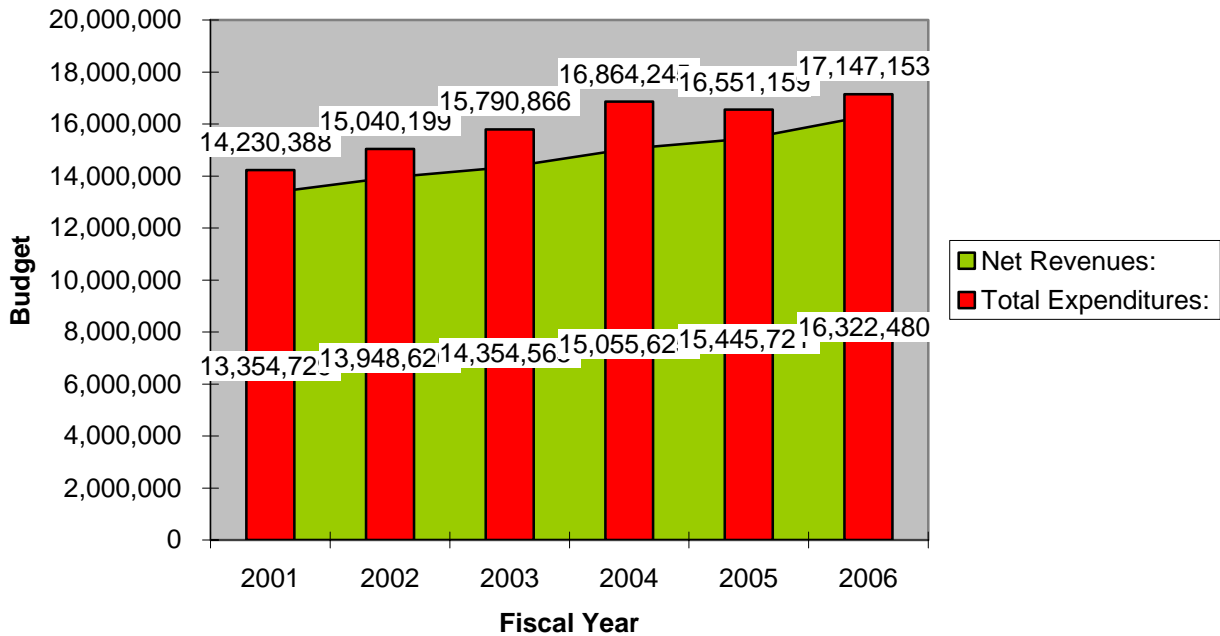
Another source of funds for the Town is monies in various Special Revenue Funds, certified free cash from prior years, unexpended bond proceeds, and funds remaining from completed projects. This year, the Town realized Certified Free Cash of approximately \$754,808 at the close of FY06. These funds were derived from aggressive tax collections, revenues in excess of initial projections, and budgetary surpluses. In FY06, Town Meeting used \$624,708 of the Town's free cash to help balance the budget.

Town of West Boylston Free Cash History FY 2001 - FY 2006				
Balance As Of:	Certified Free Cash	Used At	Amount Used	Used For
June 30, 1999	0			
June 30, 2000	447,874	ATM 05/01 for FY02	30,000	Add to ATM 5/00 Art#26 For Mixer Improvements
			37,874	Transferred to Stabilization
			380,000	Reduce FY02 Tax Rate
June 30, 2001	480,924	ATM 05/02 for FY03	480,924	Reduce FY03 Tax Rate
June 30, 2002	0			Not Certified
June 30, 2003	661,738	ATM 05/04 for FY05	661,738	Reduce FY05 Tax Rate
June 30, 2004	624,708		624,708	Reduce FY06 Tax Rate
June 30, 2005	754,808	Available for 05/06 TM		

Other sources of available funds in FY07 are projected to include our stabilization fund, our Capital Fund, transfers from ambulance receipts, transfers from the Wachusett EMS Fund, any overlay surpluses, and other sources.

In FY06, the Town utilized nearly \$1.3 million in available funds to balance the Town's budget. As one would imagine, this is a very difficult position for the Town to find itself in on a yearly basis, however that is exactly where the Town finds itself. See the following chart as an illustration of this growing concern.

