



## TOWN OF WAREHAM

54 Marion Road  
Wareham, MA 02571

**Derek Sullivan**  
Town Administrator  
(508) 291-3100 x 3110  
[administration@wareham.ma.us](mailto:administration@wareham.ma.us)

### MEMORANDUM

**TO:** Board of Selectmen as Sewer Commissioners  
**FROM:** Derek Sullivan, Town Administrator  
**DATE:** April 15, 2014  
**RE:** **DOR REVIEW OF WPCF FINANCES**

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This document will serve as a supplement to the April 2014 DOR Review of Water Pollution Control Finances.

**DOR Recommendation 1:**

The Selectmen have helped this recommendation by removing the Sewer Business item from every agenda and creating a monthly Sewer Commissioner meeting.

**DOR Recommendation 2:**

The Finance Director position is less than one year old as charter changes did not allow us to implement the new position until Fall of last year. As such this is the first year that the position has been part of the budget process. Although the Finance Director has been part of the budget process this year we look forward to formalizing some of the DOR recommendations.

**DOR Recommendation 3:**

The WPCF Director is working on a comprehensive capital plan. We understand that as part of the plan it will continuously need updating and should become part of the day to day functions going forward.

**DOR Recommendation 4:**

In the FY15 revenue portion of the budget we have properly budgeted the betterment revenue and allocating the betterment reserves to pay for the debt service. The DOR has agreed to this methodology. This covers recommendation number 4 on page 10 of the report.

**DOR Recommendation 5:**

During the review and ensuing discussions the DOR did not like that the Town had two Funds for the WPCF: an operating fund known as 60000 and a capital projects fund known as 60001. The Capital Projects Fund was created by the Town Accountant in FY10. Such a fund is not allowable and there was no authority to create such a fund.

This Fund contained betterment prepayments and betterment revenue. Tracking the betterment pre-payments and having them in a segregated account is good practice and as part of the remedy there will be an Account setup up in Fund 60000 called, "Fund Balance Reserved for Betterment Debt Service." This fund will have \$3,431,700 in it which is the difference between the Betterment Debt, both Principal and Interest, remaining to be paid and the Apportioned Betterments left to collect.

Attached are two documents labeled "A" and "B." Document "A" is a memo from the Department of Revenue on how to properly allocate the funds from the 60001 account. Document "B" is a spreadsheet showing how the funds will be allocated.

A simple review is that the fund balance is \$7,388,995 of which \$3,431,700 is reserved for Betterment Debt Service. \$435,829 must be used for like projects such as infrastructure. The \$296,113 deficit is part of the final bond and as such is actually part of the betterment debt. The unreserved fund balance of \$3,817,579 is essentially retained earnings and would be certified as such if a recertification were requested. The retained earnings should be used in future projects to help offset the cost to rate payers. This covers recommendation number 5 of the DOR report.

**DOR Recommendation 6:**

In the FY15 budget we have included direct and indirect costs. This was approved by the WPCF Director and Town Administrator. However, this should be formalized in writing and reviewed annually to make sure it is accurate and consistent.

**DOR Recommendation 7:**

This is a policy that the Sewer Commissioners can set now that we have the proper information to make a decision.

c:     Guy Campinha, WPCF Director  
       John Foster, Finance Director

A

# Memorandum

**To:** Derek Sullivan & John Foster  
**CC:** Judy Lauzon, Tom Guilfoyle & Zack Blake  
**From:** Jared Curtis  
**Date:** 4/14/2014  
**Re:** Wareham Water Pollution Control Facility (EF)

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DLS has reviewed the information submitted by Craig Peacock of Powers and Sullivan and we have come up with a few requirements based on the findings. We believe that you should follow up with Craig Peacock to make sure the findings from his detailed review of account 60001 get taken care of. Fund 60001 should be closed and not appear on the 6-30-14 balance sheet. The funds from account 60001 should be handled in the following manner:

- 1) 3,431,700 should be setup as a "Fund Balance Reserved for Betterment Debt Service" in account 60000
- 2) (296,113) deficit will need to be funded unless it can be bonded.
- 3) 435,829 in old capital projects must be appropriated to like projects (see Chapter 44, sec. 20).
- 4) The remaining amount should be closed to fund balance in account 60000 and will be certified as retained earnings once we receive the balance sheet (See attached Excel Workbook).
- 5) We suggest that you complete a pro forma on the automated (Excel Based) Tax Rate Recap and Tom and I will arrange a field visit for the end of June to review and discuss.

Please let me know if you have any questions or concerns.

B

WAREHAM SEWER ENTERPRISE FUND  
DOR / POWERS AND SULLIVAN SUMMARY

FUND 60000

Unreserved Fund Balance	3,817,579		
Fund Balance Reserved for Betterment Debt Service (Res for FY2015 and Beyond)	3,431,700	21,147,937	Betterment Debt Payments P & I
		<u>(17,716,237)</u>	Apportioned Betterments and CI
		3,431,700	
Old Capital Projects	435,829		
Sewer Phase I-III Deficit	(296,113)		
<b>TOTAL FUND 60000</b>	<b>7,388,995</b>		

1,054,560	Fund Balance 60000
7,784,325	Reserved for Debt Service
(1,589,606)	Transferred to Fund 60000 - User Acct
(296,113)	Deficit Until Perm Financed 5/2014
<u>435,829</u>	Old Capital Projects
6,334,435	Fund Balance 60001
7,388,995	Total Fund Balance 60000 + 60001



Town of Wareham

## **Review of Water Pollution Control Finances**

DLS Technical Assistance Services

April 2014



April 08, 2014

Memorial Town Hall  
Administration  
54 Marion Road  
Wareham, MA 02571  
c/o Derek Sullivan

Dear Mr. Sullivan:

It is with pleasure that I transmit to you the enclosed review of water pollution control finances completed by members of the Division of Local Services for the Town of Wareham. In this report, we provide an overview and comment on the operation's financial management practices and procedures. It is our hope that the information presented in this report will assist town officials as they seek to enhance departmental operations.

