



Town of Dracut

TOWN HALL
62 ARLINGTON STREET
DRACUT, MASSACHUSETTS 01826

Office of the Town Manager
(978) 452-1227
Fax: (978) 452-7924
Email: townmanager@dracut-ma.us

Dennis E. Piendak
Town Manager

March 1, 2013

To: Board of Selectmen
Finance Committee

Presented herewith is the Town Manager's Budget for Fiscal-Year 2013/14 for the General Fund, Water Fund (Kenwood), Sewer Fund and thirty-seven other "Special Purpose Funds". The budget is one of the most important documents produced by the Town in any year. It, along with the Capital Improvement Plan prepared by the Capital Planning Committee, (which is presented under separate cover), sets the format, guidelines, and direction that will be pursued in the ensuing year by Town Boards, Committees, and staff in delivering services to the citizens of Dracut. The budget outlines the various programs, activities, and projects proposed to be undertaken in the up-coming year, which have been recommended by the Department Heads, and Town Manager, and, in the case of the Capital Plan, the Capital Planning Committee, and for which funds are available.

Fiscal Year 2013 (which is only two-thirds over at the time these comments are written) was a year when the Town saw moderating revenue reductions and some beginning signs of economic improvement at both the State and Local level which in turn moderated the impacts on the expenditure side of the budget with one exception – that being the employers share of Health Insurance costs. In order to keep up with and catch up with cost increases it was necessary to allocate a sizeable portion of available revenue increases (\$900,000) to this cost center. This impacted on the budget in the following manner:

- Settlement of three union contracts and wage adjustments ranging between 0 and 1 ¼ %;
- The ability to maintain Public Safety personnel levels at thirty-eight for both the Police and Fire Departments;
- Embargoing positions vacancy's to control costs;
- Level funding Dracut Schools but funding increases in Charter Schools, Essex Agricultural and Greater Lowell Tech assessments;
- Maintaining equipment stabilization funding at their original pre-recession levels;
- Reaching a negotiated settlement with the Public Employee Committee on cost containment measures for FY13;

In spite of the continuing economic pressures on the Town a number of capital undertakings as well as other programs and initiatives were taken and or continued in FY13.

The Sanitary Sewer Expansion Program continued with the completion of the Marsh Hill/Crosby/Black Oak Lane areas, and the initiation of bidding for the Wheeler Road area.

Following is a more detailed discussion/presentation of activities, programs, and initiatives of the current (FY12/13) fiscal year.

BUILDING/ INFRASTRUCTURE ACTIVITY

- Continued engineering for the reconstruction of Arlington Street from Broadway Road to Methuen Street the acquisition of easements along the route and preparation for bidding in the fourth quarter of the fiscal year;
- Sidewalk improvements along Nashua Road from Lakeview Avenue to Mammoth Road and Mammoth Road from Nashua Road to Settlers Way;
- Sidewalk design and installation on Methuen Street from Arlington to the Campbell School;
- Sidewalk design on Parker Avenue and Broadway from Arlington Street to Veteran's Park;
- Installed a security system in the Boumil Building at the Dillon Center with donated funds'
- The reconstruction/repaving of several streets utilizing Chapter 90 funds and Town General Funds;
- The start of construction on the major renovations and additions to Dracut High School;
- Retention of OPM and Architect for the new Town Hall, for final design for bidding in the fourth quarter of FY13;
- The acquisition of three parcels of property to facilitate the Town Hall project;
- Purchased properties through the CPA Fund on Hildreth Street adjacent to Hovey Field for open space and Bridge Street (Richardson Property) for Affordable Housing;
- Replaced the vehicle equipment lift at the DPW mechanics shop;
- Appropriated funding to make wiring repairs to the older traffic signals in Town;
- Continued the contract for a Historic Sites/Building survey in the community;

Other undertakings in the following areas were begun, continued, or completed in FY13 by Town Departments, Committees and staff all within the context of a budget that only increased 2.5% from FY12:

- The scheduling of hazardous waste day for residents;