West Boylston Annual Budget Funding Gap



This chart shows the 'deficit gap' of new revenues consistently lagging behind total town expenditures. Needless to say, this trend cannot continue forever.

FY06 Expenditure Budget – Overview

The Town's expenditures are divided into functional categories that become the legal budget appropriated at Town Meeting. These functional categories include General Government, Public Safety, Education, Public Works, Public Service, Culture and Recreation, Debt Service, Intergovernmental, Employee Benefits, and General Insurance. Also added to this is the sewer enterprise operating budget. The final budgeting category, though not part of the actual budget vote, is the remaining Town Meeting Warrant articles that have a financial impact.

Operating Budget:	2002	2003	2004	2005	2006	2007
General Government	690,790	727,999	776,181	857,705	941,896	993,200
Public Safety	1,408,888	1,486,070	1,526,320	1,498,734	1,607,648	1,705,297
Education	7,640,850	7,940,850	8,196,845	8,032,908	8,326,705	8,757,690
Public Works	913,246	895,500	906,474	905,431	1,011,434	1,073,694

Public Service	71,985	72,200	64,200	65,400	70,350	72,774
Culture & Recreation	352,461	315,681	309,420	301,429	309,300	324,463
Debt Service	1,490,691	1,623,978	1,592,360	1,566,921	1,462,483	1,510,714
Intergovernmental				1,300	1,367	1,401
Employee Benefits	1,789,574	1,996,878	2,827,806	2,893,500	3,119,815	3,432,943
General Insurance	113,000	180,000	195,000	200,000	185,100	185,100
Total Operating Budget:	14,471,485	15,239,156	16,394,606	16,323,841	17,036,098	18,057,276

Overall, West Boylston's FY07 expenditures are projected to increase by approximately \$1,021,178 or 6% over FY06. The proposed budget before you is balanced to the extent that expenditures do not exceed current revenue projections. Let me clear about one thing: the Town has not been able to use revenues to meet expenditures without using non-recurring funds and other available funds as you can see from the information presented in the previous section. This budget will, however, attempt to bring most departments back to levels seen before the recent revenue shortfalls.

Analysis of General Government

Moderator: I am proposing maintaining this line item at \$300. This would allow the Moderator to attend the annual Massachusetts Moderator Association training conference and meeting and cover his stipend.

Board of Selectmen: I am proposing reducing this line item from \$10,530 to \$10,320. The salaries remained constant at last year's levels and there is a slight reduction in the purchased services budget.

Town Administrator: I am proposing increasing this line item from \$140,950 to \$143,220. This increase reflects contractual increases to the Town Administrator and a 2% increase for the Municipal Assistant.

Finance Committee: I am proposing maintaining this line item at \$155.

Reserve fund: I am proposing maintaining this line item at \$60,000. This fund is necessary to cover any unforeseen expenses incurred by the Town and the Finance Committee must approve any expense paid through this fund.

Finance Department: I am proposing increasing this line item from \$149,100 to \$153,305. This increase provides for a 2% increase for the Assistant Town Accountant, a contractual increase for the services of FAA, and level funding all other purchases and supplies.

Town Audit: I am proposing maintaining this line item at \$30,500. This amount will allow us the Town to obtain our basic financial statements, the end of the year report, and a single audit.

Assessors Department: I am proposing increasing this line item from \$80,401 to \$82,556. This increase provides for a 2% increase for the Assistant Assessor, an increase

for our Principal Assessor, and maintenance of the current level of services from the Assessor's Office.

Treasurer/Tax Collector: I am proposing increasing this line item from \$131,355 to \$137,205. This increase provides for a 2% increase for the employees of the department, necessary step increases, and maintenance of the current level of services from the Treasurer/Tax Collector department.

Town Counsel: I am proposing decreasing this line item from \$85,000 to \$70,000 provided that the Town is able to settle all of its labor negotiations in FY06. This amount should allow us the ability to provide for legal representation and process tax title takings if necessary.

Personnel: I am reducing this line item from \$196 to \$100. This Board reviews the proposed changes in the wage classification and job descriptions. This modest sum covers any costs for the Board and the Town will assume the costs of the MMPA.

