

Board of Selectmen
Financial Workshop
November 25, 2014

1. For the first time in many years we approach FY 2016 with an expanded tax levy resulting from the \$5.5 Million override of last June.
2. Schedule A has shown some life in FY 2014 and indications are that FY 2015 will perform well.
3. New growth will remain anemic until such time as projects being proposed are built out.
4. Vigilance must be maintained to avoid unnecessary increases in overhead.
5. Step up in the pension assessment of \$475,000.
6. Greatest areas of concern are:
 - a. State aid in both FY 2015 & FY 2016
 - b. Operational deficits in FY 2015
 - c. The economic cycle (Boom or Bust or Just Sideways)
 - d. Regulations including but not limited to the new stormwater utility
 - e. Regulatory Compliance for water & sewer and stormwater
 - f. Health Insurance
 - g. General Insurance
 - h. Energy and chemicals
 - i. State Aid
7. Questions for the Board to consider:
 - a. What additional positions (if any) will be authorized?
 - b. What Capital Budget items will be funded?
 - c. Fiscal policies for FY 2016?

**FIGURE THREE
SCHEDULE A (LOCAL) RECEIPTS
FISCAL YEAR 2008 TO 2015**

ITEM	PROPOSED FY 15	ACTUAL FY 14	ACTUAL FY 13	ACTUAL FY 12	ACTUAL FY 11	ACTUAL FY 10	ACTUAL FY 09	ACTUAL FY 08
MOTOR VEHICLE EXCISE	\$4,900,000	\$5,224,258	\$4,849,155	\$4,507,317	\$4,437,527	\$4,295,450	\$4,351,092	\$4,872,855
OTHER EXCISE	\$80,000	\$100,617	\$77,181	\$85,807	\$82,970	\$47,864	\$51,900	\$61,823
MEALS TAX*	\$350,000	\$362,828	\$353,033	\$348,153	\$336,491	\$0	\$0	\$0
PENALTIES AND INTEREST	\$230,000	\$296,834	\$237,991	\$245,132	\$281,400	\$218,805	\$241,101	\$205,595
PAYMENT IN LIBU OF TAXES	\$30,000	\$34,008	\$31,445	\$32,487	\$35,218	\$34,001	\$33,425	\$30,987
CHARGES FOR SERVICES - WATER	\$3,700,000	\$3,780,734	\$3,535,767	\$3,413,506	\$3,642,144	\$3,518,453	\$3,409,443	\$3,500,366
CHARGES FOR SERVICES - ASH DISPOSAL	\$1,500,000	\$1,807,302	\$1,371,468	\$1,344,953	\$1,245,334	\$872,566	\$812,552	\$768,626
FEES	\$130,000	\$132,652	\$156,985	\$157,296	\$156,866	\$116,107	\$106,172	\$116,104
RENTALS	\$6,500	\$42,604	\$21,711	\$48,331	\$19,084	\$13,442	\$12,640	\$12,871
DEPARTMENTAL REVENUE - SCHOOLS	\$5,000	\$96,563	\$4,567	\$26,214	\$12,459	\$16,575	\$37,320	\$38,869
DEPARTMENTAL REVENUE - LIBRARIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEPARTMENTAL REVENUE - CEMETERIES	\$30,000	\$31,269	\$29,557	\$23,097	\$25,423	\$29,994	\$56,839	\$59,774
OTHER DEPARTMENTAL REVENUE	\$340,000	\$570,244	\$458,798	\$400,749	\$325,025	\$280,106	\$255,566	\$279,873
LICENSE AND PERMITS	\$810,000	\$919,336	\$763,338	\$799,598	\$758,100	\$672,673	\$597,761	\$621,311
SPECIAL ASSESSMENTS	\$15,000	\$16,407	\$20,797	\$32,687	\$20,266	\$27,440	\$21,805	\$35,538
FINES AND FORFEITS	\$150,000	\$241,760	\$137,127	\$159,174	\$148,638	\$195,951	\$245,537	\$308,415
INVESTMENT INCOME	\$400,000	\$401,647	\$369,726	\$491,844	\$732,478	\$929,436	\$1,179,559	\$1,780,717
MISCELLANEOUS RECURRING	\$0	\$0	\$0	\$0	\$0	\$0	\$31,291	\$0
MISCELLANEOUS NON-RECURRING	\$50,000	\$22,350	\$127,775	\$443,716	\$459,072	\$198,823	\$151,712	\$292,926
MEDICAID REIMBURSEMENT	\$350,000	\$470,223	\$310,423	\$353,059	\$333,627	\$215,698	\$222,924	\$341,212
SUPPLEMENTAL TAX PROGRAM	\$130,000	\$144,731	\$167,441	\$85,388	\$89,521	\$19,628	\$16,603	\$48,840
REIMBURSEMENT E-RATE	\$50,000	\$68,835	\$628	\$6,152	\$5,084	\$41,864	\$0	\$0
HOMELESS TRANSPORTATION	\$25,000	\$28,341	\$100,252	\$0	\$0	\$0	\$0	\$0
* Meals tax adopted in February 2010	\$13,281,500	\$14,793,543	\$13,125,165	\$13,004,660	\$13,146,727	\$11,744,876	\$11,835,242	\$13,376,702
ESTIMATE		\$12,232,271	\$12,060,000	\$12,088,959	\$11,355,500	\$10,939,000	\$11,978,000	\$11,260,800
OVER(UNDER)		\$2,561,272	\$1,065,165	\$915,701	\$1,791,227	\$805,876	(\$142,758)	\$2,115,902
PERCENT OVER(UNDER)		20.9%	8.8%	7.6%	15.8%	7.4%	-1.2%	18.8%