- Continuation of full scale sidewalk snow clearing program on priority streets utilizing two sidewalk plows for this purpose;
- Met and slightly exceeded the State mandated Net School spending requirements for the Dracut Public Schools and the Greater Lowell Technical High School;
- Funded an overall 9.2% increase in employee benefit costs, health insurance, retirement contribution and workman's compensation costs;
- Achieved an approximate 18% reduction in trash disposal tonnage over the base period of FY06/07;
- Experienced a 3.3% increase in overall recreation program registrations;
- Continued interest billing on unpaid non-tax and non-utility municipal bills generating an estimated \$2,000 in revenues;
- Continued the policy of not providing police detail services when invoices are 45 days or more in arrears;
- Maintained the increased eligible participation in the Sewer Tax Rebate Program of 50 and in conjunction with the Finance Committee adopted revised eligibility requirements;
- Continued to see higher numbers of interments in town cemeteries;
- Maintained transfers to the Equipment Stabilization Fund;
- In 2012, 434 meetings/gatherings were held between Harmony Hall and the Varnum Room at the Historical Society, nearly double the previous year;
- Experienced a slight increase in excise tax bills issued which correspondingly impacted revenue collections reflective of an improving economy;
- Experienced an increase in registered voters (5.3%);
- Unveiled a new Town website to improved functionality;
- Continued the goal of being a Heart Safe Community with the procurement of defibrillators in all Town Buildings and sponsoring CPR Training classes for Town Employees;
- Continued to experience rising motor vehicle fuel costs of 10% and exceeding budget estimates;

- Experienced increased casualty insurance premiums due to increases in valuation of Town Buildings;
- Purchased new vehicles for the DPW Director and Animal Control Officer;
- Provided funding to initiate the Town Manager replacement recruitment process as well as a consultant led review of the Municipal Charter;
- An Engineering Department/Sewer Department joint procurement of new GIS equipment was completed;
- Funding a total of five elections and two Town Meeting sessions;
- Continued the elimination of sand as part of the snow and ice program due to its classification after use as a hazardous waste;
- Purchased two replacement police vehicles;
- Ceased receiving restitution for the vandalism at the Hildreth Street Cemetery due to the incarceration of the perpetrator;
- Continued on-line payment of excise tax bills and continued offering of paperless excise tax billing as a green initiative;
- Received 9,738 vehicles at the Dillon Center Compost drop-off site, 10.5% increase from previous years and experienced a 20% increase in Christmas Trees recycled;
- Continued to participate with other area communities and the NMCOG in a feasibility study of establishing a Regional E-911 System;
- Continued the expansion of the compost centers availability during the summer months;
- Continued outsourcing Sealer of Weights and Measures services with NMCOG;
- Received \$189,418 in CPA Grant matching funds representing only 25.3% of the levy;
- Continued the Town website (www.dracut-ma.us) and added the complete assessor's database;
- Maintained the Town's A+ Bond Rating with Standard & Poor's Rating Agency further described as a stable outlook;
- Continued contractual operating services with Small Water Systems, LLC for the Kenwood Water Department;

The above cited undertakings and accomplishments demonstrate the progress the Town continues to strive for in improving and enhancing its service delivery despite the pressures of the economic conditions.

While Dracut does not have an extensive business and industrial segment (only 9.83% of its assessable base) the year did see some economic activity:

- Adoption of a unified Tax Rate benefiting business properties;
- Auto repair equipment and vehicle sales businesses on Merrimack Avenue; Bridge Street and Silva Lane;
- Retail business along Lakeview Avenue, Tennis Plaza Road and Broadway Road;
- Building Trade Buildings on Chuck Drive;
- Continued work with NMCOC for a Mixed Use Overlay District in the Dracut Center Area;
- Construction of a new retail center on Pleasant Street;
- Purchased by new owners of the Four Oaks Golf Course and Clubhouse Property;

ELECTRIC/NATURAL GAS ENERGY CONSUMPTION

Energy consumption continues to be a large expense center for the Town both natural gas and electricity.

We continue to purchase electricity under a bulk procurement contract for all buildings (municipal and school) as well as street and traffic lights. The contract is with Trans Canada Power Marketing Limited and extends to 2016 at a cost of 9.4 cents per Kwh. Beginning in 2014 the price reduces to 8.67 cents per Kwh.

With natural gas prices falling, a decision was made to suspend the bulk contract with Direct Energy at the end of 2012. At this time the Town pays National Grid which is less than the previous bulk bid rate until it appears that it is an attractive time to re-bid the contract.

FREE CASH

The ability of the Town to maintain a free cash balance in the second half of 1990's and early 2000 years benefited the Town as it was able to not only carry out projects but also balance its budget. While necessary at the time this latter step was not necessarily prudent financially. The table below sets forth a history of the Town's Free Cash position:

<u>FY (Ending)</u>	<u>FREE CASH*</u>
92	\$ (1,067,432)
93	(909,765)
94	90,692
95	1,752,319
96	2,998,954
97	2,286,365
98	2,358,849

99	1,664,389
00	1,215,879
01	3,703,662
02	2,292,936
03	1,377,570
04	363,751
05	623,627
06	1,761,861
07	1,998,316
08	2,473,822
09	1,499,903
10	1,345,518
11	1,390,469
12	1,646,835