As a routine practice, a copy of the report will be forwarded to the town's state senator and representative and will be posted to the DLS website.

If you have any questions or comments regarding our findings and recommendations, please feel free to contact Rick Kingsley, Bureau Chief of the DLS Municipal Data Management and Technical Assistance Bureau at 617-626-2376 or at [kingsleyf@dor.state.ma.us](mailto:kingsleyf@dor.state.ma.us).

Sincerely,

Robert G. Nunes  
Deputy Commissioner &  
Director of Municipal Affairs

cc: Senator Marc Pacheco  
Representative Susan Williams Gifford

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## Introduction

The Division of Local Services' Technical Assistance Section provides consultant-type services to cities and towns on municipal operations, government structure, and matters of financial management. At the request of Wareham's Board of Selectmen, we reviewed the financial practices and procedures of the town's Water Pollution Control Facility (WPCF). The focus of this study centers on the operation's budget, capital planning, and other financial management activities and is not a review of the department's technical responsibilities as they relate to wastewater management.

In completing this review, our team, including the local field representative from the Division's Bureau of Accounts, interviewed and received information from members of the board of selectmen, town administrator, finance director, town accountant, and WPCF director, among others. We also reviewed materials including the town's comprehensive wastewater management plan, town meeting warrants, outside audit reports, and other documents related to budgeting and capital planning. On the following pages, we provide an overview of the WPCF and offer a series of recommendations designed to enhance the department's operations and overall financial management practices.



## Overview

The Town of Wareham is a coastal community of approximately 22,000 year-round residents located in southeastern Massachusetts. It is governed by an open town meeting and an elected, five-member board of selectmen. Outlined in town charter, the selectmen serve as the town's chief policymaking body and appoint a full-time town administrator. The town administrator appoints all department heads and is generally responsible for administering the town's \$65 million budget. Since being appointed almost a year ago, the current town administrator has promoted the town's long-standing treasurer/collector to finance director and taken steps to stabilize the town's finances. As part of that effort, he and the board of selectmen requested this review of the Water Pollution Control Facility's (WPCF) financial management practices.

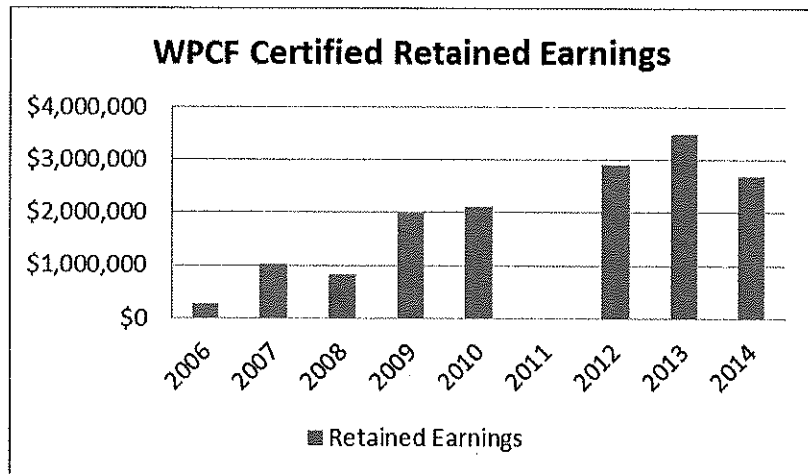
Originally constructed in 1972, the WPCF was built to mitigate nitrogen levels and other wastewater concerns impacting the Wareham River watershed and estuary. Since that time, the facility has undergone several improvements, including its last major upgrade in 2005 that increased its treatment capabilities. The sewer collection and transmission infrastructure has also expanded, especially in the last decade, as more neighborhoods throughout Wareham and parts of the Town of Bourne tied in. Today, the WPCF has a capacity of 1.56 million gallons per day (gpd), with an average daily use of around 800,000 gpd. About 25 percent of this average daily use, or 200,000 gpd, is attributed to Bourne, which reimburses the WPCF according to the terms of an intermunicipal agreement. In total, the WPCF services more than 6,000 residential and commercial customers through its gravity and forced system of sewer mains that encompass nearly 57 miles of pipe and over 45 different pump station locations.

The WPCF is overseen by the town's elected, five-member board of selectmen who serve as sewer commissioners. In this role, they set rates, enforce policies, and are generally charged with the care and management of the plant and its infrastructure. They delegate day-to-day supervision of the facility to the town's WPCF director. The WPCF director is appointed by the town administrator, but reports to the town's municipal maintenance director, who also manages the highway, parks, cemetery, and building departments. Reporting to the WPCF director is the assistant chief, who oversees the plant's personnel and daily process controls. Other senior staff includes a maintenance foreman, a lab/process control foreman, and a department assistant. Working at the direction of this management team are six operators and three laborers. There are also three full-time and one part-time administrative support staff, who complete billing, payroll, and other related tasks as assigned by the WPCF director.

Of the WPCF's full-time administrative employees, two have worked for the operation for at least the last decade. The third, hired this past summer to serve as a payables clerk, was transferred from the treasurer/collector's office, where she had worked for ten years. The part-time clerk is also a recent addition, who was originally employed on a temporary basis in 2012 to fill in for a staff member on leave for medical reasons. A retired Wareham employee, she brings over 27 years of municipal experience to a role that now appears to be permanent. In addition to these clerical staff, the WPCF director has

requested hiring an office manager to assist with capital planning, revenue and expenditure tracking, and other higher-level assignments.

Financially, the WPCF is structured as an enterprise fund. Enterprise fund accounting under M.G.L. c. 44, 53F½ is a mechanism that allows the town to demonstrate the full cost of providing services and how those costs will be recovered through user fees. It also enables the town to reserve any accumulated earnings (retained earnings) to fund capital improvements, to reimburse the general fund for prior-year subsidies, to reduce user charges, or to cover operating losses. Although characterized as a businesslike activity, the classification of the WPCF as an enterprise fund does not create a separate or autonomous entity within the town or alter preexisting lines of authority or reporting relationships. To the right is a snapshot of the WPCF's certified retained earnings over the last several years. A detailed spreadsheet depicting the WPCF's finances over the last decade is available in the Appendix.

