

Memorandum

To: Chairman Cathy Richardson and Members of the Dracut Board of Selectmen
Chairman Louise Tremblay and Members of the Finance Committee

From: James A. Duggan, Town Manager

Date: March 1, 2015

Re: FY16 Budget

Presented herewith is the Town Manager's Budget for Fiscal-Year 2015/16 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 Department Heads, Assistant Town Manager/Finance Director and myself, and, in the case of the Capital Plan, the Capital Planning Committee, for which funds are available.

Fiscal Year 2015 (which is only two-thirds over at the time of these comments are written) was a year when the Town saw an improving economy on both the State and Local levels. There is still a need to pay close attention to cost centers such as education, public safety and public works, the three vital components to the future and well-being of the community.

In spite of maintaining level services, the Town continued to take on capital projects along with other programs and initiatives during FY15.

Following is a more detailed discussion/presentation of activities, programs, and initiatives of the current (FY14/15) fiscal year:

BUILDING/INFRASTRUCTURE ACTIVITY

- Sanitary Sewer Expansion Program continued with the completion of the construction of Wheeler Road area and the initiation of the Turtle Hill area.
- The reconstruction of Arlington Street from Broadway Road to Methuen Street continues and is expected to be completed in the spring of 2015.
- Sidewalk improvements on Broadway Road;
- The reconstruction/repaving of several streets utilizing Chapter 90 funds and Town General Funds;
- Significant progress on the construction for the renovation of Dracut High School (August completion is expected);
- Town Hall and Dracut High School construction was completed;

- The design and bidding procedures have begun for the bathroom facility at Monahan field. This project has been made possible with Community Preservation Funds through the support of the Community Preservation Committee;
- Many projects initiated by and through the CPA Fund continue to move forward, although will require additional funding to fully complete Hovey Baseball Field, Veteran's Park Drainage, Diana Lane Fields, Carrick Field and Hovey Field. The properties located at 509 & 512 Hildreth Street properties (adjacent to Hovey Field), have been demolished and the site has been remediated, through the investment of additional CPA Funds, which were obtained at the November 2014 Town Meeting; and
- Purchased a pumper truck and a utility vehicle for the Fire Department a truck and backhoe for the Department of Public Works.

Other undertakings in the following areas were started, continued or completed in FY15 by Town Departments, Committees and staff, all within the context of a budget that only increased 2.5% from FY14:

- Hazardous waste day for residents;
- Continuation of full-scale sidewalk snow clearing program on priority streets utilizing two sidewalk plows for this purpose;
- Met state mandated Net School spending requirements for the Dracut Public Schools and the Greater Lowell Technical High School;
- Implemented automated recycling in the fall of 2014. This program provides for bi-weekly pick-up, it is expected to result in savings in the trash account due to increased recycling.
- Continue to see increased electronic payments/registrations for the Recreation Department. The School Department is also working towards electronic payment.
- Continue to bill for interest on unpaid non-tax and non-utility municipal bills 45 days or more in arrears;
- Continue to offer the Senior Tax Rebate Program for up to 50 eligible participants;
- Continued to see high numbers of interments in town cemeteries;
- Maintained transfers to Equipment Stabilization Fund (Fire Increased);
- In 2014, 421 meetings/gatherings were held between Harmony Hall and the Varnum Room at the Historical Society.
- Experienced a slight increase in excise tax bills issued which correspondingly impacted revenue collections reflective of an improving economy;
- Continue to see increases in casualty insurance premiums, this trend will continue as we improve our buildings;
- Purchased two replacement cruisers;

- Continued to participate with other 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 \$241K, slightly less than the previous fiscal year, in CPA Grant funds. This represents 31% of the FY14 Actual Commitment;
- Continued to improve the Town's Website;
- Committed to have the on-line permitting available for July 1, 2015. Our goal is to have permit applicants, permit holders and the public to be able to easily navigate the new system. Customer friendly features include:
 - Convenient access 24 hours a day, 7 days a week;
 - User-friendly online permit application process;
 - Information saving features allow you to start an application, save the information you have entered and finish the application at a later time;
 - Feature that automatically calculates fees that are owed;
 - Secure banking system allows payments on-line-no more check writing and looking for a stamp to mail payments;
 - Straight forward online process to request changes to permits, including amendments, transfers and terminations; and
 - Easy interface to ask Town of Dracut staff questions.
- Through the combined efforts of the Board of Selectmen and the Board of the Dracut Housing Authority, a contract was awarded to Knight Bagge and Anderson utilizing CPA Funds to conduct a Senior Housing Feasibility Analysis that will examine 144 Greenmont Ave and 11 Spring Park Avenue to determine which site is best suited to develop 13 units of senior housing.
- Maintained the Town's Bond Rating of AA- with Standard and Poor's Rating Agency, Dracut is considered to have a strong economy; strong budget; liquidity and strong management policies with an overall stable outlook. In order to take advantage of historical low interest rates, the Town re-financed the General Obligation Bond that was issued to permanently finance the Library and Police Station, thereby reducing the Towns' obligation, a direct savings in the Excluded Debt Account; and
- 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 (9.84% of its assessable base), through the support of the Board of Selectmen, my Administration is making focused, concentrated efforts to attract new businesses and offer support to our existing businesses.