*As certified by the State Department of Revenue

This ability to maintain a free cash balance benefits the Town in the following ways:

- Added interest earnings/revenues to support municipal services and programs;
- Avoidance of temporary borrowing costs for cash flow variances;
- Positive impact on the Town's Bond Rating;
- Use for one time programs or projects;
- Direct support of projects and activities with free cash; between FY97 and FY12 the Town has appropriated \$10.5 million dollars (an average of slightly more than \$658,612 per year) for the following uses:

General Budget/Tax Relief*	\$6,045,617
Bridges, streets, highways	275,000
School Department	1,732,175
Veterans' Park	400,000**
Fire Station	750,000
Conservation Land	140,000
General Government	150,000
Public Works Department	45,000
Employee Benefits	<u>1,000,000</u>
	<u>\$10,537,792</u>

*Includes snow removal deficit

**Includes \$150,000 FY08 Appropriation for parking lot expansion.

While there is no hard and fast rule, a general guideline and goal of management is to maintain a free cash balance as a “cushion” against unexpected emergencies and unforeseen conditions.

The latest sum identified represents 2.5% of the Town’s operating budget, a slight increase from the previous year. The sum available while greater than that of the last three years is still less than the average 5% of the budget management has consistently recommended as a desirable goal.

For FY13 it was not necessary to appropriate from Free Cash due to the relatively mild winter and budgeting expenditures within available revenues.

At the time these comments are written the 2012/13 winter season had been a relatively mild winter season but was changed by the February blizzard of 2013. This will result in a snow account deficit larger than originally anticipated.

PROPOSED BUDGET

The Municipal Charter at Article 6 provides that the Town Manager, at least four months before the start of the fiscal year (i.e. March 1), should submit a complete budget to the Finance Committee. The Charter further provides that, “the budget adopted by the School Committee shall be submitted to the Town Manager in sufficient time to enable him to prepare the total town budget...” Because of enactment at the state level of an Education Reform Act, providing for the annual establishment of Net Minimum School Spending for each city and town, budgets for the local schools and the Greater Lowell Technical High School are in large part set by those funding formulas.

School funding is a function of two factors, direct school support, (Net School Spending) and qualifying indirect costs. A minimum local contribution is required and along with State Aid meets or exceeds the State prescribed minimum. This minimum is exclusive of expenditures for school transportation, community services and fixed assets for which a separate appropriation is made i.e. modular classrooms or building renovations or additions. For FY12 the Town’s appropriations exceeded the minimum required by \$439,884 and for FY13 an estimated \$681,000 as shown on the School Department Budget page. This spending level placed the Town’s funding for the Dracut Public Schools in excess of Formula Requirements – a benchmark of the Education Reform Act.

As present at the June 2012 Town Meeting all education related expenditures (both direct and indirect) for the Dracut Public Schools and the Greater Lowell Technical High School represented 65% of budgeted expenditures.

It had been the practice to budget for snow and ice control activities at or near the ten year average for expenditures. However, the cost increases associated with this service; along with the severity of recent seasons and the lack of discretionary budget resources has resulted in the inability to continue this practice. Only minimal increases are able to be made to the snow account and thus the FY14 budget is about 78% of the ten year average expenditure. At the time these comments are written the Town and area are experiencing a winter season not as mild as

the prior year including an early February major blizzard. It is expected that the budget will be expended and a deficit incurred that will have to be made up.

With the above comments as a frame of reference, the proposed budget for FY14 is in the preliminary amount of \$66.87 million, as opposed to \$65.66 million for FY13. It is a spending plan that estimates the cost of fixed and known contractual obligations and utility costs provides some funding increase to municipal accounts and the Dracut Public Schools and will be able to meet Education funding requirements once final Net School Spending figures are developed for the School Department and the Greater Lowell Vocational School.

Some of the major factors comprising the budget are more particularly discussed below:

At the time these comments are written the Governor has submitted a proposed budget to the Legislature. That proposal identified a proposed State Aid revenue increase of \$540,745 or 2.5%. However, it was accompanied by Cherry Sheet changes showing an increase of 2.1% or \$236,324 or essentially a level funded situation. The Governor's proposal included formula changes and the increases that may or may not be enacted by the Legislature. Also, because the House and Senate did not issue a joint Local Aid Resolution, an estimate of level funded State Aid is made at this time pending adoption of a final State budget.

New Growth Revenues: Economic conditions in the Town and region have begun to show some improvement, new housing construction which is the principal part of new growth revenues allowed under Proposition 2 ½, and thus an estimate of revenues comparable to prior years was made.

New Revenue Sources: The budget does not anticipate any new revenue sources, although consideration is being given to request Town Meeting adopt the Local Option Meals tax, which if done would be available for FY15.