Computer Services: I am proposing increasing this line item from \$47,200 excluding capital upgrades to \$59,275 that INCLUDES the purchase of some equipment. This increase includes a stipend increase for our computer consultants and the increased costs for our computer maintenance contracts. On the capital side, I am proposing a decrease from \$9,800 to \$6,000. Last year we made some aggressive purchasing to get us up to speed on some things (a new server, monitors and software (Arc View) for the Assessor's GIS program).

Town Clerk: I am proposing increasing this line item from \$54,676 to \$55,933. This increase includes the costs of the Assistant Clerk and a 2% increase, an increase for postage, the office telephone, and for required trainings.

Elections: I am proposing increasing this line item from \$17,800 to \$20,920. This increase is partially due to the increase in postage costs and requirements for complying with election requirements.

Public Safety Building: I am proposing increasing this line item from \$28,514 to \$56,850. This increase provides for a small increase in the supply budget to make some needed improvements and a small increase in the salary line item. As I pointed out in last year's budget, that budget was barely enough for the building to operate and barely allowed for routine maintenance or upgrading. My budget this year attempts to make some improvements, especially on the heels of the Municipal Building Committee's study of this building. This new budget corrects an injustice that has existed for too long, the requirement that the firefighters be expected to clean and repair the building. This new budget includes some money to reinstate the part-time janitor position that had been eliminated a few years ago. I am making a commitment to the public safety personnel of this Town that their services in that capacity are valued and this budget hopefully makes that case.

Sewer Usage: This was a new line item last year and I am proposing increasing this line item from \$16,000 to \$17,000 to cover the Town and School buildings sewer usage as a result of connecting to the town sewer system.

Mixer Building: I am proposing increasing this line item from \$85,860 to \$92,200. This increase provides for a 2% and a step increase for the janitor at the Town Hall. This budget will give more money for routine maintenance or upgrading and utility costs. However, I shall also point out that the Town has had enormous difficulties with this building. The Municipal Building Committee is currently looking at our building needs and I hope to address this issue very soon; perhaps at the May Town Meeting.

Town Report: I am proposing maintaining this line item at \$3,361. I believe this budget allows the Town to maintain current levels.

Total General Government expenditures: \$993,200, an increase of 5.4% largely due to increases in Public Safety Building budget.

History of General Government expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
General Government	690,790	727,999	776,181	857,705	941,896	993,200

Analysis of Public Safety

Police Department: I am proposing increasing this line item from \$850,630 to \$904,000 not including capital purchases. The Police Chief has made a compelling argument about the level of services currently being provided by the department as compared to level of personnel. I feel that this budget is as close as we can get it without laying off public safety personnel – a prospect that I and the Chief feel is completely unacceptable given the needs of the Town. Understand that this budget, when considering the 2% cut last year, will put a tremendous strain on the department.

Fire Department: I am proposing increasing this line item from \$454,904 to \$486,500. This budget calls for a maintenance of services provided for in the Department. While the Chief has made a compelling case for some clerical and administrative support for the Fire Department, I cannot make the case for that this year. I will be working with the Chief for presentation of this for the next annual Town Meeting.

Emergency Management: I am proposing maintaining this line item at \$4,116. As the justification page details, it is the Town's hope that the civil defense budget will be supplemented with grants. At its current level, this budget does not allow for any advancement of the Town's emergency management processes.

Public Safety Communications: I am proposing increasing this line item from \$218,040 to \$226,760. We have seen grant funding for this line item reduced recently and this allocation will see only small increases in the purchased services account and maintains current services.

Building Inspector: I am proposing reducing this line item from \$94,798 to \$53,251. This budget provides for a COLA for the employees of the Department and a small increase in purchased services for increased postage and printing. The Town Administrator is removing their supplies budget entirely and will include this department under the consolidated purchasing in the Town Hall. The reduction is primarily due to the Town Administrator's placement of a new Building Inspector and eliminating the Town's reliance on contracted building inspection services.

Plumbing Inspector: I am proposing maintaining this line item at \$10,780. I believe this will sufficiently maintain services in the Town.