In the fall of 2014, we announced through multiple media outlets, our state delegation and to the Massachusetts Office of Business Development, Merrimack Valley Economic Development Council, MassDevelopment, etc. that Dracut is "Taking Care of Business!" Some of the steps we have taken include:

- Adoption of a unified Tax Rate benefiting business properties;
- Tenant occupancy of a new retail center on Pleasant Street;
- Continued Trade Buildings construction on Chuck Drive;
- Adoption of a Mixed Use Overlay District in the Dracut Center Area;
- Established an Economic Development Hotline ((978) 770-2600) that current business can call the Hotline to notify Dracut of vacancies for sale or lease, new businesses can call this hotline and find about available space to lease or buy and ask questions about how Dracut attracts business, regulations, etc.
- Establish a database of properties that are available for sale or lease when we receive inquiries.
- A new incentive program that will recruit the help of current businesses to attract new large businesses and employers.
 - TIF's, MOBD, SBA, MVEDC, Chamber - Promoting them, creating awareness.
 - Public recognition and promotion by the Town of Dracut.
- Hosted a “Dracut – Taking Care of Business Breakfast!” on October 23, 2014, that drew more than 60 people in very harsh weather conditions.
 - Members of the commercial real estate community to showcase development properties and introduce Dracut’s commercial property owners.
 - Dracut current Dracut businesses
- Introduced “The Town Manager’s Business Visitation Program” – I continue to actively visit local businesses introducing myself, listening to their concerns and discussing recommendations with business owners;
- Implement the Streamlined Permitting Program (43D) through a grant from the Northern Middlesex Council of Governments – District Local Technical Assistance (DLTA) to develop the parcels at the corner of Loon Hill and Broadway Roads into a 78 unit assisted living facility.
- Connecting with UMASS Lowell and Middlesex Community College
 - Efforts are in place to attract businesses and employers that work with UMass Lowell and Middlesex.
 - We are re-establishing our commitment to UMASS Lowell and Middlesex and working with the Chancellor and President of MCC, so they know Dracut wants to be part of the evolution of progress at the University and MCC.
 - We are communicating with UMASS Lowell AND MCC to consider establishing a greater presence in Dracut.
- Establish a business “Welcome to Dracut” Committee comprised of Town Officials, current business owners and residents to assist in letting potential new businesses know the support they will receive from the Town of Dracut.
- Investments in the Dracut website include listing all Dracut businesses on the Town’s Website to provide them with greater exposure;

- Implementation of the Massachusetts Receivership Program that aggressively addresses ignored, abandoned and dilapidated commercial and residential properties imposing fines up to \$500/day;
- We continue to share Dracut’s vision and commitment to businesses through local radio, local press and any media source that is interested in knowing that Dracut is – Taking Care of Business!; and
- Explore the implementation of utilizing social media (Facebook, Twitter) with Town Departments that will assist in communicating the residents and business owners.

ELECTRIC/NATURAL GAS ENERGY CONSUMPTION

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

The Town of Dracut has taken the initiative to be included with the Northern Middlesex Council of Governments for municipal aggregation on a regional level. The Program allows for all residents and businesses to purchase their electricity, at a savings, through a third party supplier. An article will be submitted for Town Meeting.

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 TransCanada Power Marketing Limited through the Town of Chelmsford and extends to 2016 at a cost of 8.67 cents per Kwh. In order to expand on a net metering credits contract previously entered with Chelmsford, the Town will enter into a second Agreement with a Billerica Project to encompass any buildings that weren’t included with TransCanada. It is expected that both Agreements will save the Town approximately \$80K/Year. We continue to research and act energy saving opportunities.

FREE CASH

The ability a free cash balance in the second half of the 1990’s and early 2000’s 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:

YEAR	CERTIFIED FREE CASH
1992	\$ (1,067,432)
1993	(909,765)
1994	90,692
1995	1,752,319
1996	2,998,954
1997	2,286,365
1998	2,358,849
1999	1,664,389
2000	1,215,879
2001	3,703,662
2002	2,292,936
2003	1,377,570
2004	363,751
2005	623,627
2006	1,761,861
2007	1,998,316
2008	2,473,822
2009	1,499,903
2010	1,345,518
2011	1,390,469

2012	1,646,835
2013	821,001
2014	2,444,613

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 FY1997 and FY2013 the Town has appropriated \$10.6 million dollars (an average of slightly more than \$666,295 per year) for the following uses:

General Budget/Tax Relief*	\$ 6,168,550
Bridges, streets, highways	275,000
School Department	1,732,175
Veteran’s 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>
Total	<u>\$10,660,725</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.