**FIGURE FOUR
STATE AID AND CHARGES
FISCAL YEAR 2009 TO 2015**

Line Item	Change	Fiscal Year 2015 Actual	Fiscal Year 2015 Projected	Fiscal Year 2014 Actual	Fiscal Year 2013 Actual	Fiscal Year 2012 Actual	Fiscal Year 2011 Actual	Fiscal Year 2010 Actual	Fiscal Year 2009 Actual
REVENUE									
A. EDUCATION									
Chapter 70	\$0	\$19,045,813	\$19,045,813	\$18,897,238	\$18,748,463	\$18,511,623	\$18,412,775	\$18,489,475	\$18,866,811
School Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Construction (Removed in FY 2006)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charter School Tuition Reimbursement	(\$18,728)	\$125,925	\$144,653	\$185,207	\$263,968	\$409,002	\$439,559	\$669,148	\$539,381
Tuition State Wards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charter School Capital Facility Reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Lunch (Offset)	\$0	\$27,289	\$27,289	\$28,962	\$30,010	\$30,201	\$27,459	\$33,698	\$31,073
School Choice Receiving Tuition	(\$69,167)	\$0	\$69,167	\$69,167	\$79,568	\$96,050	\$100,000	\$0	\$0
Sub-Total	(\$87,895)	\$19,199,027	\$19,286,922	\$19,180,574	\$19,122,009	\$19,046,876	\$18,979,793	\$19,192,321	\$19,437,265
B. GENERAL GOVERNMENT									
Unrestricted General Government Aid (2009)	\$0	\$2,478,757	\$2,478,757	\$2,411,871	\$2,356,176	\$2,185,815	\$2,356,176	\$2,454,350	\$0
Lottery, Beano & Charity Games	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,359,419
Additional Assistance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$269,238
Highway Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Police Career Incentive	\$0	\$0	\$0	\$0	\$0	\$0	\$15,400	\$31,340	\$157,078
Veteran's Benefits	\$0	\$93,389	\$93,389	\$70,805	\$41,977	\$38,498	\$53,523	\$33,353	\$29,272
Exemptions (Vets, Blind, Surviving)	\$0	\$87,239	\$87,239	\$88,204	\$88,386	\$91,885	\$94,439	\$91,799	\$67,515
Exemptions (Elderly)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,798
State Owned Land	\$2,432	\$130,198	\$127,766	\$145,774	\$142,947	\$142,901	\$137,967	\$112,672	\$129,345
Public Libraries	\$10,672	\$46,571	\$35,899	\$39,514	\$38,995	\$36,947	\$37,323	\$36,435	\$50,669
Sub-Total	\$13,104	\$2,836,154	\$2,823,050	\$2,756,168	\$2,668,481	\$2,496,046	\$2,694,828	\$2,759,949	\$3,585,832
Total State Aid	(\$74,791)	\$22,035,181	\$22,109,972	\$21,936,742	\$21,790,490	\$21,542,922	\$21,674,621	\$21,952,270	\$23,023,097
CHARGES									
County Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,729	\$49,947
Mosquito Control	\$0	\$69,238	\$69,238	\$67,979	\$64,430	\$60,128	\$59,538	\$60,013	\$59,166
Mosquito Control (Underestimate)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Air Pollution Districts	\$0	\$11,061	\$11,061	\$11,072	\$10,543	\$10,002	\$9,802	\$9,608	\$9,434
RMV Non-Renewal Surcharge	\$0	\$26,060	\$26,060	\$26,540	\$22,180	\$22,400	\$22,320	\$21,520	\$21,780
WRTA Assessment	\$0	\$81,585	\$81,585	\$81,159	\$81,552	\$97,053	\$95,756	\$74,028	\$69,072
Special Education	\$0	\$0	\$0	\$0	\$187	\$4,904	\$18,451	\$17,305	\$12,816