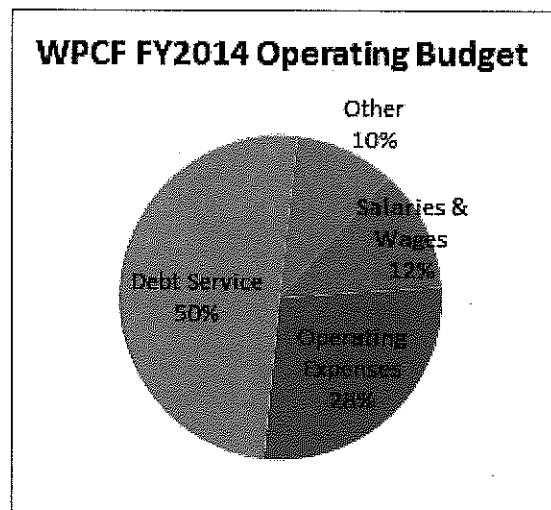


The WPCF's revenues arise from four major sources: user charges, betterment revenue, hauler fees, and intermunicipal agreement payments. User charges, which account for over 75 percent of WPCF revenues, are based on an Equivalent Dwelling Unit (EDU) measurement rather than actual metered flow. An EDU is simply the assumed rate of wastewater discharge for an average single-family home or its equivalent. The WPCF assigns a charge of \$596 dollars per unit per year to each EDU, which is billed in two installments throughout the year. In total, the WPCF's 6,000 customers are charged about 9,000 EDU's. The WPCF is currently conducting an EDU audit to confirm these calculations. It is also working with the outside consulting firm, Tighe & Bond, to evaluate the feasibility of moving to a flow-based rate approach. Although this method would be more equitable, it is complicated by several factors including the town's two independent water districts, as sewer charges are based on water consumption. A detailed EDU schedule is available in the Appendix.

Betterment revenue is expected to bring in more than \$1.4 million this year. Governed by M.G.L. c. 80 and 83, betterments are a special tax assessed only to those properties that benefit from a distinct public improvement, such as a sewer system in the case of Wareham. A fixed dollar cost is assigned to these properties using the uniform unit method (M.G.L. c. 83 § 15) and paid either in a lump sum or over a 20-year period. The money collected is intended to directly pay down the debt incurred by the town for constructing the sewer system in a given neighborhood. More recently, residents upset over a projected \$21,000 special tax assessment in phase two of a three-part sewer expansion effort

successfully petitioned town meeting to cap the betterment at \$18,000. Because of this action, the town faces a \$945,000 projected shortfall in betterment revenue needed to cover principal and interest charges over the term of the bond. It also forced local officials to indefinitely postpone the final phase of the sewer extension. And, despite being assessed a betterment for the construction of a sewer line through their neighborhood, only about 55 percent of the homes in phase two have tied in to the sewer system. This undermines the pollution mitigation efforts of the plant and places the objectives of the town's comprehensive wastewater management plan in limbo.

Effective wastewater treatment is a costly and capital intensive operation. In FY2014, the facility's debt service payments on its bonds, including principal and interest, will amount to \$3.5 million, or 50 percent, of its annual operating budget. Totalling \$32 million over the next 17 years, roughly \$21 million is directly attributed to the town's betterment-related projects. By recently linking projected betterment income to betterment-related debt, local officials found a \$3.4 million gap, including the shortfall outlined above, which will need to be addressed. The WPCF's annual revenue estimates also do not include betterment income. As a result, this debt is largely being paid down through user charges. Also discovered during the course of this review, was a "capital projects account" that has accumulated nearly \$7.8 million. Established by the prior town accountant, this fund appears to have been setup in part to reserve betterment-related revenue separate from the enterprise. It is unclear under what authority the account was established.



Aside from the WPCF's long-term debt obligation, there is also a projected \$30 million in additional capital spending necessary to expand the plant and to mitigate infiltration and inflow issues. Included is the need to replace pipes in the Swifts Beach and Onset neighborhoods that have deteriorated at a faster rate than expected. Estimated to cost more than \$10 million dollars, these pipes generally have a useful life of 75 years or more, but because of seawater and other groundwater penetration issues, they need to be replaced after only 35 years. Given this significant need for additional capital spending, the WPCF is working with the outside consultant, Tighe & Bond, to put together a detailed capital improvement plan. A detailed breakdown of the facility's FY2014 operating budget and long-term debt obligation is available in the Appendix.

Separate from these financial management matters, the WPCF director continues to take steps to professionalize operations and modernize the facility. Looking back over the last two years, for instance, staff has attended a number of training sessions, including those related to pipe/manhole inspection, process control, spill prevention, and various certifications. Additionally, a number of investments have been made in the facility and its infrastructure, such as rehabilitating pump stations, upgrading the

plant's capabilities, and addressing infiltration/inflow issues at catch basins. The director is also moving forward with plans to install a solar field on the grounds of the WPCF to offset its high electricity costs, is taking steps to mitigate ongoing odor issues, and is auditing the facility's EDU calculations for its customers.

Conclusion – We credit the WPCF director and his team for continually working to modernize the facility and to enhance employee skills through various training opportunities. Nonetheless, the facility's projected capital needs and other related financial management issues present significant near-term hurdles that must be addressed. This is complicated by a somewhat fragmented organizational structure and administrative support issues. Our recommendations therefore focus on clarifying responsibilities and improving the operation's overall financial management practices. We believe the roles and relationships between and among the WPCF director, town administrator, and board of selectmen as sewer commissioners needs to be clearly defined. In doing so, local officials should focus on supporting the operation's immediate financial planning efforts. We suggest that the town finance director review the facility's budget and other related financial practices. Next, we reiterate the importance of developing a comprehensive capital improvement plan. This plan, which is now in an early stage of development through the help of an outside consultant, should focus on the plant's \$30 million in projected needs. Other recommendations address the operation's need to revisit revenue projections, track betterment income, and establish an indirect cost agreement. Lastly, we comment on aligning the WPCF's annual rate setting procedures with the town's budget process.