Structural Deficit: Consistent goals and objectives are to annually present a budget that does not contain a deficit or a structural deficit. This is a term that describes the reliance on the use of one time or non-recurring revenues i.e. free cash or other savings to balance the budget other than their use for one-time non-recurring undertakings.

The FY14 budget is being submitted as a balanced budget without proposing free cash usage for general budget relief.

On the expenditure side a major factor continues to be employee benefit accounts (health insurance/retirement).

Employee Benefits. The three principal and perhaps most important employee benefits the Town provides are a retirement plan through the Middlesex County Retirement System and the self-insured group health, life and dental insurance program and the Medicare Matching Program. All are contributory programs. For FY14 the Town's assessment for County Retirement is increasing an estimated 2.9% which increase is in addition to funding included in the Debt Account to pay for the bonds issued to prepay the Early Retirement Assessment of FY03.

At the same time, though, a little headway is being made on reducing the Town's unfunded accrued liability, which must be eliminated by 2038. At January 2010 this liability stood at \$39,095,504.

During FY12 the State enacted State enacted legislation to extend the liability payment deadline from FY35 to FY38 as assistance to municipal budgets in these recessionary times.

As has been the case locally, regionally and nationally, increasing healthcare utilization costs, prescription drug costs, HMO premium increases and reinsurance costs have heavily impacted the Towns Health Insurance Trust Fund. The FY13 Budget included a funding increase on the part of the Town of \$900,000 or 7.49% to meet current year obligation and also reflective of less than full funding in prior years. As is shown on the chart accompanying these remarks this cost center has been one of the fastest and largest growth centers in the budget.

The Town began FY13 with a modest balance in its self-insurance claims trust fund. However, as a result of a prior years cost settlement and extremely heavy usage through the first seven months of FY13 the fund balance is projected to be drawn down considerably. As a result of negotiations with the Public Employee Committee plan design changes were implemented for FY13 in the form of increased co-pays; for FY14 negotiations resulted in agreement to enter the State GIC Program which convert the program from self-insured to premium based albeit at slightly revised cost sharing rates.

Municipalities in Massachusetts do not participate in the Federal Social Security System. However, since 1986 all new employees are required to enroll in the Medicare system which requires an employer match of 1.65%. This cost center has been increasing each year as new employees join the Town. At the same time though this should benefit the Town in the long run as acceptance of M.G.L. Chapter 36 Section 19 requires Medicare eligible employees to join that system upon eligibility thus lessening costs on the Town program.

Another issue for the town to begin thinking about is what has been titled in financial circles as Other Past Employment Benefits. During the second quarter of FY11 Standard and Poor's in rating the Town's Bond issues pointed to this factor in their analysis. On January 1, 2012 the Town's OPEB actuarial account liability (the cost of retired employees' health insurance) stood at \$141.4 million. Steps toward reducing this obligation need to be advanced in the coming years and a small start was made in FY13 by setting aside an amount of \$70,000.

While the General Fund is the principal operating entity of the Town, it is not the only one. In the Other Funds section of the budget are several important cost centers - and four in particular.

The first, as noted, is the Claims Trust Fund, the Town's employee group health insurance trust fund. This fund receives employee/employer contributions and, along with interest earnings and stop loss reimbursement, funds costs associated with employee group health and life insurance.

The second is the Sewer Fund. This enterprise activity has and is proposed to,

continue to fund all sewer system related costs, including routine operating expenses, small sewer expansion projects, and debt service associated with larger projects. In June 2012, additional Capital Funding was obtained (\$12.5 million dollars) to continue the sanitary sewer program for the ensuing seven to eight years. In order to continue the program it was necessary to seek additional disposal capacity of the Greater Lawrence Sanitary District, and approval for flows to traverse through Methuen to the G.L.S.D. The separate Sewer Fund budget message in the Other Funds section of this document outline further comments on the fiscal strengths of the fund.

Third is the Stabilization Fund, which functions as an equipment replacement fund for major equipment purchases of the Public Works and Fire Departments. This procedure is demonstrating its full value, as it is able to fund needed equipment purchases without borrowing. Thus, these pieces of equipment can be replaced when necessary without having to compete for debt capacity with other needed capital undertakings. Within the Stabilization Fund is a second account reserving funds to mitigate the Debt Service impact at the New Town Hall.

Fourth is the Kenwood Water Fund through which water service is provided to approximately 1800 customers in the east part of Town. This water system is a distribution system with no independent source of supply – thus it is dependant on the purchase of water from adjacent utilities – the cities of Lowell and Methuen. With a relatively small customer base over which to apply costs supplier water price increases can impact local rates. Increases in the purchase cost of water are going to necessitate a rate increase – the first since 2005 – in order to keep the fund self-supporting.