At this point it is unclear whether or not it will be necessary to transfer free cash to absorb any snow and ice deficit for FY15.

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 the enactment at the state level of the 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.

As presented at the June 2014 Town Meeting all education related expenditures (both direct and indirect) for the Dracut Public Schools and Greater Lowell Technical High School represented 61% of budgeted expenditures.

It has 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, especially the current season 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 FY15 budget is about 82% of the ten year average expenditure. At the time of these comments are written the Town and area are experiencing a winter season that has seen extreme changes in temperatures along with excessive accumulating snow. The budget has been expended and is currently \$560,000 in deficit, with more expected. This deficit will have to be made up.

It should be noted that as a result on energy refunds, primarily of the new High School, the School Department is expected to receive approximately \$250,000. These funds cannot be credited to the current budget and therefore will be received as general revenue and fall to free cash. The Transportation budget is running in a deficit. I have agreed that if the School Department receives a \$250,000 energy refund, the Town will request at Town Meeting a transfer from free cash up to \$250,000 to fund the transportation deficit. Every effort is being made by the School Department to secure the refund, however in the event the School Department does not receive the fund, a transfer from free cash will not be an option.

With the above comments as a frame of reference, the proposed budget for FY16 is in the preliminary amount of \$72.4 million, as opposed to \$70.9 million for FY15. 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 Dracut Public Schools, Greater Lowell Vocational Technical High School and Essex Agricultural Technical High School.

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

New Growth Revenues: Economic conditions in the Town and region have shown some improvement, new 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 FY16 budget does anticipate minimal additional revenues, primarily in the area of motor vehicle excise.

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 recurring undertakings.

The FY16 budget is being submitted as a balanced budget without proposing free cash usage for general budget relief.

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 group health benefits, life and dental insurance program and the Medicare Matching Program. All are contributory programs. For FY16 the Town's assessment for County Retirement is increasing an estimated 4% which increase is in addition to funding included in the Debt Account to pay for the bonds issued to repay the Early Retirement Assessment of FY03.

At the same time, though, headway is being made on reducing the Town's unfunded accrued liability, which must be eliminated by 2038. In January 2012 this liability stood at \$45,852,016. During FY12 the State enacted legislation to extend the liability payment deadline from FY35 to FY38 as assistance to municipal budgets in these recessionary times.

In FY14 the Town joined the Group Insurance Commission in an effort to take advantage of the premium based structure offered to State employees as well as numerous communities. Although the Town did recognize some savings to the cost of health care, it was not sustainable. In the third and final year of the Town's Agreement with the GIC, we have been informed by the GIC that there is a projected approximate 9.5% rate increase, which equates to approximately \$800,000 impact to the General Fund.

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 1.45%. 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 the acceptance of M.G.L. Ch. 35, 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 the so-called Other Post-Employment Benefits (OPEB). In our July, 2013 Standard and Poor's rating, the Town's Bond issue pointed to this factor in the analysis. On January 1, 2012 the Town's OPEB actuarial account liability (the cost of retired employees' health insurance) stood at \$109.9 million. This figure is significantly less than the \$141.4 million as of January 1, 2010, primarily due to the transfer of all subscribers to the Group Insurance Commission (GIC). Steps toward reducing this obligation need to be advanced in the coming years and a small start has been made leaving approximately \$28K in the account. This account is also used to pay for the valuations that need to be completed every two years. The FY16 budget includes an additional \$100K to continue to provide funding.

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.

First, the Claim's Trust Fund. Because we moved to the Group Insurance Commission, it will be unnecessary to provide this mechanism to account for costs associated with a self-insured fund, only close-out will be necessary; all payments/withholdings were processed through the general fund during FY15, we are still carrying minimal balance which will be closed out to the General Fund when time allows.

Second, the Sewer Fund is an enterprise activity that is proposed to fund all sewer system related costs, including routine operating expenses, small sewer expansion projects, and debt service associated with larger projects. The separate Sewer Fund budget message in the Other Funds section of this document outlines further comments on the fiscal strengths of the fund.

Third, 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 of the Town Hall which began in FY15.

Fourth, the Kenwood Water Fund, through which water service is provided to approximately 1,800 customers in the east part of Town. This water system is a distribution system with no independent source of supply – thus it is dependent 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. Ultimately the "retained earnings", which is essentially "free cash" should hold stable at approximately \$1M, as you will see, we are approaching a deficit. Furthermore, we must take the initiative and assess the condition of the infrastructure and develop a capital plan schedule in the coming months to replace the aging system. Although an increase was implemented during FY14, rising costs and the need to make some capital improvements will

require an additional increase or other revenue structure to be implemented. The General Fund is not in the position to subsidize this fund and therefore careful analysis of future revenues and expenditures is warranted.

