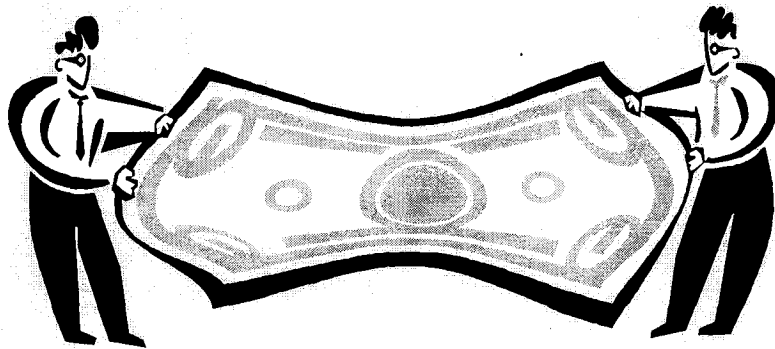


BUDGET MESSAGE

FY10



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

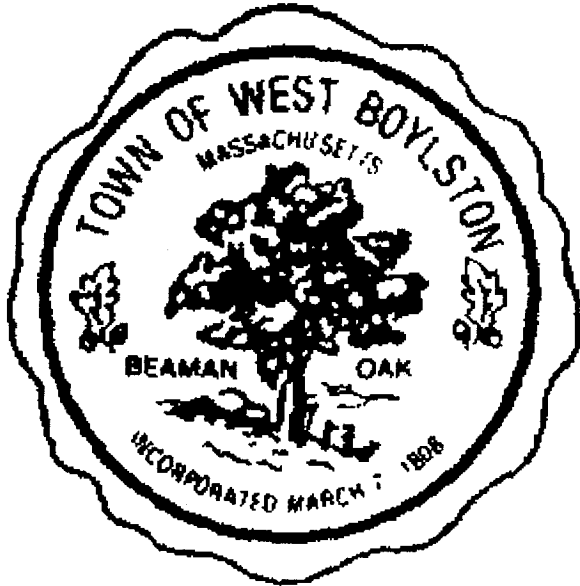
Vision Statement

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.

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).

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LEON A. GAUMOND, JR.
TOWN ADMINISTRATOR

TOWN OF WEST BOYLSTON
MUNICIPAL OFFICE BUILDING
127 HARTWELL STREET
WEST BOYLSTON, MASSACHUSETTS 01583-1108

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: FY10 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 2010 Operating and Capital Budgets.

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 needed to absorb massive cuts in resources due to the declining economy and declining revenue sources. As I have said many times in the last couple of budget cycles, the West Boylston budget process has largely succeeded by reducing discretionary program expenditures and relying heavily on the Town's free cash to balance our budget. As most people know, the Town used significant non-recurring funds to help balance the budget in year's past. This had led to a structural deficit where our operating costs exceeded that of our revenues. This budget is not balanced in this manner as we have little in the way of non-recurring funds. I once again 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 and is likely to continue for many years to come without significant changes in the budget cycles to come.

Financial Outlook

For the past several years, I had said that I was becoming pessimistic about the economic condition in the State. Unfortunately, this has been the case. The state has struggled to meet many of its revenue projections and in most cases failed to do so. The state still faces a structural deficit that it must address before offering any assistance to cities and towns and local aid relief is simply not on the horizon for the cities and towns of Massachusetts.

As in the past couple of years, 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. Indeed, core programs and services are expected to be cut or eliminated in the next several years in order to continue to balance the budget without additional revenues.