## Recommendations

### 1. Reinforce Reporting Relationships

The WPCF director described his reporting relationship to town hall as unclear, especially when it concerns policy matters, financial planning, or other higher-level decisions. This arises from the fact that although he works for the municipal maintenance director, he often reports directly to selectmen during their weekly meetings through a standing agenda item for sewer-related business. Selectmen, despite serving as sewer commissioners, should start treating the WPCF like any other department. Matters in front of the board of selectmen pertaining to the WPCF should be channeled through the town administrator to the municipal maintenance director, who would communicate with the WPCF director. Structured this way, the WPCF director would also report and direct any communication upward through the chain of command. However, as with any other department, we anticipate circumstances in which the town administrator would call upon the WPCF director to appear before the selectmen to respond to questions or provide information. An organizational chart illustrating the WPCF's existing reporting structure is available in the Appendix.

### 2. Expand Finance Director's Role

The WPCF director has expressed the need to supplement the skills of his administrative support staff. He has suggested that revenue and expenditure tracking, capital planning, and other budget-related tasks might best be completed with the addition of a new business manager. A different option would be to empower the town's new finance director. Normally, we would expect the department head to put together his budget and capital plan in close collaboration with the town's finance director. However, in Wareham, the town administrator has yet to assign the finance director with the full range of responsibilities we generally find in most communities. These include coordinating budget and capital planning, monitoring overall fiscal health, analyzing data for long-range planning, and reviewing compliance with local fiscal policies. With this expanded role, the finance director would review the enterprise's revenue and expenditure assumptions, rate setting practices, and capital planning efforts. Delegating these duties will not only help distribute some of the town administrator's workload but will also supplement the WPCF director needs. We also encourage the town to pursue additional training opportunities for WPCF staff. With three full-time and one part-time administrative staff, it would seem feasible that tasks like revenue and expenditure tracking can be done by the department staff. Over time, local officials can reevaluate the distribution of these responsibilities and assess what additional training or support might be necessary.

### 3. Develop Capital Improvement Plan

Wastewater treatment plants are notoriously capital-intensive operations that are expensive to construct and maintain. Operating on a continuous, 24-hour cycle, they require constant upkeep and maintenance as worn out parts and equipment need replacement. Also, because of advances in

technology or systems, the facility needs periodic upgrades. Wareham's WPCF is no different. Serving about 6,000 residential and commercial customers, the plant and its 57 miles of pipe and over 40 different pump station locations are constantly being repaired or replaced. However, without this information, it is impossible to anticipate future spending or corresponding revenue and reserve requirements.

Developed by the WPCF director, a multiyear capital plan begins with a complete asset inventory combined with an outline of replacement needs and future spending priorities. Updated annually, a five- to ten-year projection should be reviewed by the finance director and town administrator before being presented to the capital planning committee for debate and incorporation into the town's overall capital improvement plan. Parallel to this process, officials should review the facility's proposed revenues and reserve levels to align these projected funding sources with anticipated spending requirements. Together, these will form the basis of the WPCF's long-term revenue and expenditure plan. While we understand that the WPCF director is in the early stages of putting together a comprehensive capital improvement plan with the help of Tighe & Bond, a process needs to be put in place that continually reviews capital needs even after the consultant leaves.

#### 4. Include Betterment Income in Revenue Estimates

To the right is a snapshot of the WPCF's FY2014 estimated revenues. Missing from this projection is betterment income, which will amount to more than \$1.4 million this year. As a result of excluding these special tax assessments, the funds constitute excess revenue which flows to retained earnings, while a combination of other income sources are used to supplement the budget. This practice not only fails to link a critical revenue stream to the debt it is intended to cover, but has also created a sizable reserve. We suggest that the WPCF director begin including betterment income as an estimated receipt in his revenue projections. By accounting for this stream of revenue, it can be used in the current fiscal year and to offset the betterment-related debt it is intended to pay down. Any excess revenues can then flow to surplus that, once certified as retained earnings by the Department of Revenue, can be appropriated for capital or other enterprise expenditures.

FY2014 Estimated Revenues	
Revenue Source	Amount
User Charges	\$5,471,498
Bourne Sewer Fee, Capital & Operating	388,000
Septage Hauler Fee	150,000
Grease Hauler Fee	250,000
Retained Earnings	696,944
<b>Total Estimated Revenue</b>	<b>\$6,956,442</b>

#### 5. Closeout Capital Projects Account

During our review, we found an account established by the prior town accountant where funds were being reserved apart from the enterprise fund. Referred to as the "Capital Projects Account" (Fund 60001), the bulk of the nearly \$7.8 million contained within the account is derived from betterment revenue. Based on this finding and in accordance with M.G.L. c. 44, §53F½, the Director of Accounts for the Division of Local Services is requiring the town to close out fund 60001. After outstanding capital

project balances and any deficits are resolved, the remaining balance must be transferred to the enterprise account where a portion of the money is required to be reserved to cover a projected gap between sewer debt service and expected betterment revenue outstanding. Any remaining amounts from this fund that are not reserved for future debt service will flow to surplus revenue to be certified as retained earnings.

## **6. Establish an Indirect Cost Agreement for the WPCF**

Certain costs, like health insurance, workers compensation, pension contributions, and other post-employment benefits are covered by the town's general fund operating budget for enterprise employees. The facility also relies on other town departments, like the treasurer/collector to process bills, which creates an enterprise obligation to the town. While the WPCF annually appropriates about half a million dollars to reimburse the general fund for these indirect costs, there is no formal agreement in place for establishing these amounts. To ensure accuracy, consistency and fairness, we recommend that local officials develop an indirect cost agreement for the WPCF.