PROPOSED REVENUE BUDGET

There are two major components to this budget or any budget — revenues and expenditures.

Revenues and transfers for FY13 are preliminarily expected to increase as shown on Page A of this document and described herein. The sum of \$67,265,456 is expected to be available for expenditure, subject to final adjustments in State Aid as discussed herein.

The revenue portion of the budget is comprised of four sources, which for FY14 can be broken down as follows based upon the preliminary non-final estimates:

Taxes (property)	64.40%
State Aid (Level funded)	32.60%
Local Receipts	2.39%
Fund Transfer	0.61%

With all of the above comments as background the following is a brief summary of some of the major items contained in the budget proposals in addition to those already described:

REVENUES

- Modest growth in the Town's assessable base representing an estimated \$350,000 in new growth taxes;
- A small increase in excise tax revenues following several years of reductions;
- Staying within the constraints of Proposition 2 ½ by estimating only a 2 ½% increase on the FY13 Levy Limit;
- Continuance of the accounting change which implemented enterprise accounting and reimbursement to the General Fund for its costs associated with supporting utility operations;
- An estimate of "Debt Exclusion" and "Special Assessment" revenues as an offset to corresponding estimated expenditures contained in the Debt Account;
- Level interest earnings and level Medicaid reimbursement revenues;
- Continued inclusion of Medicaid Drug Subsidy revenues;
- Continued transfers from the Wetland Protection, Cemetery Trust Funds, Offset Funds, Sewer and Water Funds;
- Level funded State Aid estimates pending final enactment of a State budget;
- An inter-fund transfer from the Englesby Debt Service Reserve to offset corresponding Debt Payments, at the level of the debt payments;

EXPENDITURES

- An increase in the debt account representing voter approved debt exclusion obligations but also the set aside of \$525,000 to the Stabilization Fund toward the Town Hall project;
- A 4.3 % increase in pension costs, a 3.3% increase in group health insurance costs, and a 2.3% in FICA (Medicare costs);
- Continuation of contributions to the Stabilization Fund for implementation of equipment replacement schedules for Fire and Public Works Equipment a small increase in the Fire Equipment transfer.
- Purchase of two replacement police cruisers;
- Continuation of the expanded days for the leaf/brush/compost center;
- A continuation of the Chapter 90 road paving program;

- Funding increase in Highway Maintenance materials account as a supplement to the Chapter 90 Program;
- Continued funding to sponsor Town Assessment Data on the Internet at: www.visionappraisal.com;
- Funding to maintain the Sr. Tax Rebate Program which is expanded to serve 50 participants in FY12;
- Continuation of additional outreach services at the Council on Aging;
- A small increase in the snow removal account to approximate 78% of 10 year average expenditures;
- Annual funding for the Reverse 911 System;
- Funding for a uniformed compliment of 39 personnel in the Police Department and the Fire Department;
- Maintain funding in the Historical Account for the continuing expanded use of Harmony Hall;
- Cost sharing with the School Department of a resource officer at Dracut High School;
- Level funded Trash Account pending cost data on the single barrel automated collection system.
- Funding to purchase replacement vote tabulating equipment;
- Transition funding for the Town Manager position;
- An increase of 10% in motor vehicle fuel costs;
- Use of the Kennel Fund for some kenneling expenses;
- Anticipating a snow deficit of \$100,000 and a \$150,000 Claim Trust Fund year end settlement deficit;
- An increase in the Parks Account representing increased utility costs;
- Continue absorption of the State's unfunded obligations for the Police Career incentive (Quinn Bill Program);
- Funding to continue online recreation registrations;

- Continuation of CDL license testing requirements;
- Restoring of the Town Nurse position (part-time) and the Reference Librarian position;
- Funding for negotiated buy backs for retiring municipal employees;
- Continued funding in the Assessor's account due to State mandated revaluation (see separate comments following);
- Continuation of services at the Council on Aging, including an expanded SHINE program, Veteran's Breakfasts, File of Life Program, and Legacies Programs;
- Continuation of Sealer of Weights and Measures Services under contract with NMCOG;
- Continuation of the Mosquito Control Program;

Revaluation

As required by the Department of Revenue a cyclical re-inspection of all properties in the Town of Dracut for the Fiscal Year 2015 began in April 2012 and will continue through 2014.

The purpose of the re-inspection is to verify the property information that is currently on file in the Assessor's office. During the inspections, data collectors will physically inspect the interior and exterior of all properties.

