



TOWN OF STOUGHTON

WATER & SEWER
ENTERPRISE FUNDS

TOWN OF STOUGHTON

- Where are we?
- How did we get here?
- Where do we go from here?

TOWN OF STOUGHTON

A structural or “built-in” deficit occurs when current estimated revenues don’t equal current budgeted expenses.

Estimated revenues cannot exceed prior year’s actuals without a valid reason.

A structural deficit must be balanced by adding Certified Retained Earnings (Reserves), a General Fund subsidy or other funding source (MWRA).

TOWN OF STOUGHTON

EXAMPLE OF AN ENTERPRISE FUND WITH NO STRUCTURAL DEFICIT

ANNUAL BUDGET:

Estimated revenues	\$ 4,000,000
Budgeted expenses	\$ 4,000,000
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Structural Deficit	\$ 0
Certified retained earnings (reserves) used	\$ 0
General Fund (taxpayer funds) subsidy	\$ 0
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Budget Deficit	\$ 0
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TOWN OF STOUGHTON

EXAMPLE OF AN ENTERPRISE FUND WITH A STRUCTURAL DEFICIT USING RESERVES TO BALANCE THE BUDGET

ANNUAL BUDGET:

Estimated revenues	\$ 3,500,000
Budgeted expenses	\$ 4,000,000

Structural Deficit	(\$ 500,000)
Certified retained earnings (reserves) used	\$ 500,000
General Fund (taxpayer funds) subsidy	\$ 0

Budget Deficit	\$ 0
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TOWN OF STOUGHTON

EXAMPLE OF AN ENTERPRISE FUND WITH A STRUCTURAL DEFICIT USING RESERVES AND A GENERAL FUND SUBSIDY TO BALANCE THE BUDGET

ANNUAL BUDGET:

Estimated revenues	\$ 3,500,000
Budgeted expenses	\$ 4,250,000

Structural Deficit	(\$ 750,000)
Certified retained earnings (reserves) used	\$ 500,000
General Fund (taxpayer funds) subsidy	\$ 250,000

Budget Deficit	\$ 0
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TOWN OF STOUGHTON

BORROWING CAPACITY

Communities have a debt limit of 5% of equalized valuation, except for debt incurred outside of the debt limit.

Our remaining capacity inside the debt limit is \$172,828,526 as of June 30, 2022.

Debt exclusion borrowings are outside of the debt limit.

Enterprise fund borrowings are outside of the debt limit unless the community cannot certify that rates and charges are sufficient to cover the expenses, in which case they are inside of the debt limit.

TOWN OF STOUGHTON

WATER ENTERPRISE FUND

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WATER ENTERPRISE FUND

WHERE ARE WE?

Operations:	FY2021	FY2022	FY2024
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Revenues:			
User charges	4,395,900	4,147,026	\$ 4,147,026
Liens, etc.	653,775	487,696	487,696
	5,049,675	4,634,722	4,634,722
Expenses:			
Salaries	1,062,428	980,595	982,948
MWRA Assessment	141,002	167,480	103,512
Other expenses	1,364,442	1,560,294	1,741,300
Indirect costs	558,583	575,340	846,979
Debt service	2,374,985	2,436,705	2,249,819
	5,501,440	5,720,414	5,924,558
Structural Surplus (Deficit)	(451,765)	(1,085,692)	(1,289,836)
Other financing sources:			
Retained earnings	1,455,689	955,896	
MWRA Infrastructure Fund			1,289,836
MWPAT subsidy	70,780	70,096	
	1,526,469	1,025,992	1,289,836
Fund (Surplus) Deficit	1,074,704	(59,700)	-

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STATUS OF WATER FUND BUDGET FOR FISCAL 2024

ANNUAL BUDGET:

Estimated revenues	\$ 4,634,722
Budgeted expenses	\$ 5,924,558 *
Structural Deficit	----- (\$1,289,836)
Certified retained earnings (reserves) used	\$ 0
General Fund (taxpayer funds) subsidy	\$ 0
MWRA Infrastructure Fund **	\$ 1,289,836
Budget Deficit	----- \$ 0 =====

* Indirect costs increased 43% (\$272K)

** Special fund set up by State legislature funded by tax increment financing business taxpayers dedicated to the Water Fund with a remaining balance of \$3,370,405

TOWN OF STOUGHTON

How did we get here?

Fiscal Year	Stoughton Resident Water Rate Change	Stoughton's dependence on MWRA
2010	2.50%	\$ 628 K
2011	3.00%	\$700 K
2012	5.00%	\$758 K
2013	2.50%	\$ 932 K
2014	5.00%	\$ 1.11 MILLION
2015	2.00%	\$ 1.14 MILLION
2016	2.50%	\$ 258 K
2017	2.00%	\$ 161 K
2018	2.00%	\$ 147 K
2019	1.50%	\$ 141 K
2020	<u>DECREASED 5.0%</u>	\$ 167 K
2021	0.00%	\$ 118 K
2022	0.00%	\$ 103 K
2023	0.00%	\$ 118 K
2024	?? May 2, 2023 Hearing ??	\$ 103 K

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WATER CONNECTION FEES

The Select Board voted the following on November 19, 2020:

1. Connection Fees remained unchanged from Pre-2002 to Present.
2. Reduced the system development fee from \$2,500 to \$2,000
3. Implemented a moratorium on all fees from April 1, 2021 to June 30, 2021 to incentivize residents to connect to Town water
4. Waived system development fees in the SCMUOD District.