

Section III

Summary

Summary Narrative

This section contains summary and comparable data and information about the financial operations of the Town's three established enterprise operations--electric, sewer, and water--plus its newest enterprise fund, the Swim and Fitness Center Fund--and its solid waste disposal operation, which is operated under the authority of a Town bylaw as a special revenue fund, since it has no assets subject to depreciation.

Included in this section are the following charts and tables: Enterprise Funds as Part of FY2005 Revenues; Summary of Comparative Operating & Income Data; Capital Budgets for Fiscal Year 2007; and Capital Budgets for Fiscal Years 2007 - 2011.

The first set of data, Enterprise Funds as Part of FY2005 Revenues (Page III-3), includes data and a pie chart showing the total FY2005 revenues generated by the Town, divided into revenues from the General Fund, the Light, Sewer, and Water Funds, and the Special Revenue Funds. This data shows that each fund generated the following percentage of total FY2005 revenues: 67.56% by the General Fund, 16.81% by the Light Fund, 2.19% by the Sewer Fund, 3.76% by the Water Fund, and 9.67% by the Special Revenue Funds (including Solid Waste, Grants & Gifts, Cemetery, School Lunch, Recreation, and Parking Meter Funds). Thus, 32.44%, or \$29,504,326 in total, was generated by the enterprise and special revenue funds.

The second set of data, Summary of Comparative Operating & Income Data (Page III-4), lists operating revenue, expense, and income, net income, and the net available for capital expenditures for each of the four funds, for Fiscal Years 2005 to 2007, and also indicates the percent change in these figures from the current year to that for the proposed budget. As the data indicates, operating and net income for each fund is projected to change as follows:

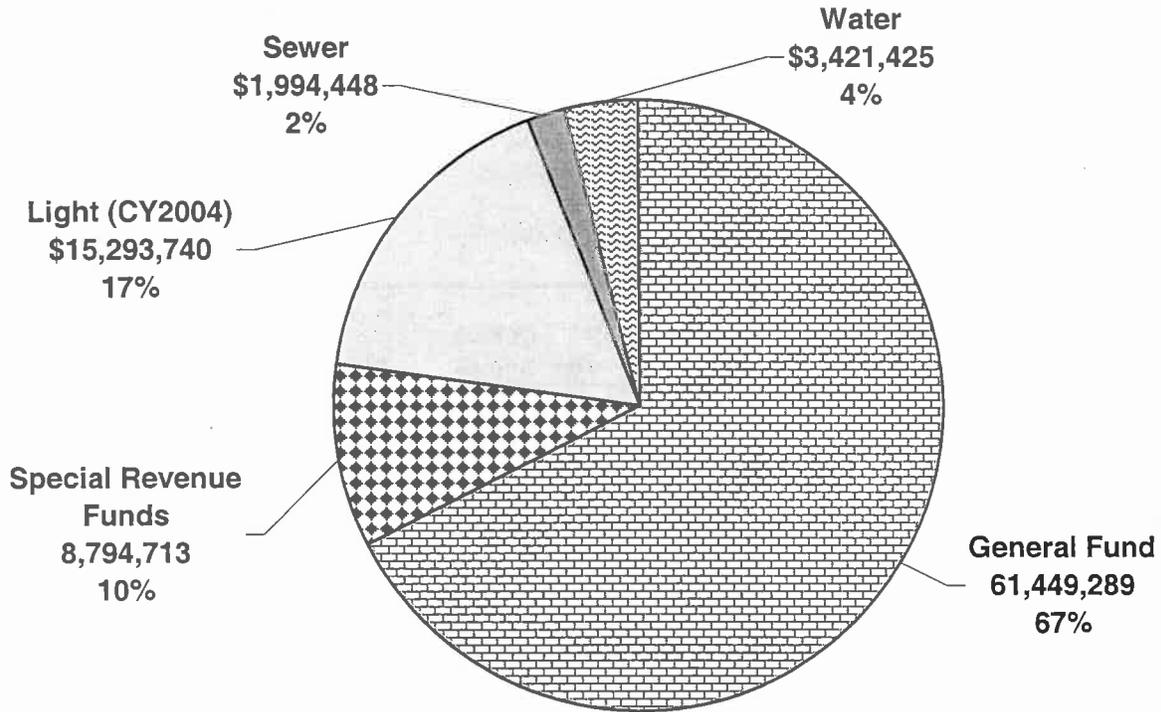
- Light Fund - Operating income decreases from \$1,512,410 to \$878,928 and net income decreases from \$2,066,940 to \$1,706,838;
- Sewer Fund - Operating income decreases from \$79,035 to \$73,358 and net income decreases from \$828,435 to \$285,258;
- Water Fund - Operating income decreases from \$667,535 to \$528,301 and net income decreases from \$676,724 to \$444,678;
- Solid Waste Fund - Both operating and net income decrease from a negative \$37,155 to a negative \$41,014 (however, it should be noted that the Curbside Collection Program is operating "in the black"); and,
- Swim and Fitness Center Fund - Since this activity will be in its first year of operation as an enterprise fund, there is no comparative and operating data, and the revenues and expenses are projected to be equal, with zero operating and net income.