If an interior inspection cannot be made at the time the data collectors are at a property, a letter requesting to set up an appointment will be sent by Vision Government Solutions, Inc. the firm contracted with the Town to conduct the re-inspections.

The Assessors GIS maps are now integrated with the assessment data online at: <http://gis.vgsi.com/DRACUTMA> Enter online database, type in the property location at the property information page, select MAP IT and this will display the GIS map for the selected parcel.

In the Stabilization Fund (from Equipment Reserves):

- Maintenance of Equipment Reserve Schedules;
- Purchase of a Tree Department Skyworker;

In the Kenwood Water Fund:

- Continuation of permanent debt repayment schedules for the water meter replacement program;

- The need to enact a rate increase to keep the fund self-supporting as explained in the Water Fund Budget message;

In the Capital Improvement Fund:

- Projects if voted by the Capital Planning Committee which was in preparation as these comments are written;

In the Sewer Fund:

- Increased appropriations due to increasing treatment charges and debt costs;
- Negotiation of an Intermunicipal Agreement (IMA) with Lowell for a new 25-year term;
- Provision for new pumping stations that have come online;
- Continue inflow and Infiltration (I & I) corrective work and inspection repair program via a camera viewing program;
- Completion of the Marsh Hill/Crosby Road sewer area;
- Bidding and initiation of construction for the Wheeler Road sewer area;
- Initiation of Design for the Winter Hill/Mammoth Road sewer area;
- Execution of conversion to a metered billing system;

In the Public Works Capital Projects (Chapter 90 and Special Grants) Fund:

- Repaving of additional streets;
- Initiating bidding for the reconstruction of Arlington Street between Broadway and Methuen Street;
- Continuation of sidewalk replacement/installation
- Intersection Improvements at Primrose Hill Road/New Boston Road and Crosby/Colburn/Cross Roads;

In the Community Preservation Fund:

- Reducing annual match's from the State due to reduced real estate activity at the Registry of Deeds;
- Acquisition of the Richardson Property (Greenmont Avenue/Bridge Street) for Affordable Housing use by the Dracut Housing Authority;
- Acquisition and development of two properties on Hildreth Street adjacent to the Hovey Square Field;
- Possible acquisition of the property at 467 Pleasant Street adjacent to Monahan Field;

The Town General Fund budget is often viewed only in terms of the amount of funds devoted or allocated to a particular activity or service. No service or activity, however, including utility enterprises should be viewed in a vacuum in terms of the budget. If Town Departments were independent entities, i.e. separate subsidiaries, each would incur significantly increased costs for services provided in support of their activities, but funded elsewhere in the budget document. For example, such costs would include general administration, revenue collection, accounting and financial services, insurance and debt services. All of these support activities represent necessary expenditures in support of the operating or direct service departments of the Town.

BUDGETARY HISTORY

Annually during the presentation and deliberation of the budget, conjecture and comparisons are sought as to whether one service, function or department is receiving an allocation of resources greater or lessor than another. As noted above there is an inter-relationship between budgetary categories. Because of the twin constraints of Proposition 2 ½ and the level of State Aid received each year, the operating budget in turn is constrained. Therefore, what is available must of necessity meet the required expenditures.

Attached is a chart which shows a seven-year history of budget analysis—how each major functional area has faired as both a part of the budget each year, and which have grown at a rate greater or lessor than the entire budget. It does show interesting trends and changes, particularly in those areas which in the last five-years have grown at a rate greater than the overall budget. Readers are directed to this chart for a greater prospective and understanding of the overall budget.

BUDGET FORMAT

The budget document presented this year is in a similar format to that of previous years. To begin with, the General Fund is presented following the UMAS suggested uniform accounting system for municipalities (both revenues and expenditures). The document also presents proposed budgets for a number of special purpose funds. In this manner, it is believed the document constitutes a complete financial tool against which all Town services, programs, and activities can be considered.

Additionally, within applicable budgetary accounts are features, which, it is hoped, will aid the user in understanding the document. There are:

MEASURES OF ACTIVITY

Measures of activity are a three-year statistical summary of activities carried out in various departments.

BUDGET COMMENTS

Additional written comments are presented in many budgets as further detailed explanation of activities or proposals applicable to a particular budgetary account.

ADDITIONAL BUDGET MESSAGES

Besides this overall budget message, briefer budget messages are presented to introduce and explain the particular special funds and their purpose.

BUDGET PROCEDURE

This budget is the result of, and represents, the efforts of a large number of individuals. The budget process began in November with the distribution of Departmental Request Forms to each Town Department. In December, departmental requests were submitted to the Town Manager where review took place representing preparation of this document. During the review process, many departmental requests were cut, not because they lacked merit or were without justification, but because available funds did not allow their inclusion. During the review and preparation process Finance Director Ann Vandal and Town Accountant Linda Wright provide considerable assistance. The last step in the staff process is presenting a proposed budget document; Mrs. Samantha Carver performed outstanding services in this regard.