Sealer of Weights: I am proposing decreasing this line item from \$2,000 to \$1,960 to maintain the current contract with the Commonwealth to do the measure tests. The Town does recoup inspection fees for these tests.

Inspector of Wiring: I am proposing maintaining this line item at \$8,330. I believe this will sufficiently maintain services in the Town.

Animal Control: I am proposing increasing this line item from \$9,050 to \$9,600. This increase provides for a small stipend increase for the animal control officer and money for an alternate if necessary. I believe this line item will adequately maintain services for the animal control department.

Total Public Safety expenditures: \$1,705,297 or an increase of 3.19% with primarily a level services budget.

History of Public Safety expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
Public Safety	1,408,888	1,486,070	1,526,320	1,498,734	1,607,648	1,705,297

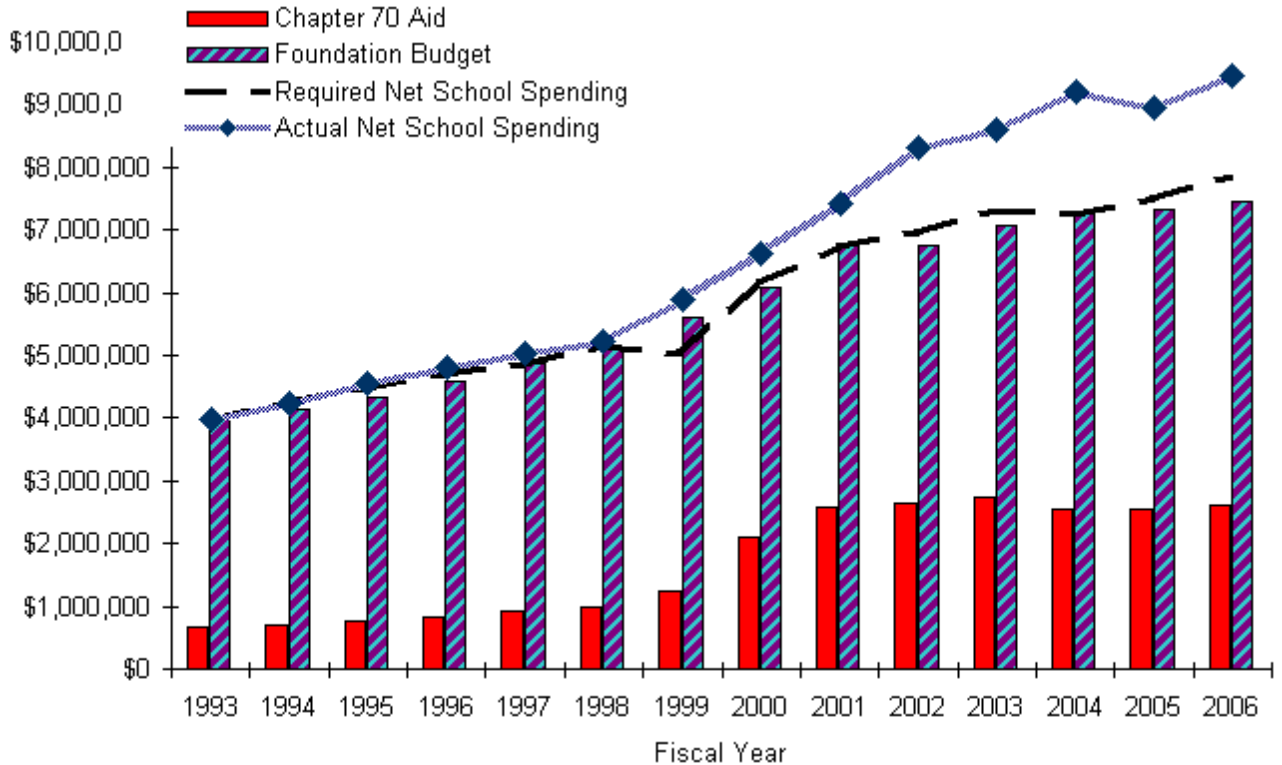
Analysis of Education

Education: The School Department has proposed increasing this line item from \$8,378,704 to \$9,054,992. It is the opinion of the Town Administrator that the Town cannot afford this expansion of services detailed in the School's 8.1% proposed increase without entertaining an override or severely reducing Public Safety and/or Public Works budgets to the point where the safety of the Town is in jeopardy. While I do not doubt the School Department's needs, the financial plight of the Town is clear; we simply do not have the resources to meet this request at this time. The Town's pressing needs and statutory responsibilities cannot be met by giving the School Department a nearly \$700,000 increase from last year.