**FIGURE FOUR
STATE AID AND CHARGES
FISCAL YEAR 2009 TO 2015**

Line Item	Change	Fiscal Year 2015 Actual	Fiscal Year 2015 Projected	Fiscal Year 2014 Actual	Fiscal Year 2013 Actual	Fiscal Year 2012 Actual	Fiscal Year 2011 Actual	Fiscal Year 2010 Actual	Fiscal Year 2009 Actual
MBTA	\$0	\$153,687	\$153,687	\$152,105	\$149,868	\$114,259	\$115,750	\$139,262	\$141,794
School Choice Tuition	\$10,990	\$179,040	\$168,050	\$147,441	\$129,193	\$117,984	\$113,286	\$106,835	\$78,710
Charter School Tuition	(\$37,782)	\$1,179,335	\$1,217,117	\$1,320,873	\$1,442,205	\$1,556,385	\$1,321,511	\$1,362,093	\$1,059,816
Sub-Total	(\$26,792)	\$1,700,006	\$1,726,798	\$1,807,169	\$1,900,158	\$1,983,115	\$1,756,414	\$1,816,393	\$1,502,535
Overestimate - Mosquito Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overestimate - Special Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Overestimate - Regional Transit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Charges	(\$26,792)	\$1,700,006	\$1,726,798	\$1,807,169	\$1,900,158	\$1,983,115	\$1,756,414	\$1,816,393	\$1,502,535
School Lunch Offset	\$0	\$27,289	\$27,289	\$28,962	\$30,010	\$30,201	\$27,459	\$33,698	\$31,073
Library Offset	\$10,672	\$46,571	\$35,899	\$39,514	\$38,995	\$36,947	\$37,323	\$36,435	\$50,669
School Choice Receiving Tuition	(\$69,167)	\$0	\$69,167	\$69,167	\$79,568	\$96,050	\$100,000	\$0	\$0
Total Off-Sets	(\$58,495)	\$73,860	\$132,355	\$137,643	\$148,573	\$163,198	\$164,782	\$70,133	\$81,742
"Education" Local Aid	(\$87,895)	\$19,199,027	\$19,286,922	\$19,189,574	\$19,122,009	\$19,046,876	\$18,979,793	\$19,192,321	\$19,437,265
"General Government" Local Aid	\$13,104	\$2,836,154	\$2,823,050	\$2,756,168	\$2,668,481	\$2,496,046	\$2,694,828	\$2,759,949	\$3,585,832
Less Charges and Offsets	(\$85,287)	\$1,773,866	\$1,859,153	\$1,944,812	\$2,048,731	\$2,146,313	\$1,921,196	\$1,886,526	\$1,584,277
Net Total	\$10,496	\$20,261,315	\$20,250,819	\$19,991,930	\$19,741,759	\$19,396,609	\$19,753,425	\$20,065,744	\$21,438,820
Change from Previous Year	\$10,496	\$269,385	\$258,889	\$250,171	\$345,150	(\$356,816)	(\$312,319)	(\$1,373,076)	\$977,156
"General Government" Less Charges	\$39,896	\$1,136,148	\$1,096,252	\$948,999	\$768,323	\$512,931	\$938,414	\$943,556	\$2,083,297