Once the budget is submitted to the Board of Selectmen and Finance Committee, the budget process does not end. It is anticipated that both bodies will spend many hours in reviewing this document and evaluating requests prior to formulating recommendations for Town Meeting. During the course of this review, revenue or expenditure items may be considered for increase or decrease with the only limitations being that revenue estimates be realistically achievable and equal or exceed anticipated expenditures, and the constraints of Proposition 2 ½ not be exceeded, unless the community chooses to override this tax limitation law, for general needs or to exclude a particular debt instrument.

SUPPLEMENTAL INFORMATION/COLOR FORMAT

The document presented includes, as indicated, various items of supplemental information and uses different color pages according to the following system:

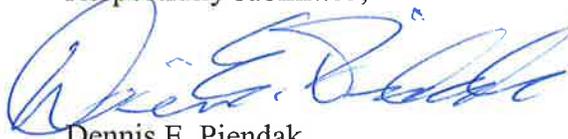
White Pages:	Detailed Expenditure Budgets, General Fund.
Yellow Pages:	Revenues, General Fund.
Green Pages:	Summaries of Budgets, Narrative account explanation.
Blue Pages:	All other funds.
Pink Pages:	Tables, Organizational Charts.

CONCLUSION

The Budget proposed for FY14, reflective of Charter requirements is a balanced budget that includes all town agencies, includes information on expenditures and revenues and summarizes the Town's debt position. As noted though, changes are expected to occur between presentation and adoption based upon action by the Legislature on the final State Budget.

The ultimate determination of the level of services to be provided rests with the Town Meeting and citizens of Dracut. Through this document, information is presented to assist in reaching that determination. The Town Manager and Department Heads are ready and available to assist in this process and to implement the adopted budget with expedience and efficiency.

Respectfully submitted,



Dennis E. Piendak
Town Manager

School Const. Reimb.
 2007 \$1,778,426
 2008 \$1,778,426
 2009 \$1,430,929
 2010 \$1,430,929
 2011 \$1,430,929
 2012 \$1,430,929
 2013 \$1,430,929