PROPOSED REVENUE BUDGET

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

Revenues and transfers for FY16 are preliminarily expected to increase as shown on Page A of this document and described herein. The sum of \$72.5M 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 FY16 can be broken down as follows based upon preliminary non-final estimates:

Taxes (property)
State Aid (Level funded)
Local Receipts
Fund Transfer

With all of the above comments as background the following is a brief summary of some 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 minimal increase in excise tax revenues;
- Staying within the constraints of Proposition 2 ½ by estimating a 2.5% increase on the FY15 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 lowered Medicaid reimbursement revenues;
- Continued inclusion, albeit reduced, of Medicaid Drug Subsidy revenues;
- Continued transfers from the Wetland Protection, Cemetery Trust Funds, Offset Funds, Sewer and Water Funds;
- Transfer from Town Hall Reserve to offset the debt costs associated with the debt instruments;
- 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

- A 4% increase in pension costs;

- A projected 9.5% increase for health insurance costs;
- Continuation of contributions to the Stabilization Fund for implementation of equipment replacement schedules for Fire and Public Safety, with a slight increase in the Fire Department transfer;
- Purchase of three replacement police cruisers;
- Continuation of expanded days for the leaf/brush/compost center;
- Continuation of the Chapter 90 road paving program;
- Funding increase in Engineering to accommodate stormwater management mandates;
- 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;
- Continuation of additional outreach services at the Council on Aging;
- Level funding in the snow removal account;
- Annual funding for the Reverse 911 System;
- Additional funding for maintenance of the newly installed microwave system for Public Safety and DPW communications;
- Funding for a uniformed compliment of 40 personnel in the Police and Fire Departments;
- Maintain funding in the Historical Account for continuing expanded use of Harmony Hall;
- Continuation of cost sharing with the School Department of a resource officer at Dracut High School;
- Slight increase in the Trash Account reflecting the FY16 tonnage rate;
- 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;
- Funding for negotiated buy backs for retiring municipal employees;
- Reduction in funding in the Assessor's account due to the completion of the State mandated revaluation;
- Continuation of services at the Council on Aging, including the expanded SHINE Program, Veteran's Breakfasts, File of Life Program and Legacies Program;
- Continuation of Sealer of Weights and Measures Services under contract with NMCOG;

- Continuation of Mosquito Control Program;

Assessments

The Assessor's 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 request page, select "Map It" and this will display the GIS map for the selected parcel.

Stabilization Fund (from Equipment Reserves):

- Maintenance of Equipment Reserve Schedules;
- Purchase of (1) ¾ ton truck;
- Purchase of (1) backhoe;
- Purchase of snow plows;
- Purchase of (1) pumper; and
- Replacement of three AED devices

Kenwood Water Fund:

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

Capital Improvement Fund:

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

Sewer Fund:

- Increased appropriation due to increasing treatment charges and debt costs;
- Provision for new pumping stations that have come online;
- Continue Inflow and Infiltrations (I&I) corrective work and inspection repair program via a camera viewing program;
- Completion of the Wheeler Road sewer area;
- Initiation of construction for Turtle Hill area.

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

- Repaving of additional streets;
- Continuation of the construction of Arlington Street between Broadway Road and Methuen Street;
- Continuation of sidewalk replacement/installation;

Community Preservation Fund:

- Extensive design/planning of affordable housing and recreation initiatives;
- Continued negotiations for the acquisition of various properties;

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 lesser than another. As noted above there is an inter-relationship between budgetary categories. Because the twin constraints of Proposition 2 ½ and level State Aid received each year, the operating budget in turn is constrained. Therefore, what is available must out of necessity meet the required expenditures.

BUDGET FORMAT

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(Other 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.

The following table provides a description of various sections included in this document and should be used as a guide:

SECTION	DESCRIPTION	PAGE #'S
A	Summary of Budget	S1
B	Town Manager's Budget Message	M1-15
C	General Fund Revenue	R1-R5
D	General Fund Budgets	GF1 - GF70
E	Other Funds(Trust/Special Revenue)	OF1-OF50
F	General Fund Debt	Appendix A
G	Community Preservation Debt	Appendix B
H	Sewer Fund Debt	Appendix C
I	Water Enterprise Debt	Appendix D
J	Equip. Stab. Replacement Schedule	Appendix E
K	Organizational Charts	OC1-OC15

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 Department. In December, the departmental requests were submitted to my Office, 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 Assistant Town Manager/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; as usual 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.

CONCLUSION

The Budget proposed for FY16, 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.

Thank you

