



TOWN OF SAUGUS

SEWER ENTERPRISE FUND

INDIRECT COST CALCULATION

FISCAL YEAR 2018

May 2017

Town of Saugus Sewer Enterprise Indirect Cost Allocation

Area		Suggested Methodology
DPW Support		
Administration	Sewer Salaries and Operating Expenses / Total DPW Salaries and Operating Expenses	
Engineering	Sewer Salaries and Operating Expenses / Sewer, Water, and Highway Budgets	
Motor Pool	Number of Sewer Vehicles Maintained / Total Vehicles Maintained (Excluding Police/Fire/Emergency)	
Highway	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise If/when these staff provide sewer system services their time should be "Directly" Charged	
Forestry	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise	
Parks	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise	
Other Support		
Personal Services:		
Town Manager	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses	
Accounting	Sewer Salaries and Operating Expenses/ Total Townwide Salaries and Operating Expenses (so includes school dept) (so includes school department)	
Treasurer (Collector)	Sewer Revenue / Total Committed Revenues: (MVX, Tax, and Sewer)	
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise	
Board of Selectmen	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses	

Town of Saugus Sewer Enterprise Indirect Cost Allocation

Area		Suggested Methodology
Expenses of:		
Town Manager		Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Accounting		Sewer Salaries and Operating Expenses / Total Townwide Salaries and Operating Expenses (so includes school dept)
Treasurer (Collector)		Sewer Revenue / Total Committed Revenues: (MVX, Tax, and Sewer)
Inspectional Services		Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen		Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Finance Committee		Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Legal and Information Technology		Sewer Wages and Operating Expenses / Municipal Wages and Operating Expenses
Property/Casualty Insurance		Actual Documentation provided by Exchange Insurance Inc.
Employee Benefits		
Health Insurance		All employees (direct or Indirect); Get Actual Health Plan (Family or Single) and Town Rate/Share
Medicare		Do calc based on actual employees (and 1.45 post 1986 hires)
Worker's Compensation		Based on actual employees and specific comp rates
Life Insurance		Based on actual employees and specific/actual rates
Retirement		Ideally actuarial method at department level, if it exists in last Saugus Retirement System Actuarial Valuation

A. Fiscal Year 2018 Sewer Utility Indirect Cost Allocations

I. Benefit Costs of Sewer Utility Personnel

Name of Employee	Wage	Health Insurance	Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits by Employee	Total Allocation	FY17 Amount	Increase (Decrease)	Increase (Decrease) %
	\$ 60,136		\$ 9,279	\$ 58	\$ -	\$ 1,485	\$ 22,594	\$ 33,416				
	\$ 52,279		\$ 24,338	\$ 58	\$ 758	\$ 1,291	\$ 19,642	\$ 46,088				
	\$ 50,610		\$ 24,338	\$ 58	\$ 734	\$ 1,250	\$ 19,015	\$ 45,396				
	\$ 38,400		\$ 19,471	\$ 58	\$ 557	\$ 948	\$ 14,427	\$ 35,462				
	\$ 23,818		\$ 12,169	\$ 29	\$ 345	\$ 19	\$ 8,949	\$ 21,512				
Subtotal - Sewer Employee Benefits									\$ 181,873	\$ 176,015	\$ 5,858	3.33%

II. Central Service Departments/Units

	Wages	Benefits	Expenses	Total	Allocation %	Total Allocable to Sewer Ent by Dept.	FY17 Amount	Increase (Decrease)	Increase (Decrease) %
Accounting			\$ 175,750	\$ 175,750	4.42%	\$ 7,764			
Town Accountant	\$ 79,560	\$ 31,109		\$ 110,669	4.42%	\$ 4,889			
Accounts Payable Position	\$ 48,653	\$ 28,347		\$ 77,000	6.24%	\$ 4,802			
Payroll Clerk	\$ 49,719	\$ 19,485		\$ 69,204	1.85%	\$ 1,281			
Accounting Manager	\$ 63,240	\$ 49,110		\$ 112,350	4.42%	\$ 4,963		\$ 23,243	1.96%
Treasury/Collection	\$ 235,799	\$ 165,348	\$ 99,500	\$ 500,647	5.47%	\$ 27,362	\$ 25,936	\$ 1,426	5.50%
Human Resources	\$ 131,500	\$ 82,089	\$ 14,350	\$ 227,939	0.77%	\$ 1,755	\$ 1,717	\$ 38	2.22%
Purchasing	\$ 39,611	\$ 23,973	\$ 6,150	\$ 69,735	6.24%	\$ 4,348	\$ 4,354	\$ (6)	-0.13%
MIS	\$ 96,000	\$ -	\$ 219,027	\$ 315,027	4.42%	\$ 13,917	\$ 14,150	\$ (233)	-1.65%
Legal	\$ 56,067	\$ 46,306	\$ 266,500	\$ 368,873	4.42%	\$ 16,296	\$ 14,258	\$ 2,038	14.29%
Town Manager	\$ 182,699	\$ 211,226	\$ 342,700	\$ 736,625	4.42%	\$ 32,542	\$ 32,653	\$ (111)	-0.34%
Board of Selectmen	\$ 44,037	\$ -	\$ 6,075	\$ 50,112	4.42%	\$ 2,214	\$ 2,242	\$ (28)	-1.26%
Finance Committee	\$ 5,000	\$ -	\$ -	\$ 5,000	4.42%	\$ 221	\$ 449	\$ (228)	-50.80%
DPW Directors	\$ 358,998	\$ 197,577	\$ 10,090	\$ 566,665	29.20%	\$ 165,450	\$ 157,072	\$ 8,378	5.33%
Engineering	\$ 75,000	\$ 56,041	\$ 5,000	\$ 136,041	37.35%	\$ 50,809	\$ 50,046	\$ 763	1.52%
Motor Pool	\$ 61,716	\$ 47,778	\$ -	\$ 109,494	4.05%	\$ 4,439	\$ 4,437	\$ 2	0.04%
Total	\$ 1,527,599	\$ 958,388	\$ 1,145,142	\$ 3,631,130					
Subtotal - Central Service Costs						\$ 343,052	\$ 330,557	\$ 12,495	3.78%