TOWN OF DRACUT												
FISCAL YEAR	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008	FY2007	%	FY2009	FY2008	FY2007	%CHANGE FY2007-FY2013
TOTAL BUDGET	\$ 65,657,538.00	\$ 63,845,779.00	\$ 62,767,934.00	\$ 61,213,219.00	\$ 62,410,208.00	\$ 60,387,918.00	\$ 57,384,210.00		\$ 62,410,208.00	\$ 60,387,918.00	\$ 57,384,210.00	13%
TAXES	\$ 38,509,131.00	\$ 37,159,984.00	\$ 36,090,895.00	\$ 38,112,725.00	\$ 37,331,718.00	\$ 36,174,215.00	\$ 34,533,137.00	59.82%	\$ 37,331,718.00	\$ 36,174,215.00	\$ 34,533,137.00	60.18%
SCHOOL NET	\$ 26,740,000.00	\$ 26,640,000.00	\$ 26,640,000.00	\$ 26,340,000.00	\$ 27,440,000.00	\$ 28,040,000.00	\$ 24,736,725.00	43.97%	\$ 27,440,000.00	\$ 28,040,000.00	\$ 24,736,725.00	43.11%
CHAPTER 70 % OF NET	\$ 18,101,419.00	\$ 17,732,219.00	\$ 17,619,480.00	\$ 15,579,505.00	\$ 17,410,464.00	\$ 16,006,608.00	\$ 15,009,207.00	27.90%	\$ 17,410,464.00	\$ 16,006,608.00	\$ 15,009,207.00	26.18%
	67.69%	66.56%	66.56%	66.14%	59.15%	63.45%	61.47%	63.45%				60.68%
SCHOOL TRANS & FIXED ASSETS	\$ 1,557,500.00	\$ 1,597,275.00	\$ 1,597,275.00	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,498,475.00	2.52%	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,498,475.00	2.61%
G.L. VOC SCHOOL	\$ 3,479,013.00	\$ 3,306,854.00	\$ 2,901,459.00	\$ 2,447,544.00	\$ 2,380,160.00	\$ 2,194,805.00	\$ 2,151,283.00	3.81%	\$ 2,380,160.00	\$ 2,194,805.00	\$ 2,151,283.00	3.75%
TRASH PICKUP	\$ 1,982,200.00	\$ 1,933,000.00	\$ 1,933,000.00	\$ 1,930,000.00	\$ 1,989,500.00	\$ 2,064,500.00	\$ 2,059,300.00	3.19%	\$ 1,989,500.00	\$ 2,064,500.00	\$ 2,059,300.00	3.59%
HEALTH&LIFE INS*	\$ 9,200,000.00	\$ 8,250,000.00	\$ 8,025,000.00	\$ 7,692,000.00	\$ 7,300,000.00	\$ 7,217,000.00	\$ 6,877,077.00	11.70%	\$ 7,300,000.00	\$ 7,217,000.00	\$ 6,877,077.00	25.00%
RETIREMENT	\$ 3,825,000.00	\$ 3,667,200.00	\$ 3,575,000.00	\$ 3,495,000.00	\$ 3,129,475.00	\$ 2,843,000.00	\$ 2,783,800.00	5.01%	\$ 3,129,475.00	\$ 2,843,000.00	\$ 2,783,800.00	4.85%
PUBLIC SAFETY	\$ 6,873,275.00	\$ 6,750,675.00	\$ 6,604,625.00	\$ 6,441,400.00	\$ 6,814,275.00	\$ 6,567,975.00	\$ 6,129,675.00	10.52%	\$ 6,814,275.00	\$ 6,567,975.00	\$ 6,129,675.00	10.68%
PUBLIC WORKS	\$ 3,021,775.00	\$ 2,955,175.00	\$ 2,919,975.00	\$ 2,834,700.00	\$ 2,942,400.00	\$ 2,874,975.00	\$ 2,682,900.00	4.71%	\$ 2,942,400.00	\$ 2,874,975.00	\$ 2,682,900.00	4.68%
DEBT	\$ 4,279,050.00	\$ 4,138,050.00	\$ 4,165,000.00	\$ 4,184,925.00	\$ 4,241,064.00	\$ 4,567,488.00	\$ 4,130,725.00	6.80%	\$ 4,241,064.00	\$ 4,567,488.00	\$ 4,130,725.00	7.20%
GENERAL GOV.	\$ 2,596,850.00	\$ 2,450,200.00	\$ 2,370,300.00	\$ 2,347,950.00	\$ 2,580,709.00	\$ 2,347,275.00	\$ 2,264,750.00	4.14%	\$ 2,580,709.00	\$ 2,347,275.00	\$ 2,264,750.00	3.95%
OTHER MISC.	\$ 2,102,875.00	\$ 2,157,350.00	\$ 2,036,300.00	\$ 1,927,425.00	\$ 2,020,350.00	\$ 2,098,625.00	\$ 2,089,500.00	3.24%	\$ 2,020,350.00	\$ 2,098,625.00	\$ 2,089,500.00	3.61%
SCHOOL TRANSPORTATION NET STATE REIMB												
SUB-TOTAL	\$ 65,657,538.00	\$ 63,845,779.00	\$ 62,767,934.00	\$ 61,213,219.00	\$ 62,410,208.00	\$ 60,387,918.00	\$ 57,384,210.00		\$ 62,410,208.00	\$ 60,387,918.00	\$ 57,384,210.00	13%
TRANSPORTATION & FIXED ASSETS	\$ 1,557,500.00	\$ 1,597,275.00	\$ 1,597,275.00	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,488,475.00	2.57%	\$ 1,572,275.00	\$ 1,572,275.00	\$ 1,488,475.00	2.61%
TOTAL BUDGET	\$ 62,413,407.00	\$ 62,413,407.00	\$ 61,337,005.00	\$ 59,782,290.00	\$ 60,979,279.00	\$ 59,956,989.00	\$ 55,605,784.00		\$ 60,979,279.00	\$ 59,956,989.00	\$ 55,605,784.00	11%
DEBT*	\$ 1,320,196.00	\$ 1,380,674.00	\$ 1,413,248.00	\$ 1,451,805.00	\$ 1,681,938.00	\$ 1,670,285.00	\$ 1,645,249.00	2.43%	\$ 1,681,938.00	\$ 1,670,285.00	\$ 1,645,249.00	2.96%
PUBLIC WORKS IS REPORTED NET TRASH PICKUP AMOUNT												
*DEBT=TOTAL GENERAL FUND DEBT MINUS SCHOOL CONST., BETTERMENT DEBT, TITLE V DEBT, EXCLUDED DEBT, TRANSFER TO TOWN HALL STABILIZATION												
OTHER MISC.= HUMAN SERVICES,CULTURE AND RECREATION,OTHER ENVIRONMENTAL,WORKMENS COMP,AND RESERVE FUNDS.												
SCHOOL NET = DIRECT APPROPRIATION ONLY												