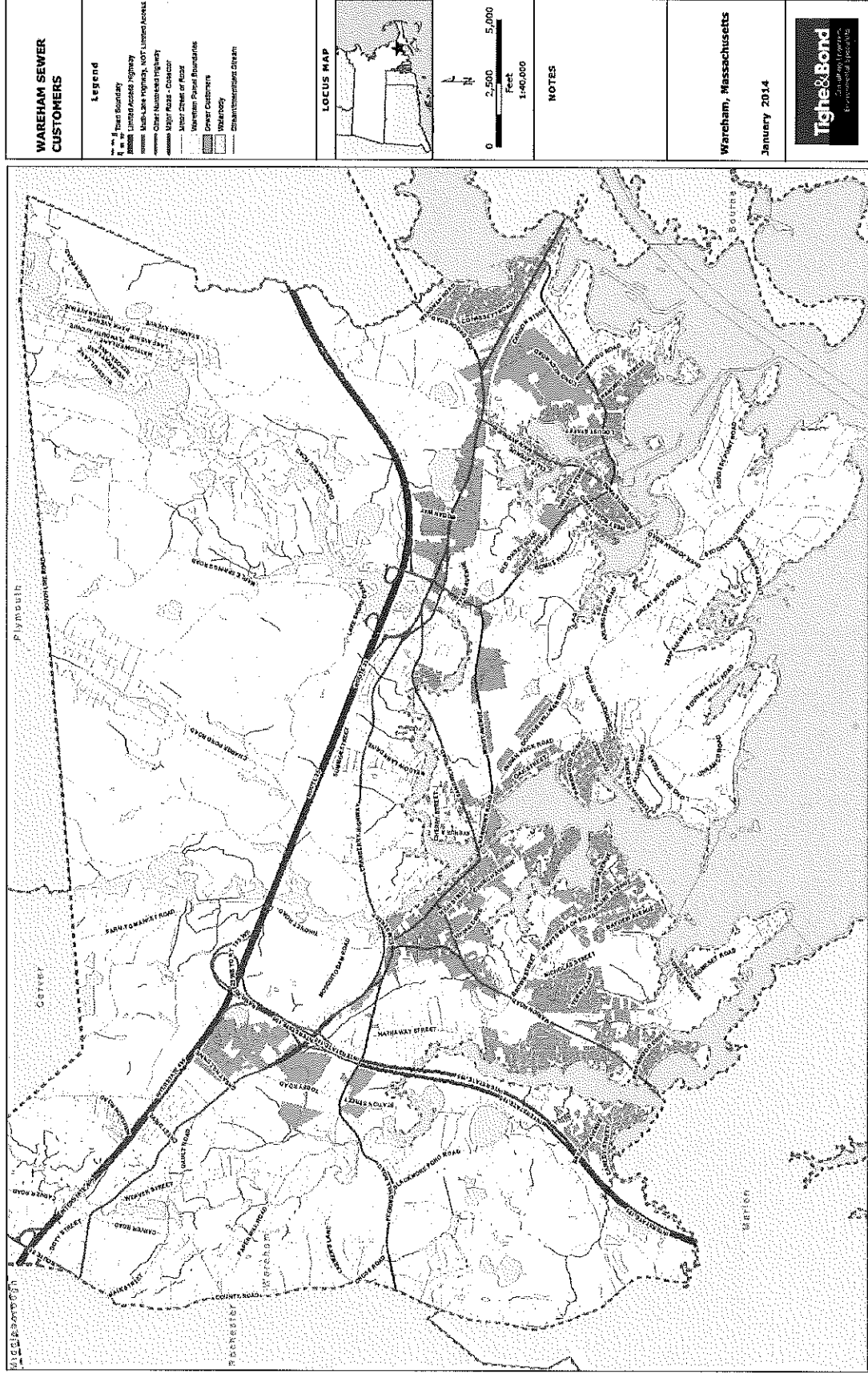
To start, the town administrator should instruct the finance director to develop a formula for calculating the enterprise fund's indirect costs to the general fund. He should begin by determining the total reimbursable amount for employee benefits, town insurances, and other related costs. Next, he should query all town staff connected to the enterprise fund to factor the number of hours and associated salaries, similar to what he has already done for the treasurer/collector's office, to calculate a sum to be recovered from the WPCF. The resulting formula should be reasonable, fair, and should produce a consistent annual payment to the town. Once approved by the board of selectmen, the formula should be incorporated into a formal, written indirect cost agreement that is reviewed annually. For additional guidance, see <http://www.mass.gov/dor/docs/dls/publ/misc/enterprisefundmanual.pdf>

## **7. Align Annual Rate Setting with the Town's Budget Process**

We recommend that sewer rates be set annually in the spring concurrent with the town's budget process. The board of selectmen currently adjusts sewer rates sometime in the fall, which are applied retroactively to the start of the fiscal year. Moving forward, the WPCF's budget and rate setting procedures should parallel the town's budget process. Sometime after the close of the fiscal year, the WPCF can start the budget process with an analysis of expenses and projected revenues, including directly linking betterment-related income to debt service. Town policy should also direct the amount of retained earnings, if any, to be used to supplement the budget. The facility's budget, including its objectives for the upcoming year, should then be reviewed and approved by the town's finance director and town administrator, before eventual adoption by town meeting. Selectmen should then take formal action to adopt new rates for the WPCF before the start of the fiscal year. Doing so provides a rate effective date of July 1<sup>st</sup> in alignment with the town's fiscal year and allows bills to begin going out immediately in the fall. Once this new budget and rate setting process is established, it should be formalized in town bylaws.