III. Other Support/ Related Costs:

Automobile Insurance	Sewer Vehicles - 3 vehicles 3 of 129 vehicles	\$ 156,947	\$ 1,217			\$ 3,650	\$ 3,650	\$ (0)	0.00%
Property Insurance	Sewer Pump Stations Portion of DPW Building	\$ 176,940	4.6%	\$ 8,219	66%	\$ 5,425	\$ 5,425	\$ (8)	-0.15%
Postage/Printing	PKS Associates	\$ 7,000	1/2 allocated to Sewer		34%	\$ 2,795	\$ 1,397	\$ (2)	-0.12%
Lockbox	Eastern Bank	\$ 4,000	1/2 allocated to Sewer			\$ 3,500	\$ 3,500	\$ -	0.00%
Meter Reading Software	itron	\$ 3,000	1/2 allocated to Sewer			\$ 1,500	\$ 1,500	\$ -	0.00%

Subtotal - Other Support Costs

\$ 17,472 \$ 17,482 \$ (10) -0.06%

TOTAL SEWER INDIRECT COSTS \$ 542,398 \$ 524,054 \$ 18,344 3.50%

B. Sewer Utility

Basis for Allocations:

Calculation:

FISCAL YEAR
2018 %

Accounting:

Accountant and Account Manager

Sewer Wages and Operating Expense	\$1,108,767	
Municipal Wages and Operating Expense	\$25,098,124	4.42%

Accounts Payable Position

Sewer Direct Operating Expenses	\$797,850	
Total Municipal and School Direct Operating Expenses	\$12,794,748	6.24%

Payroll Position

Sewer Wages	\$310,917	
Total Municipal Wages	\$16,795,416	1.85%

Treasurer/Collector

Sewer Revenue (FY17 Budgeted)	\$3,782,817	
Total Committed Revenue (FY 17 Budgeted: Sewer/Property Tax & 17 Estimate: MVX)	\$69,215,645	5.47%

Human Resources

Sewer Wages	\$310,917	
Total Municipal and School Wages	\$40,378,626	0.77%

Purchasing

Sewer Direct Operating Expenses	\$797,850	
Total Municipal and School Operating Expenses	\$12,794,748	6.24%

Legal and Info Technology

Sewer Wages and Operating Expense	\$1,108,767	
Municipal Wages and Operating Expense	\$25,098,124	4.42%

Town Manager

Sewer Wages and Operating Expense	\$1,108,767	
Municipal Wages and Operating Expense	\$25,098,124	4.42%

Board of Selectmen

Sewer Wages and Operating Expense	\$1,108,767	
Municipal Wages and Operating Expense	\$25,098,124	4.42%

DPW Directors

Sewer Wages and Operating Expense	\$1,108,767	
All DPW Dept. Wages and Operating Expense	\$3,797,512	29.20%

Engineering

Sewer Wages and Operating Expenses	\$1,108,767	
Sewer, Water and Highway Budgets	\$2,968,714	37.3%

Motor Pool

Number of Sewer Vehicles	3	
Total Number of Vehicles Maintained (Excluding Public Safety)	74	4.05%