The third and fourth sets of data, Capital Budgets from Current Resources for Fiscal Year 2007 (Page III-6); and Total Capital Budgets for Fiscal Years 2007 -2011 (Page III-7), illustrate the need to constantly upgrade, replace, and, when necessary, expand capital infrastructure, buildings, and equipment in order to provide and maintain the electric, sewer, and water systems that meet the needs of the town and its citizens. Since the Swim and Fitness Center has just been completed and will be in its first year of operation as an enterprise, there is no need for any capital expenditures in FY2007. These self-supporting operations must charge fees sufficient to offset the cost of maintaining, upgrading, replacing, and expanding these systems. These costs are reflected each year in actual acquisitions; and in the depreciation of the current capital assets of each system. Only by careful long-range capital planning and programming is it possible to

sustain such complex systems while balancing the needs of adequate electric, water, and sewer systems, and the swim and fitness center, with the cost of maintaining them. Capital improvement programming identifies both the short and long-term system needs, while attempting to anticipate and spread the capital costs of the systems as equally as possible over many years of planned use, and thus moderate the impacts of these costs on the user fees charged each year.

As can be seen from the two sets of data presented, while there are some years with substantial capital expenditures for each of the Light, Sewer, and Water Funds (there is no capital associated with the Solid Waste Fund, and not yet with the Swim and Fitness Center Fund), these higher programmed expenditures are offset by years of lower expenditures within the program period of five years. In CY2006 spending for the Light Fund focuses on the distribution plant improvements (\$1,524,000) primarily to continue placing lines and equipment underground, with all other projects amounting to \$253,000 for the transmission, sub-transmission, and general plants. In FY2007, the Sewer Fund allocates \$7,947,000 for the wastewater treatment plant renovations, with all other projects amounting to \$201,000. In FY2007, the major item in the Water Fund is for iron and manganese removal at the Deaconess Well at an estimated cost of \$3,000,000, with all other projects amounting to \$628,400. The major projects for each fund are unique, and are designed to provide major modernization upgrades.

Enterprise Funds as Part of FY2005 Total Revenues



Total Revenues	\$90,953,615
General Fund	\$61,449,289
Special Revenue Funds	\$8,794,713
<i>Partial List:</i> Grants & Gifts	
Solid Waste	
Cemetery	
School Lunch	
Recreation	
Parking Meter	
Enterprise Funds	
Light (CY 2004)	\$15,293,740
Sewer	\$1,994,448
Water	\$3,421,425

Summary of Comparative Operating & Income Data (\$)

	CY2004 Actual	CY2005 Unaud. Actual	CY2006 Budget	% Change CY05 to CY06
1) Light Fund				
Operating Revenues	14,825,982	16,215,818	16,340,397	0.8%
Less Operating Expenses	<u>(13,945,302)</u>	<u>(14,703,408)</u>	<u>(15,461,469)</u>	<u>5.2%</u>
Operating Income	880,680	1,512,410	878,928	-41.9%
Net Income	887,184	2,066,940	1,706,838	-17.4%
Net Available for Capital Expenditures	1,145,446	2,420,399	2,099,457	-13.3%

	FY2005 Actual	FY2006 Rev. Budget	FY2007 Prop. Budget	% Change FY06 to FY07
2) Sewer Fund				
Operating Revenues	1,764,228	1,788,000	1,941,000	8.6%
Less Operating Expenses	<u>(1,690,490)</u>	<u>(1,708,965)</u>	<u>(1,867,642)</u>	<u>9.3%</u>
Operating Income	73,738	79,035	73,358	-7.2%
Net Income	303,958	828,435	285,258	-65.6%
Net Available for Capital Expenditures	932,334	1,507,580	958,751	-36.4%

	FY2005 Actual	FY2006 Rev. Budget	FY2007 Prop. Budget	% Change FY06 to FY07
3) Water Fund				
Operating Revenues	3,356,330	3,444,000	3,476,000	0.9%
Less Operating Expenses	<u>(2,312,126)</u>	<u>(2,776,465)</u>	<u>(2,947,699)</u>	<u>6.2%</u>
Operating Income	1,044,204	667,535	528,301	-20.9%
Net Income	1,008,229	676,724	444,678	-34.3%
Net Available for Capital Expenditures	1,061,812	963,724	717,678	-25.5%