**FIGURE TWELVE
SURPLUS REVENUE
FISCAL YEAR 1995 TO 2014**

	RECEIPTS						CHARGES		
	UNEXPENDED SCHOOL	APPROPRIATION TOWN	BALANCES TOTAL	EXCESS LOCAL RECEIPTS	EXCESS STATE RECEIPTS	EXCESS REAL ESTATE	TAX LEVY REDUCTION	SPECIAL ARTICLE APPROPRIATIONS	FREE CASH JULY1
1995	\$0	\$684,790	\$684,790	\$1,368,791	\$212,716	\$578,173	\$770,000	\$1,094,000	\$3,909,803
1996	\$14,501	\$1,008,838	\$1,023,339	\$1,401,250	\$264,215	(\$38,780)	\$770,000	\$2,524,500	\$2,996,394
1997	\$140,410	\$678,033	\$818,443	1,631,358*	\$29,708	\$305,627	\$1,030,000	\$270,000	\$4,555,647
1998	\$97,934	\$574,473	\$672,407	\$2,204,849	\$188,104	\$237,102	\$1,130,000	\$2,288,656	\$4,611,834
1999	\$58,855	\$588,350	\$647,205	2,672,911**	\$220,504	\$618,813	\$1,130,000	\$1,880,784	\$5,588,576
2000		\$529,300	\$529,300	\$446,885	\$255,716	(\$38,720)	\$1,130,000	\$1,348,000	\$2,884,606
2001	\$17,842	\$727,089	\$744,931	\$1,144,419	\$388,157	\$87,125	\$435,000	\$981,000	\$4,087,506
2002	\$1	\$934,185	\$934,186	3,687,900***	\$218,595		\$500,000	\$1,577,612	\$6,858,300
2003	\$10,000	\$1,216,670	\$1,226,670	\$2,329,608			\$728,416	\$5,385,000	\$3,616,392
2004	\$0	\$871,381	\$2,101,529	\$929,450			\$500,000	\$2,380,000	\$2,837,137
2005	\$0	\$1,629,696	\$1,629,696	\$498,843			\$500,000	\$2,000,000	\$1,930,113
2006	\$0	\$2,101,529	\$2,101,529	\$1,583,983			\$500,000	\$1,250,000	\$4,185,519
2007	\$349,032	\$1,685,900	\$2,034,932	\$593,304	\$222,844		\$500,000	\$2,000,000	\$4,850,038
2008	\$873	\$1,484,340	\$1,485,213	\$2,115,902	\$26,258		\$500,000 Adjusted	\$3,000,000 \$400,000	\$4,597,946 \$4,197,946
2009	\$200,004	\$2,566,759	\$2,766,763	(\$142,757)			\$500,000	\$1,310,000	\$4,778,074
2010	\$0	\$2,054,486	\$2,054,486	\$805,876			\$500,000 Adjusted	\$1,431,069 \$700,000	\$5,845,970 \$5,145,970
2011	\$0	\$1,574,490	\$1,574,490	\$1,791,227			\$500,000 Adjusted	\$3,396,791 \$448,000	\$6,002,067 \$5,554,067
2012	\$40	\$1,862,884	\$1,862,924	\$915,701	\$82,366		\$500,000 Adjusted	\$3,067,495 \$24,000	\$5,591,137 \$5,567,137
2013	\$0	\$1,479,387	\$1,479,387	\$1,065,164			\$500,000 Adjusted	\$3,657,713 \$266,000	\$5,062,332 \$4,796,332
2014	\$0	\$1,344,854	\$1,344,854	\$2,561,272			\$500,000 Adjusted	\$2,750,003 \$610,000	\$5,580,257 \$4,970,257

* Includes \$600,000 from Treatment Plant Lawsuit
 ** Includes \$1,688,000 in non-recurring ash revenue from Wheelabrator
 *** Includes \$ 2,384,822.59 In Bond Premiums/Accrued Interest

**Draft MA Municipal Separate Storm Sewer (MS4) General Permit Meeting
November 25, 2014**

Draft Permit Overview

1. Existing 2003 Permit Overview

- We are in Year 12 of what is supposed to be a 5-year permit.
- Cost to comply approximately \$280,000 per year.
- Stormwater Bylaw adopted at Town Meeting May 2007.
- CMRSWC Participation

2. Draft Permit Status

- First Draft issued in February 2010.
- Current Draft issued September 30, 2014.
 - o Comment Period ends December 29th.
 - o Final Draft. Final Permit anticipated January 2016? Goes into effect July 2016?
 - o http://www.epa.gov/region1/npdes/stormwater/MS4_MA.html

3. Draft Permit Requirements

- Six Minimum Control Measures.
 - o Public Education and Outreach.
 - Must develop a program to educate residents, commercial facilities, businesses, institutions, commercial facilities, developers, and industrial facilities.
 - Program must evaluate effectiveness of outreach efforts.
 - o Public Involvement and Participation
 - Must provide the public with the ability to review and participate in the Stormwater Management program.
 - o Illicit Discharge Detection and Elimination (IDDE) Program
 - Goal is to eliminate all prohibited discharges into the MS4.
 - Wet and dry weather sampling of outfalls.
 - Expanded mapping requirements to include infrastructure beyond outfall locations and catchment areas.
 - o Construction Site Stormwater Runoff Control
 - Develop program to monitor and enforce projects disturbing more than one acre of land, or smaller projects part of larger common plan.
 - Written procedures for plan reviews, site inspections, etc.
 - o Stormwater Management in New Development and Redevelopment
 - Retain the first one (1) inch of runoff from all impervious surfaces on-site.

