



# 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
	-----
Structural Deficit	\$ 0
Certified retained earnings (reserves) used	\$ 0
General Fund (taxpayer funds) subsidy	\$ 0
	-----
Budget Deficit	\$ 0
	=====



# 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
	=====

# 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 =====

# 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

## SEWER ENTERPRISE FUND



# TOWN OF STOUGHTON

## SEWER ENTERPRISE FUND

### WHERE ARE WE?

	FY2021 <u>Actual</u>	FY2022 <u>Actual</u>	FY2024 <u>Budget</u>
<b>Operations:</b>			
Revenues:			
User charges	\$ 7,104,906	6,827,678	\$ 6,827,678
Liens, etc.	758,962	609,598	609,598
	7,863,868	7,437,276	7,437,276
Expenses:			
Salaries	752,107	799,219	839,845
MWRA Assessment	5,227,526	5,434,313	5,887,949
Other expenses	505,059	489,024	650,861
Indirect costs	468,459	482,513	525,545
Debt service	396,080	411,057	860,014
	7,349,231	7,616,126	8,764,214
Structural (Surplus) Deficit	514,637	(178,850)	(1,326,938)
<b>Other financing sources (uses):</b>			
Transfer to capital projects		(600,000)	
Retained earnings	987,030	481,081	388,387
General Fund subsidy		91,782	938,551
	987,030	(27,137)	1,326,938
Fund (Surplus) Deficit	\$ 1,501,667	(205,987)	\$ -

# TOWN OF STOUGHTON

## STATUS OF SEWER FUND BUDGET FOR FISCAL 2024

### ANNUAL BUDGET:

Estimated revenues	\$ 7,437,276
Budgeted expenses	\$ 8,764,214 *
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Structural Deficit	(\$ 1,326,938)
Certified retained earnings (reserves) used	\$ 388,387
General Fund (taxpayer funds) subsidy	\$ 938,551
	-----
Budget Deficit	\$ 0
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\* Retirement of Debt increased 44% (\$264K) – Betterment Fees

# TOWN OF STOUGHTON

## HOW DID WE GET HERE?

Fiscal Year	Resident Sewer Rate Change	Stoughton's dependence on MWRA
2010	8.00%	\$ 4.4 M
2011	10.00%	\$ 4.4 M
2012	5.00%	\$ 4.4 M
2013	2.00%	\$ 4.4 M
2014	1.00%	\$ 4.4 M
2015	0.00%	\$ 4.7 M
2016	0.00%	\$ 5.0 M
2017	0.00%	\$ 5.1 M
2018	2.00%	\$ 5.2 M
2019	1.50%	\$ 5.2 M
2020	3.30%	\$ 5.4 M
2021	0.00%	\$ 5.5 M
2022	0.00%	\$ 5.6 M
2023	0.00 %	\$5.4 M
2024	<b>?? May 2, 2023 Hearing ??</b>	<b>\$5.9 M</b>

# TOWN OF STOUGHTON

Water Customers - 8,633

Sewer Customers – 7,163



# TOWN OF STOUGHTON

## WHERE DO WE GO FROM HERE?

### COMPLETE FIXED NETWORK READING SYSTEM

#### **BENEFITS:**

1. Financial – Older meters read slower, slower meters record less volume; less volume = lost revenue. Some of the remaining Residential meters go back to the 1980's.
2. Labor – Fixed Network Reading will populate to a “clean” database and MUNIS compatibility; eliminating the labor required to develop the billing database.
3. Billing – Ability to bill more often once established; bi-monthly or monthly.
4. Leak Detection and Alarming capabilities – Catch leaks earlier than later making potentially big problems, small problems; reduce lost water; reduces or eliminates abatement requests.
5. The Town of Stoughton has completed replacement of 100% of the Commercial meters and 42% of the Residential meters.
6. Analysis shows a substantial increase of consumption captured due to the meter replacements.

NOTES: \* Return on investment was estimated at 2.9 years.  
\*\* Sewer is calculated based on Water consumption.

# TOWN OF STOUGHTON

## **Where do we go from here?**

- Complete Residential Meter replacement
- Consider rate adjustments