It is the Town Administrator and Board of Selectmen's desire that this Line Item be funded at the \$8,757,690 level, or a 4.52% increase (which is a larger increase than was given last year).

Chapter 70 Trends, FY93 to FY06

WEST BOYLSTON



FY06 "actual" net school spending represents the amount budgeted

Total Education expenditures: \$8,757,690 level or an increase of 4.52%

History of Education expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
Education	7,640,850	7,940,850	8,196,845	8,032,908	8,326,705	8,757,690

Analysis of Public Works

Public Works: I am proposing increasing this line item from \$481,766 to \$501,280. This small increase provides for personnel increases of 2% and monies to sub out the street sweeping and truck paintings. This budget does not provide for an expansion of services from the Department of Public Works in any way. It increases the money for gasoline although the Town Administrator has challenged the DPW Director to reduce costs anywhere he can in order to make this budget work. This is essentially a level funded budget which takes into account personnel and fuel costs.

Snow and Ice Removal: I am proposing maintaining this line item at \$92,800. This budget cannot be reduced in order to allow for overspending in the event of drastic emergency situations.

Street Lighting: I am proposing increasing this line item from \$70,215 to \$79,561. This increase reflects the additional costs to provide streetlights on the Town's roads due to rising fuel costs. Any reduction of this line item would cause the elimination of some of non-essential streetlights. The Town Administrator is prepared to move forward with this suggestion if the Town's budget needs to be pared down.

Trash Removal & Disposal: I am proposing increasing this line item from \$335,240 to \$360,830. As you know from last year's budget, the Town was in the last year of a 10-year trash collection budget agreement. This was the last year of the 10-year trash disposal contract. On the collection side, I am expecting the cost to rise from \$218,875 to \$227,630. On the disposal side, I am expecting the cost per ton to increase from \$65/ton to \$75/ton, which comes to \$133,200.

Cemeteries: I am proposing increasing this line item from \$32,468 to \$39,223. This line item pays for the salary of the Cemetery Superintendent and the salaries of the Cemetery Commissioners required by Town Bylaw. In addition, I am increasing this by an additional \$5,500 to replace some of the funds that had been eliminated from their budget several years ago in an attempt to cut Town operations. While they were able to make those cuts, they had an adverse effect of their perpetual care funds that have since been depleted. This will not completely replace these monies however it does help them recoup some of their operational losses. I will attempt to improve upon this allocation in future budgets as well.

Total Public Works expenditures: \$1,073,694 for an increase of 4.7%.

History of Public Works expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
Public Works	913,246	895,500	906,474	905,431	1,025,489	1,073,694

Analysis of Public Service

Council on Aging: I am proposing increasing this line item from \$63,750 to \$64,849. This proposal, even though a modest increase, will only give a COLA increase for the current personnel and a small increase in purchased services. The COA has identified a need to fund a part-time position, currently funded through grant money, through Town funds. I have not yet included this new money of almost \$5,000 for a lunchroom attendant. We may need to encourage some innovation from the COA to fund this position through donations and grant monies wherever possible.

Veterans Services: I am proposing increasing this line item from \$6,600 to \$7,925. This line item provides for benefits for Town veterans and a small salary for the veteran agent.

It is an expansion from last year's budget due to an increase of veterans receiving services. The Town will receive 75% reimbursements on expended benefits.

Total Public Service expenditures: \$72,774, an increase of 3.45% entirely primarily to increased veteran benefits. I should point out that this proposed budget only brings these departments to FY01 funding levels.

History of Public Service expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
Public Service	71,985	72,200	64,200	65,400	70,350	72,774

Analysis of Culture & Recreation

Library: I am proposing increasing this line item from \$306,950 to \$321,753. For the last two years, the Town has had to seek a waiver from the Commonwealth's Board of Library Commissioners to meet the MAR (Municipal Appropriation Requirement). This allocation will mean that the Town will meet its MAR for FY07. It does not return to pre-cut service hours, which would require an additional \$10,000.