- Applies to entire site, even if only redeveloping a portion of.
- Evaluate and modify existing regulations to reduce impervious area, promote LID, etc.
- Good House Keeping and Pollution Prevention for Permittee Owned Operations
 - Develop a Stormwater Management Plan for parks & open space, buildings & facilities, vehicles & equipment.
 - Develop a Stormwater Pollution Prevention Plan (SWPPP) for all maintenance garages, public works yards, transfer stations, waste handling facilities.

4. Requirement to Meet Water Quality Standards

- Specific to certain communities with impaired waters. Affects all of Shrewsbury.
- Lake & Pond Phosphorous TMDL – Phosphorus Control Plan (PCP).
- Increased street sweeping and catch basin cleaning requirements.
- Assabet River TMDL.
- Increased Discharges.

5. Costs

- The PCP is by far the big-ticket item.
- EPA estimates the PCP for Milford, Bellingham, & Franklin; the combined cost is \$200 to \$350 million.
- EPA also estimates a cost of \$3,000 to \$54,000 per pound of phosphorus removal. This amounts to \$4 to \$70 million dollars to meet the Lake and Pond TMDL requirement for Lake Quinsigamond and Flint Pond.

6. Moving Forward

- Comment letters to EPA from both CMRSWC and Shrewsbury.
- Group effort – requires support from multiple departments.
- Stormwater Committee.
- Funding - Stormwater Utility.

DRAFT FOR DISCUSSION ONLY

Board of Selectmen
Fiscal Policies
Fiscal Year 2016

1. In presenting the Fiscal Year 2016 proposed budget, the town manager is directed to file budget recommendations that reflect the Town's revenue stream in compliance with the Town's levy limit.
2. The Town's reserves are a major factor in the Town's bond rating. Sudden decline in reserve amounts could result in a decline in bond rating and potential increases in the costs of borrowing. Reserve funds are defined as the Stabilization Fund and Free Cash. Reserves are maintained to cover revenue shortfalls or to make possible capital projects without the need to borrow. Accordingly, the Board establishes the following Reserves/Stabilization Policy:
 - a. As the Board strives to reach a reserve balance goal of 6.5% of the Total Operating Budget, as of July 1, 2015, the Board of Selectmen will seek a combined Certified Free Cash and Stabilization Fund balance that will be no less than 4.0% of the Total Operating Budget adopted at the May 2015 Annual Town Meeting (7/1/2014 Free Cash balance was \$4,970,257 (after transfer); Stabilization Fund was \$358,744 on an operating budget of \$109,312,699 (4.9%); 7/1/2013 Free Cash balance was \$4,796,042 (after transfer); Stabilization Fund balance was \$350,544 on an operating budget of \$101,372,766 (5.1%); 7/1/2012 Free Cash balance was \$5,567,137 (after transfer); Stabilization Fund balance was \$348,025 on an operating budget of \$97,747,737 (6.1%); 7/1/2011 Free Cash balance was \$5,554,067 (after transfer); Stabilization Fund balance was \$157,136 on an operating budget of \$91,890,924 (6.2%); 7/1/2010 Free Cash balance was \$5,145,970 (after transfer); Stabilization Fund balance was \$153,089 on an operating budget of \$89,953,965 (5.9%); (7/1/2009 Free Cash balance was \$4,778,074; Stabilization Fund balance was \$142,653 on an operating budget of \$87,444,351 (5.6%)).
 - b. Withdrawals from the Stabilization Fund will only be used for purposes for which the Town can borrow as set forth in M.G.L. Ch. 44 s. 7 and s. 8 to avoid borrowing. The Board will not seek to draw the fund balance below \$250,000.
 - c. The Town shall strive to make an annual appropriation to the stabilization fund. Even if a nominal amount, this annual appropriation will demonstrate the commitment to reserves and keep the account in focus.
 - d. Funds shall be allocated from Reserves only after an analysis and utilization plan has been prepared by the Town Manager and presented to the Board of Selectmen and Finance Committee. The analysis shall provide sufficient evidence to establish that the remaining balances are adequate to address potential downturns in revenue sources and provide a sufficient cash balance for emergencies and for budget stabilization purposes; and that conditions exist in future years that will allow for replenishment of reserve funds.