Unlike recent years, there are no significant non-recurring funding sources to support the operating budget. There are also no significant funds to add to our Stabilization Fund either. I believe that an appropriate stabilization fund balance to be at least 5% 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 Receipts From all sources	Free Cash	Free Cash as % of Total Receipts	FY Stabilization	Stabilization Fund	Stabilization Fund as % of Total Receipts
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
2007	21,262,235	366,464	1.72	2006	870,437	4.09
2008	21,965,313	736,377	3.35	2007	926,782	4.22
2009	23,331,046	20,837	0.009	2008	1,088,531	4.67

Source: DOR Recap Sheets

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 reaffirmed our bond rating at A2 during a refunding to the Town two years ago. 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,

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

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. From their notification to the Town:

NEW YORK, -- Moody's Investors Service has assigned an A2 rating to the Town of West Boylston's (MA) \$1.9 million General Obligation Bonds. Concurrently, Moody's has affirmed the A2 rating on the town's \$18.1 million of outstanding long-term debt. The current issue is secured by the town's general obligation unlimited tax pledge, as debt service has been voted exempt from the levy limitations of Proposition 2 ½. The proceeds will retire \$1.8 million outstanding bond anticipation notes dated 8/24/2006. The A2 rating incorporates the town's satisfactory financial position, above-average debt burden and modest growing tax base.

Moody's believes the exemption of approximately half of the town's debt from the limits of Proposition 2 ½ mitigates the town's 2.2% overall debt burden, which should remain manageable given a lack of future

borrowing plans. As a result of School Building Authority (SBA) and Massachusetts Water Pollution Abatement Trust (MWPAT) subsidies, the town's overall direct debt burden falls to a low 1.2%. Voters passed debt exclusions for \$10.5 million of the town's \$20 million outstanding debt, allowing the town to raise necessary property taxes to support related debt service.

Other highlights of the Moody's decision of our financial condition are that they expect West Boylston to maintain a satisfactory financial position of the medium term, that West Boylston's tax base will continue to grow at a modest rate, and that the Town exhibits wealth levels that are on par with the state averages and equalized value per capita.

Budget Principles

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.
- *Policy on New Growth Taxation Revenue:* This policy is established as a means to project and develop reasonable operational and capital outlay plans during both normal and unusual periods of real estate development and taxation growth.

This past year, the Town adopted three additional financial policies. They are:

- *Policy on Fraud Prevention and Detection:* The purpose of this policy is to facilitate the development of controls, which aid in the prevention and detection of fraud against the Town.
- *Policy on Identity Theft Prevention:* The purpose of this policy is to comply with regulations issued by the Federal Trade Commission as part of the implementation of the Fair & Accurate Credit Transaction Act of 2003.
- *Policy on Investments:* This policy is established to ensure the security, safety, liquidity, and yields of invested Town funds and to reduce risk in managing the Town's short and long term investment needs.

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. Many years ago, 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. For more detailed information about this, please refer to <http://finance1.doe.mass.edu/chapter70/>.

This year, I have instructed every department to prepare two budgets for FY10; a level funded budget (taking into account any contractual increases and COLA's) and a minus 10% budget. The budget forms required Department Managers to think creatively about their budgets and were distributed in January; a slight delay than usual given the chaos at the state level. The Town Administrator received most of the budgets back from the Department Managers in February and began to prepare a draft budget in March. 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 B.

The Winter was not the first time that the Town's major financial players (the Selectmen, the School Committee and the Finance Committee) began thinking about the FY10 budget however. The three boards began meeting at the beginning of FY09 and met throughout the year with the Town Administrator, the School Superintendent and the Finance Director to explore cost reductions and efficiencies in the budget to save money for the terrible budget year ahead. The members of all three boards should be

commended for their diligence in these meetings. A summary of their findings can be found in the Appendix and will be reviewed periodically to see what can be accomplished.

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:** Assessors calculate new growth for certification by DOR, Fall Town Meeting makes adjustments to new fiscal year budget as needed; Final Tax Rate set
- **November:** 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
- **January:** 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 budget 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)

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 health care 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.