# Appendix

## A. Map of Water Pollution Control Facility Customers





**B. Year-end Fund Balances and Certified Retained Earnings\***

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>											
Charges for Services	\$2,926,070	\$2,739,986	\$3,275,941	\$3,829,794	\$4,448,365	\$6,562,008	\$6,805,573	\$6,353,556	\$6,987,841	\$6,914,392	\$6,263,357
State Revenue	655,055	708,233	1,269,464	1,522,920	2,122,771	1,157,999	1,253,497		3,280,252		
Miscellaneous Revenue		1,448	6,006	43,086	1,086,809	4,343	66,304	51,065	10,697	329,874	106,758
Earnings on Investments	2,518	5,951	70,607	27,910	31,165	36,278	35,712	36,919		1,158	14,454
<b>TOTAL REVENUES</b>	<b>3,583,643</b>	<b>3,455,618</b>	<b>4,622,018</b>	<b>5,423,710</b>	<b>7,689,110</b>	<b>7,760,628</b>	<b>8,161,086</b>	<b>6,441,540</b>	<b>10,278,790</b>	<b>7,245,424</b>	<b>6,384,569</b>
<b>Other Financing Sources</b>											
Bond Proceeds	3,161,405		10,000,000	12,978,363	4,105,000	11,253,852			2,190,431	2,450,282	
Other Financing Sources			61,289								
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>3,161,405</b>	<b>0</b>	<b>10,061,289</b>	<b>12,978,363</b>	<b>4,105,000</b>	<b>11,253,852</b>	<b>0</b>	<b>0</b>	<b>2,190,431</b>	<b>2,450,282</b>	<b>0</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>6,745,048</b>	<b>3,455,618</b>	<b>14,683,307</b>	<b>18,402,073</b>	<b>11,794,110</b>	<b>19,014,480</b>	<b>8,161,086</b>	<b>6,441,540</b>	<b>12,469,221</b>	<b>9,695,706</b>	<b>6,384,569</b>
<b>Expenditures</b>											
Salary and Wages	393,869	513,681	531,116	569,270	590,062	654,038	640,003	655,783	607,602	652,093	674,644
Expenditures	1,159,863	1,135,402	1,143,152	956,139	997,627	1,363,899	1,470,316	1,889,247	1,501,358	1,316,053	1,515,127
Construction		4,249,192	12,753,778	7,065,418	4,828,883	3,453,957	117,358		5,625,602	3,135,373	
Capital Outlay	1,385,005		1,524,909	513,900	148,049	828,275	755,364	844,682			
Debt Service	1,275,837	1,688,774	2,373,154	3,469,470	3,575,423	6,928,353	4,088,137	2,805,864	3,944,540	3,941,493	3,313,577
<b>TOTAL EXPENDITURES</b>	<b>4,214,574</b>	<b>7,587,049</b>	<b>18,326,109</b>	<b>12,574,197</b>	<b>10,140,044</b>	<b>13,228,522</b>	<b>7,071,178</b>	<b>6,195,576</b>	<b>11,679,102</b>	<b>9,045,012</b>	<b>5,503,348</b>
<b>Other Financing Uses</b>											
Transfer to Other Funds	870,000	898,100	912,000	922,500	955,000	965,000	1,049,535	849,535	649,535	462,225	466,019
Other Financing Uses											
<b>TOTAL OTHER FINANCING USES</b>	<b>870,000</b>	<b>898,100</b>	<b>912,000</b>	<b>922,500</b>	<b>955,000</b>	<b>965,000</b>	<b>1,049,535</b>	<b>849,535</b>	<b>649,535</b>	<b>462,225</b>	<b>466,019</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,084,574</b>	<b>8,485,149</b>	<b>19,238,109</b>	<b>13,496,697</b>	<b>11,095,044</b>	<b>14,193,522</b>	<b>8,120,713</b>	<b>7,045,111</b>	<b>12,328,637</b>	<b>9,507,237</b>	<b>5,969,367</b>
<b>Excess (Deficiency)</b>	<b>1,660,474</b>	<b>-5,029,531</b>	<b>-4,554,802</b>	<b>4,905,376</b>	<b>699,066</b>	<b>4,820,958</b>	<b>40,373</b>	<b>-603,571</b>	<b>140,584</b>	<b>188,469</b>	<b>415,202</b>
<b>Fund Balance Beginning of Year</b>	<b>774,643</b>	<b>2,435,117</b>	<b>-2,594,414</b>	<b>-7,149,216</b>	<b>-2,243,840</b>	<b>-1,544,774</b>	<b>3,276,184</b>	<b>3,316,557</b>	<b>2,712,986</b>	<b>2,853,570</b>	<b>3,042,039</b>
<b>Fund Balance End of Year</b>	<b>\$2,435,117</b>	<b>-\$2,594,414</b>	<b>-\$7,149,216</b>	<b>-\$2,243,840</b>	<b>-\$1,544,774</b>	<b>\$3,276,184</b>	<b>\$3,316,557</b>	<b>\$2,712,986</b>	<b>\$2,853,570</b>	<b>\$3,042,039</b>	<b>\$3,457,241</b>
<b>Certified Retained Earnings</b>					\$268,849	\$1,033,263	\$842,503	\$2,004,409	\$2,108,026		\$2,916,344

\* This information was obtained from the Schedule A, a year-end report to DOR that accounts for a municipality's revenues, expenditures and other financing sources, uses, and changes in fund balance. Wareham's Schedule A for FY2013 was not available for publication.