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Deleted: After evaluating all options and considering all budget outcomes resulting from staying within the Town's existing revenue stream, the Board may consider bringing forward an override question to supplement funding for the Fiscal Year 2015 budget. The timing and value of any question will be conditioned upon circumstances presented. The Board will take no action in this regard until the full fiscal picture, with limited exceptions, for Fiscal Year 2015 is clear.

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- 3. Properly managed debt is an effective way to finance significant infrastructure and capital projects. Responsible use of debt preserves our credit rating, enhances flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide guidance and responsible use of debt, the Board of Selectmen has adopted debt management policies which are contained in Exhibit A attached.
- 4. The Board of Selectmen will seek to maintain a single tax rate and direct the town manager to make full use of the Town's levy capacity in FY 2016 and make recommendations to the Board of Selectmen and Finance Committee that reflects adherence to this objective.
- 5. The Board of Selectmen will continue to adjust water rates as necessary to maintain the water utility as self supporting plus maintaining sufficient reserves for future capital needs to minimize any future borrowing. The Board will also advise the Town Manager and Sewer Commission to do the same for the sewer system.
- 6. The Board of Selectmen will propose to use one time revenues for capital replacement, debt management or infrastructure improvement purposes (including but not limited to cash matches to leverage grant funds) and not to be used for operational purposes. Further, the Board desires to make use of one time revenue to enhance economic development opportunities whenever possible.
- 7. The Board of Selectmen directs the town manager to file with his initial budget recommendations in January of each year a five year fiscal forecast.
- 8. The Board of Selectmen directs the town manager to include in his budget recommendations funding sufficient to meet the pension system funding schedule in order to fully fund the pension system by the close of FY 2022.
- 9. The Board of Selectmen will endeavor to make contributions to the Other Post Retirement Benefits (OPEB) Trust established in May of 2011 as fiscal conditions allow with the intention of increasing funding substantially once the unfunded pension liability is eliminated.

Adopted this _____ day of December 2014

Board of Selectmen:

James F. Kane

Moira E. Miller

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Henry J. Fitzgerald

Maurice M. DePalo

John I. Lebeaux

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Moira E. Miller

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James F. Kane

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Debt Management Policies

1. Long-term debt should be issued only for capital projects or assets that have a long useful life. It should be issued to pay for the cost of significant infrastructure and capital projects. Long-term debt should not be issued for recurring, small capital purchases with a useful life of less than five years.
2. Bonds will be paid back within a period not to exceed the expected useful life of the capital project or the period defined by state law; whichever is shorter.
3. The town will not use long-term debt to finance current operations.
4. Long-term borrowing will take place only for objects or purposes authorized by state law under M.G.L. Ch. 44, sec. 7 and 8, and will be confined to infrastructure and capital projects too expensive to be financed from current revenues. In general, the Town will attempt to finance purchases costing less than \$1,000,000 with operating revenues.
5. Long-term debt should not be incurred without a clear identification of its financing sources. Because of the debt service costs and annual appropriations necessary to retire this debt, there should be clear knowledge and commitment of revenue sources available to pay these costs without competing with operating budgets for limited resources.
6. The Town should attempt rapid debt repayment schedules. This ensures cost savings to the community and seeks to avoid strapping future generations with large debt obligations. This policy recognizes that capital needs continue and that new debt will continue to be identified and issued.
7. Where possible, the town will use special assessment, revenues or other self-supporting revenues to fund general obligation bonds. (ex: light, cable, water)
8. To the extent practicable, user fees will be set to cover the capital costs of Enterprise type services or activities - whether purchased on a pay-as-you-go basis or through debt financing - to avoid imposing a burden on the property tax levy.
9. The town will maintain good communications with bond rating agencies about its financial condition. The town will follow a policy of full disclosure on every financial report and bond prospectus.
10. The town will retire bond anticipation debt within 6 months after completion of the project. Exception- Town may carry BAN(s) longer if market conditions are not favorable.
11. Refunding bonds should be issued only if the present value of debt service saving exceeds 3 percent of the debt service amount of the refunded bonds.

12. The Town will strive to limit annual increases in debt to a level that will not materially jeopardize the Town's Aa3 (Aa2 – Global Scale) credit rating.
13. Outstanding debt shall not exceed 3 percent of the Town of Shrewsbury Assessed value.

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