Personnel Summary

Dept Code	Description	2003	2004	2005	2006	2007	2008	2009	Notes:
123	Town Administrator	2.00	2.00	2.00	2.00	2.00	2.00	2.0	
135	Finance Director	2.00	1.00	1.00	1.00	1.00	1.00	1.0	Finance Director Outsourced - No Benefits
141	Assessors	2.00	1.00	1.00	1.00	1.00	1.00	1.0	Principal Assessor Outsourced - No Benefits
145	Treasurer/Collector	3.00	3.00	3.00	3.00	3.00	3.00	3.0	
161	Town Clerk	1.50	1.50	1.50	1.50	1.50	1.5	1.5	

194	Town Hall	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
210	Police	14.00	14.00	14.00	14.00	14.00	14.00	14.00	
210	Police – Reserve Officers	2.00	2.00	0.00	0.00	0.00	0.00	0.00	Reserve Offices Eliminated during FY04
220	Fire	4.00	4.00	4.00	4.00	5.00	5.00	7.00	New grant supported officers
235	Dispatch Center	5.75	5.75	5.75	5.75	5.75	5.75	5.75	
241	Building Inspector	1.50	1.50	1.50	1.50	2.00	2.00	1.5	B.I. position now regionalized
300	Education	172.19	165.58	159.61	167.0	167.0	164.28	160.63	
420	DPW	8.75	8.75	8.25	8.25	8.25	8.0	7.0	Director split with Sewer Dept
491	Cemetery	1.00	1.00	1.00	1.00	1.00	1.0	1.0	
541	Council on Aging	2.00	2.00	2.00	2.00	2.0	2.0	1.0	Loss of ½ of dept. staff.
610	Library	6.50	6.50	5.90	6.50	6.50	6.5	4.6	Staff reduction in FY10
	Totals	228.7	220.08	211.01	219.0	220.5	217.53	211.48	
434	Sewer	1.75	1.75	1.25	1.25	1.25	1.0	1.0	Director split with DPW

As you can see from the above information, over the past several years, the Town Government has seen a reduction of its budgeted work force from 56.51 FTE (Full-Time Equivalents) in FY03 to 50.85 in FY10 (about 10.0%). Likewise, the schools have seen a reduction of 7.9 FTE (from 172.19 in FY03 to 160.63 in FY09), a reduction of about 6.7% over the past several 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

As will be done every year, the Town Administrator has asked that Town Departments prepare separate requests for capital items. Under the current law providing for the West Boylston Capital Investment Fund, the Town Administrator has established the following draft West Boylston Capital Budget Process timeline to develop the capital budget every year:

- **Pre-July:** Proposed capital budget forms are reviewed and approved by CIB and are sent to all Town Boards and Departments
- **September 1st:** Final Capital Budget requests are due to be sent to the CIB
- **September/October:** CIB to hold meetings with departments on Capital Budget requests and to approve the list of articles to be supported at the Town Meeting
- **October:** Capital items voted on at Fall Town Meeting
- **November:** CIB to modify the Capital Projects List according to actions taken at Fall Town Meeting

It should be noted that the Capital Investment Board is discussing a modification to the Special Act that created our Capital Investment Fund in the hopes that the schedule will coincide with the fiscal year. I shall also point out that this above schedule is 'draft' as the Capital Investment Board has not yet formally adopted this schedule.

There have been numerous capital purchases over the past few fiscal years that have come from various sources. One area of note, the current balance of funds in the Capital Fund is \$41,036.14.

Capital Purchases History

Date	Article	Purpose	Amount	Source
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 Crusers (3)	31,501.00	Capital Investment Fund
		Shared Pick Up Truck (1/2)	13,000.00	Capital Investment Fund
10/16/06	5	DPW Vehicle	43,000	Capital Investment Fund
10-15-07	11	School – Fuel Tank Monitoring	26,700	Capital Investment Fund
	12	New Ambulance	165,000	Ambulance Receipts Reserved
5-19-08	26	School – window replacement	85,000	Capital Investment Fund
	26	Fire Department Vehicle 2	35,000	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.