**C. Equivalent Dwelling Unit (EDU) Schedule****EDU SCHEDULE**

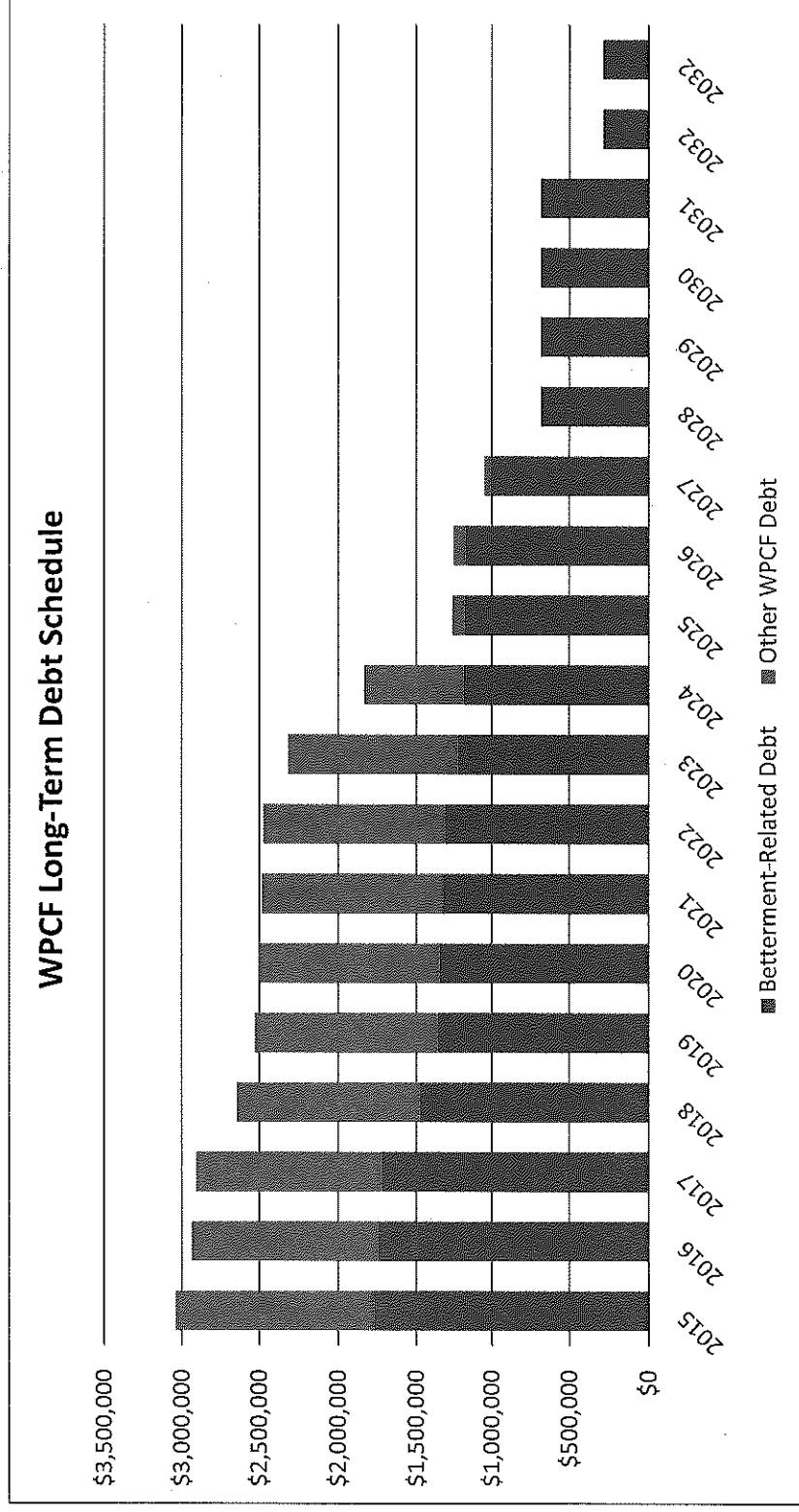
SINGLE FAMILY DWELLING = 1 EDU  
 DUPLEX HOUSE = 2 EDU  
 BOARDING HOUSE, ROOMING HOUSE = 1 EDU + .5 EDU PER ROOM  
 BED & BREAKFAST = 1 EDU + .75 EDU PER ROOM  
 RESTAURANT = 1 EDU PER 12 SEATS - REGULAR SEATING  
     = 1 EDU PER 16 SEATS - REGULAR SEATING - PAPER SERVICE  
     = 1 EDU PER 20 SEATS - FUNCTION ROOM  
 RETAIL = 1 EDU PER 10,000 SQ. FT (UNDER 10,000 SQ. FT. = MINIMUM 1 EDU) per  
 OFFICE = 1 EDU PER 10,000 SQ. FT (UNDER 10,000 SQ. FT. = 1 EDU MINIMUM) floor  
 SERVICE STATION (GAS ONLY) = 1 EDU PER SERVICE ISLAND  
 SERVICE STATION (REPAIR ONLY) = 1 EDU PER SERVICE BAY  
 SERVICE STATION (COMBINED) = 1 EDU 1<sup>ST</sup> ISLAND = .5 EDU PER SERVICE  
 BAY/ADDITIONAL  
 BOAT PUMP-OUT STATION = 0 EDU (TO ENCOURAGE USE)  
 R.V. DUMPING STATION = 1 EDU  
 BEAUTY PARLOR = 1 EDU PER 2 STATIONS  
 BARBER SHOP = 1 EDU PER 2 CHAIRS  
 LAUNDROMAT = 1.5 EDU PER WASHING MACHINE  
 DRY CLEANERS = 1 EDU PER DRY CLEANING MACHINE  
 COUNTRY CLUB = 1 EDU PER 5 LOCKERS  
     = 1 EDU PER 12 SEATS (SNACK BAR, RESTAURANT)  
     = 1 EDU PER 20 SEATS (FUNCTION ROOM)  
     = 1 EDU PER 12 SEATS (BAR, LOUNGE, ETC.)  
 HOSPITAL = .75 EDU PER BED  
     = 1 EDU PER 12 SEATS (SNACK BAR, CAFETERIA)  
     = 5 EDU PER WATER COOLED AIR CONDITIONING UNIT  
     = 2 EDU PER EMERGENCY ROOM  
     1.5 EDU PER WASHING MACHINE  
 PUBLIC REST ROOM = 1 EDU PER 4 TOILETS  
     = 1 EDU PER 6 URINALS  
 FUNERAL HOME = 1 EDU PER VIEWING ROOM  
 NURSING HOME = (SEE HOSPITAL)  
 INDUSTRIAL = 1 EDU PER 10,000 CCF OF WATER USEAGE = 1 EDU PER 100 LBS BOD &  
 S.S. + 1 EDU PER PRIORITY POLLUTANT DETECTED  
 CHURCH = 1 EDU PER 100 SEATS  
 \*SCHOOL = @ .550 PER CLASSROOM, (PER BOS 10-06-1998)  
 \*HIGH SCHOOL ONLY- @.60 PER CLASSROOM-ALSO EVERETT EDUCATIONAL \*CENTER  
 WILL REMAIN @ 1EDU  
 CAR WASH = 5 EDU PER COIN OPERATED STALL - NO WATER RECYCLING  
     = 2.5 EDU PER COIN OPERATED STALL - WATER RECYCLING  
     = 8 EDU PER DRIVE THRU  
 FRATERNAL ORGANIZATION, ETC. (SAME AS RESTAURANT, BAR)  
 OFFICE/BUSINESSES WITH SHARED FACILITIES = 1 EDU + .25 EDU EACH BUSINESS  
 \*SEASONAL RATE NOT IN USE - PAY FULL YEAR USAGE