C. Fiscal Year 2018 Sewer Utility - Detailed Benefits Calculations

1. All Benefits Allocated for Direct Utility Staff:

Division/Unit	Name of Employee	Title/Note	Health Insurance Plan	Wage	Health Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefits
Sewer	Foreman		\$ 60,136	\$ 9,279	\$ 58	\$ -	\$ 1,485	\$ 22,594	\$ 33,416		
	Operator		\$ 52,279	\$ 24,338	\$ 58	\$ 758	\$ 1,291	\$ 19,642	\$ 46,088		
	Operator		\$ 50,610	\$ 24,338	\$ 58	\$ 734	\$ 1,250	\$ 19,015	\$ 45,396		
	I & I Fog Inspector (80%)		\$ 38,400	\$ 19,471	\$ 58	\$ 557	\$ 948	\$ 14,427	\$ 35,462		
	Billing Coordinator		\$ 23,818	\$ 12,169	\$ 29	\$ 345	\$ 19	\$ 8,949	\$ 21,512		
	Subtotal - Sewer Employee Benefits										\$ 181,873

II. Benefits Allocated based on method stated for each unit/division:

Division/Unit	Name of Employee	Title/Note	Health Insurance Plan	Wage	Health Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefits
Accounting	Town Accountant			\$ 79,560	\$ -	\$ -	\$ 1,154	\$ 64	\$ 29,892	\$ 31,109	128,051
	Principal Clerk			\$ 48,653	\$ 9,279	\$ 44	\$ 705	\$ 39	\$ 18,280	\$ 28,347	
	Payroll Clerk			\$ 49,719	\$ -	\$ 44	\$ 721	\$ 40	\$ 18,680	\$ 19,485	
	Accounting Manager			\$ 63,240	\$ 24,339	\$ 44	\$ 917	\$ 51	\$ 23,760	\$ 49,110	
Treas/Collection	Finance Director & T/Collector			\$ 96,013	\$ 24,339	\$ 44	\$ 1,392	\$ 77	\$ 36,073	\$ 61,925	165,348
	Assistant Collector			\$ 53,242	\$ 24,339	\$ 44	\$ 772	\$ 43	\$ 20,004	\$ 45,201	
	Principal Clerk			\$ 43,272	\$ -	\$ -	\$ 627	\$ 35	\$ 16,258	\$ 16,920	
	Principal Clerk			\$ 43,272	\$ 24,339	\$ 44	\$ 627	\$ 35	\$ 16,258	\$ 41,303	
Human Resources	Human Resource Director			\$ 76,500	\$ 22,142	\$ 44	\$ 1,109	\$ 61	\$ 28,742	\$ 52,098	82,089
	HR Benefits Administrator			\$ 55,000	\$ 8,441	\$ 44	\$ 798	\$ 44	\$ 20,664	\$ 29,990	
Purchasing	Purchasing Asst.			\$ 39,611	\$ 8,441	\$ 44	\$ 574	\$ 32	\$ 14,882	\$ 23,973	23,973
Legal	Town Counsel			\$ 56,067	\$ 24,339	\$ 44	\$ 813	\$ 45	\$ 21,065	\$ 46,306	46,306
Town Manager	Town Manager			\$ 125,246	\$ 24,339	\$ 44	\$ 1,816	\$ 100	\$ 47,056	\$ 73,355	211,226
	Chief Administrative Aide			\$ 57,453	\$ 24,339	\$ 44	\$ 833	\$ 46	\$ 21,586	\$ 46,847	
	Econ Dev Coord			\$ 80,000	\$ 8,441	\$ 44	\$ 1,160	\$ 64	\$ 30,057	\$ 39,766	
	Economic Planner			\$ 62,000	\$ 8,441	\$ 44	\$ 899	\$ 50	\$ 23,294	\$ 32,727	
	Administrative Aide			\$ 47,277	\$ -	\$ 44	\$ 686	\$ 38	\$ 17,762	\$ 18,530	
MIS	MIS Director			\$ 96,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
DPW Directors	Director			\$ 115,000	\$ 22,142	\$ 44	\$ 1,668	\$ 3,669	\$ 43,207	\$ 70,729	197,577
	Assistant Director			\$ 78,677	\$ 9,279	\$ 44	\$ 1,141	\$ 2,510	\$ 29,560	\$ 42,534	
	Principal Clerk			\$ 45,433	\$ 24,339	\$ 44	\$ 659	\$ 36	\$ 17,070	\$ 42,148	
	Principal Clerk			\$ 45,483	\$ 24,339	\$ 44	\$ 660	\$ 36	\$ 17,089	\$ 42,167	

C. Fiscal Year 2018 Sewer Utility - Detailed Benefits Calculations

II. Benefits Allocated based on method stated for each unit/division:

Division/Unit	Name of Employee	Title/Note	Health Insurance Plan	Wage	Health Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefits
Engineering	Engineer			\$ 75,000	\$ 24,339	\$ 44	\$ 1,088	\$ 2,393	\$ 28,178	\$ 56,041	\$ 56,041
Motor Pool	Foreman			\$ 57,116	\$ 24,339	\$ 44	\$ 828	\$ 1,108	\$ 21,459	\$ 47,778	\$ 47,778
Subtotal - Central Service Employee Benefits										\$ 958,388	