Memorial Day Expenses: I am proposing increasing this line item from \$1,850 to \$2,210 so as to provide level services for Memorial Day services and to purchase brass markers.

Arts Council: I am proposing maintaining this line item at \$500 so as to provide level services to the support of arts within the community.

Total Culture & Recreation expenditures: \$324,463 - an increase of 4.90% in order to meet the MAR for the library. As with the Public Service budget above, this funding level only brings these budgets to 2001-2002 levels.

History of Culture & Recreation expenditures

Operating Budget:	2002	2003	2004	2005	2006	2007
Culture & Recreation	352,461	315,681	309,420	301,429	309,300	324,463

Analysis of Debt Service

Debt – Principal: I am proposing increasing this line item from \$913,301 to \$915,301. This line item is a fixed cost to the Town and represents the amount of money the Town is required to pay for the principal on its debt.

Debt – Interest: I am proposing reducing this line item from \$539,182 to \$496,813. This line item is a fixed cost to the Town and represents the amount of money the Town is required to pay for the interest on its debt.

Short-term borrowing: I am proposing increasing this line item from \$10,000 to \$98,600 to cover interest on temporary loans to the Town.

Total Debt Service expenditures: \$1,510,714 - an increase of 3.167%

History of Debt Service

Operating Budget:	2002	2003	2004	2005	2006	2007
Debt Service	1,490,691	1,623,978	1,592,360	1,566,921	1,462,483	1,510,714

Analysis of Intergovernmental

Regional Planning: The only budgeted expense in this line item is for the Town's participation in the Central Massachusetts Regional Planning Commission. This basic assessment rate is 0.22373 cents per capita and it comes to roughly \$1,401.

Analysis of Employee Benefits

Retirement and Pensions: This is a fixed cost of the Town and cannot be lowered in accordance with Chapter 32, Section 22 (7)(c)(ii). Therefore, the Town must allocate \$454,443 to be paid to the Worcester Regional Retirement System. The Town is able to see some savings by prepaying the year's cost to the Worcester Retirement System.

Workers Compensation: This is a fixed cost to the Town and is based, in part, by our workers' compensation claim experience. Due to decent claim history and the recommendation of our workers' compensation insurance agent, I am recommending that we reduce this line item from \$51,000 to \$48,000.

Unemployment Insurance: This is a fixed cost to the Town and is based upon a percentage of the Town's payroll. Therefore, I am proposing maintaining this line item at \$25,000 this year.

Group Health Insurance: This is a fixed cost to the Town and is the Health Insurance line item for the Town and School employees. I am proposing increasing this line item from \$2,450,000 to \$2,744,000. Even though the industry-wide the trend is at 11% and that is the level that our consultant has recommended that we budget for next year with no plan design or changes for next year.

Group Life Insurance: This is a fixed cost to the Town and should not be lowered. Based on stable premium costs, the Finance Director has recommended that this line item be level funded at \$14,500.

Medicare: This is a fixed cost to the Town and is based upon a percentage of the Town's payroll. It is estimated that an increase from the adjusted budget of \$133,000 to \$147,000 to cover expenses for FY07.

Total Employee Benefits expenditures: \$3,432,943 or an increase of 10% largely due to increases in health insurance increases and pension costs.

History of Employee Benefits

Operating Budget:	2002	2003	2004	2005	2006	2007
Employee Benefits	1,789,574	1,996,878	2,827,806	2,893,500	3,119,815	3,432,943

Analysis of General Insurance

General Insurance: I am proposing level funding this line item at this time at \$185,100. I believe I will be able to meet the insurance demands with this allocation. Firmer numbers will be made available by Town Meeting in the event I need to make some changes.