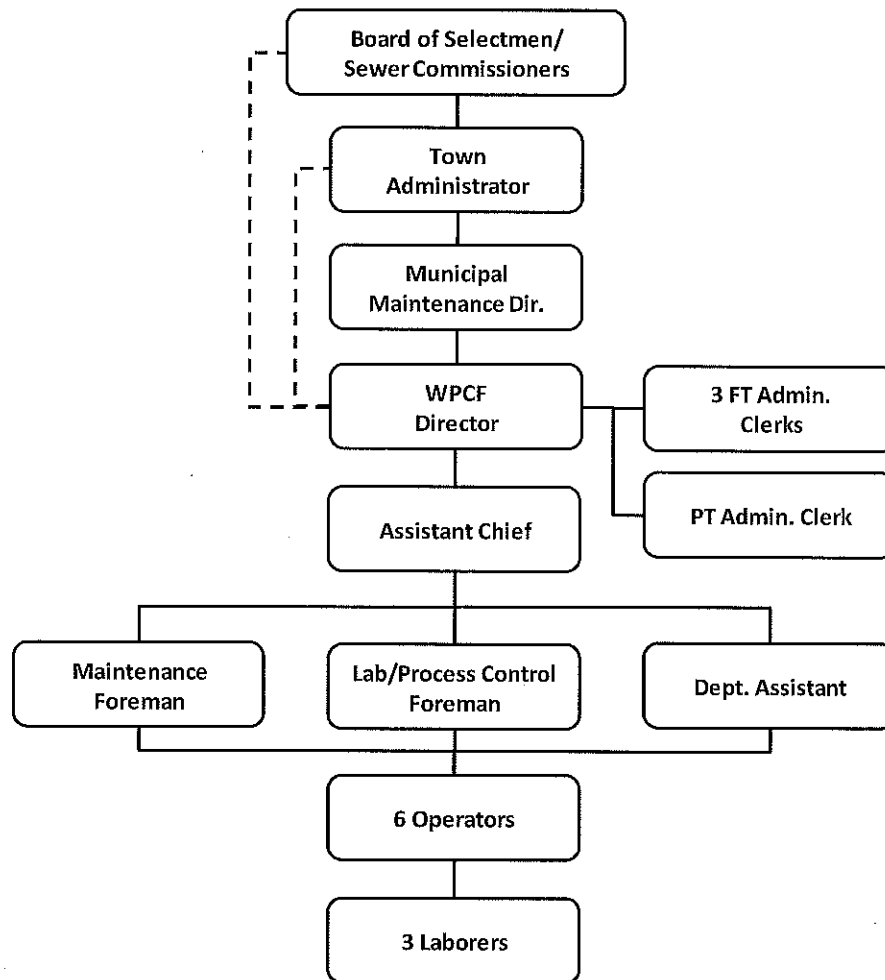
EDU SCHEDULE ADOPTED 7/2/1996

**D. FY2014 Operating Budget**

<b>Salaries &amp; Wages</b>	<b>FY2014</b>
Regular	\$755,955
Overtime	66,000
On-Call Wages	30,000
<b>Total Salaries &amp; Wages</b>	<b>851,955</b>
<b>Expenses</b>	
Electricity	505,302
Water	12,006
Repair & Maintenance Buildings, Vehicles & Equip.	39,000
Outside Contractors	181,602
Data Processing Service	2,000
Postage/Printing/Mailing	10,650
Telephone & Cellular	13,000
Office Supplies	9,115
Advertising	4,000
Chemicals	400,000
Gas, Diesel, Oil, Natural Gas & Propane	67,000
Lab Supplies	20,000
Medical Expenses	7,500
Protective Clothing	6,300
Operating Supplies	43,835
Travel/Conferences	2,500
Tuition	10,000
Uniforms	12,000
Telemetry	22,575
Sludge Disposal	300,000
NPDES Testing	24,000
Dues, Memberships, Books & Subscriptions	1,800
Other Expenses	100,000
Equipment	125,000
<b>Total Expenses</b>	<b>1,919,185</b>
<b>Debt</b>	
Principal - LTD	2,600,000
Interest - LTD	750,000
Interest - STD	150,000
<b>Total Debt</b>	<b>3,500,000</b>
<b>Indirect Costs</b>	
Transfer to General Fund	585,000
<b>Total Indirect Costs</b>	<b>585,000</b>
<b>Reserve Fund</b>	
Reserve Fund	100,000
<b>Total Reserve Fund</b>	<b>100,000</b>
<b>Total Operating Budget:</b>	<b>\$6,956,140</b>

E. Schedule of Annual Debt Service Payments



**F. Organizational Chart**

## Acknowledgments

This report was prepared by the Department of Revenue, Division of Local Services:

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In preparing this review, DLS staff interviewed the following individuals:

Peter Teitelbaum, Chairman, Board of Selectmen

Alan Slavin, Clerk, Board of Selectmen

Judy Whiteside, Board of Selectmen

Derek Sullivan, Town Administrator

John Foster, Finance Director & Treasurer/Collector

Judy Lauzon, Town Accountant

Guy Campinha, Water Pollution Control Facility Director

Lee Cleveland, Expense Clerk

Maureen Sullivan, Senior Clerk

Rebecca Benitez-Figueroa, Clerk