	FY2005 Actual	FY2006 Rev. Budget	FY2007 Prop. Budget	% Change FY06 to FY07
4) Solid Waste Fund				
Entire Operations				
Operating Revenues	837,290	799,459	846,870	5.9%
Less Operating Expenses	<u>(873,138)</u>	<u>(836,614)</u>	<u>(887,884)</u>	<u>6.1%</u>
Operating Income	(35,848)	(37,155)	(41,014)	-10.4%
Composting Site Optns				
Revenues, Other Sources	6,870	1,750	5,950	240.0%
Less Expenses	<u>(37,170)</u>	<u>(41,495)</u>	<u>(50,990)</u>	<u>22.9%</u>
Net	(30,300)	(39,745)	(45,040)	-13.3%
Ending Fund Balance	107,540	67,795	22,755	-66.4%

Capital Budgets for Fiscal Year 2007 (\$)

Summary – All Enterprise Funds

Planned Expenditures from All Resources

1) Light Fund (Calendar Year 2006)

Transmission/Sub-transmission Plant

Structures & Improvements	45,000
Station Equipment	<u>19,000</u>
Subtotal	64,000

Distribution Plant

Underground Conductors and Devices	551,000
Underground Conduits	474,000
Meters	200,000
All Other	<u>299,000</u>
Subtotal	1,524,000

General Plant

Transportation Equipment	100,000
Computer Equipment	10,000
Laboratory Equipment	<u>79,000</u>
Subtotal	189,000

LIGHT FUND TOTAL 1,777,000

2) Sewer Fund

Vehicle Replacement	20,000
Collection System	133,000
Pumping/General Plant Improvements	48,000
Wastewater Treatment Plant	7,947,000

SEWER FUND TOTAL 8,148,000

3) Water Fund

<u>Supply/Capacity</u>	10,000
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<u>Improvements</u>	75,000
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Treatment

Nagog Ozone Plant Enhancements	95,000
Iron & Manganese Removal	<u>3,000,000</u>
Subtotal	3,095,000

Distribution

Mains Replacement	100,000
All Other	<u>226,000</u>
Subtotal	326,000

General Plant

Keyes Road, Equipment, GIS	46,000
Vehicles	<u>76,400</u>
Subtotal	122,400

WATER FUND TOTAL 3,628,400

CAPITAL BUDGETS FOR FISCAL YEARS 2007 - 2011

(Light Fund, Sewer Fund, and Water Fund)

	FY2007 Budget	FY2008 Plan	FY2009 Plan	FY2010 Plan	FY2011 Plan	5-Year Cumulative
Light Fund	(CY2006)	(CY2007)	(CY2008)	(CY2009)	(CY2010)	
Distribution Plant	1,524,000	166,000	0	0	0	1,690,000
Trans., Sub-trans., & Gen. Plant	253,000	400,000	400,000	400,000	400,000	1,853,000
Light Fund Totals	1,777,000	566,000	400,000	400,000	400,000	3,543,000
Sewer Fund						
Vehicle Purchase/Replacement	20,000	8,600	14,800	15,200	15,800	74,400
Pumping Plant	35,000	0	0	0	0	35,000
Collection Plant	133,000	140,000	108,000	108,000	108,000	597,000
General Plant Improvements	13,000	9,000	9,000	10,000	11,000	52,000
Wastewater Management Plan	0	0	0	0	0	0
Wastewater Treatment Plant	7,947,000	4,355,000	55,000	55,000	180,000	12,592,000
Sewer Fund Totals	8,148,000	4,512,500	186,800	188,200	314,800	13,350,400
Water Fund						
Vehicle Purchase/Replacement	76,400	34,000	59,000	61,000	63,000	293,400
Supply/Capacity/Protection	10,000	10,000	10,000	11,000	11,000	52,000
New Source Permit/Design/Const.	0	0	50,000	3,450,000	0	3,500,000
Improvements	75,000	270,000	220,000	76,000	78,000	719,000
Treatment						
Nagog Plant	95,000	400,000	3,000,000	1,600,000	0	5,095,000
Iron & Manganese Removal	3,000,000	1,000,000	0	0	0	4,000,000
Treatment Program	0	0	0	0	0	0
Distribution						
Mains Replacements	100,000	100,000	310,000	0	320,000	830,000
Meter/Hydrant Replacement	139,000	167,000	36,000	37,000	38,000	417,000
Services	12,000	12,000	12,000	12,000	13,000	61,000
Pine Street Bridge	75,000	0	0	0	0	75,000
Gen. Plant Impr. & Misc. Capital	46,000	31,000	32,000	33,000	34,000	176,000
Water Fund Totals	3,628,400	2,024,000	3,729,000	5,280,000	557,000	15,218,400
Grand Totals	13,553,400	7,102,600	4,315,800	5,868,200	1,271,800	32,111,800