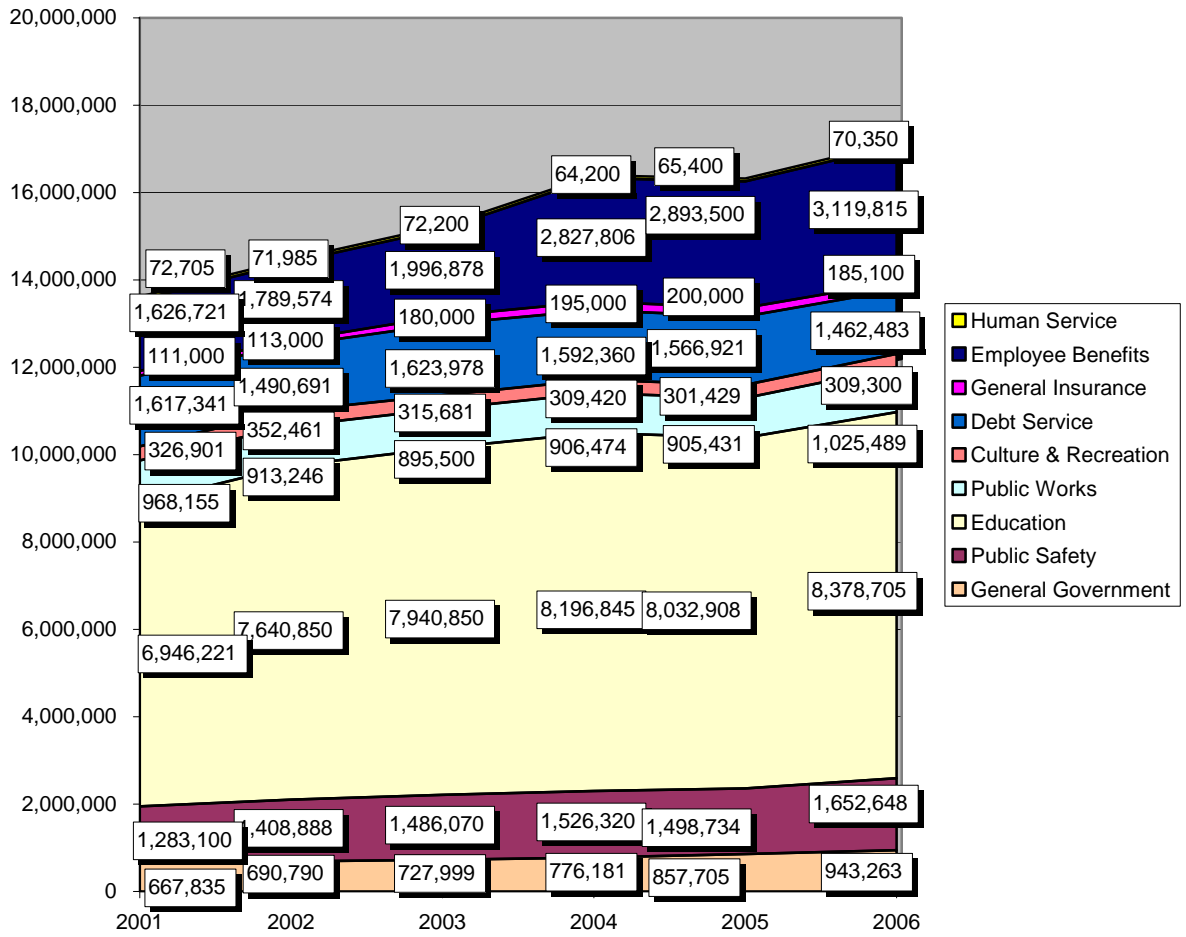
History of General Insurance

Operating Budget:	2002	2003	2004	2005	2006	2007
General Insurance	113,000	180,000	195,000	200,000	185,100	185,100

Total Operating Budget

Operating Budget:	2002	2003	2004	2005	2006	2007
General Government	690,790	727,999	776,181	857,705	941,896	993,200
Public Safety	1,408,888	1,486,070	1,526,320	1,498,734	1,607,648	1,705,297
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General Insurance	113,000	180,000	195,000	200,000	185,100	185,100
Total Operating Budget:	14,471,485	15,239,156	16,394,606	16,323,841	17,036,098	18,057,276

Operating Budgets 2001 - 2006



Appendix

- A) Town Financial Policies adopted by Board of Selectmen**
- B) School Funding Analysis**
- C) Budget Forms 2006**
- D) Taxation Analysis**
- E) Miscellaneous Town Financial Data**