



**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				
<b>Subtotal - Sewer Employee Benefits</b>								\$ 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) %
<b>Accounting</b>									
Town Accountant	\$ 79,560	\$ 31,109	\$ 175,750	\$ 175,750	4.42%	\$ 7,764			
Accounts Payable Position	\$ 48,653	\$ 28,347		\$ 77,000	4.42%	\$ 4,889			
Payroll Clerk	\$ 49,719	\$ 19,485		\$ 69,204	6.24%	\$ 4,802			
Accounting Manager	\$ 63,240	\$ 49,110		\$ 112,350	1.85%	\$ 1,281			
<b>Treasury/Collection</b>	\$ 235,799	\$ 165,348	\$ 99,500	\$ 500,647	4.42%	\$ 4,963			
<b>Human Resources</b>	\$ 131,500	\$ 82,089	\$ 14,350	\$ 227,939	5.47%	\$ 27,362			
<b>Purchasing</b>	\$ 39,611	\$ 23,973	\$ 6,150	\$ 69,735	0.77%	\$ 1,755			
<b>MIS</b>	\$ 96,000	\$ -	\$ 219,027	\$ 315,027	6.24%	\$ 4,348			
<b>Legal</b>	\$ 56,067	\$ 46,306	\$ 266,500	\$ 368,873	4.42%	\$ 16,296			
<b>Town Manager</b>	\$ 182,699	\$ 211,226	\$ 342,700	\$ 736,625	4.42%	\$ 32,542			
<b>Board of Selectmen</b>	\$ 44,037	\$ -	\$ 6,075	\$ 50,112	4.42%	\$ 2,214			
<b>Finance Committee</b>	\$ 5,000	\$ -	\$ -	\$ 5,000	4.42%	\$ 221			
<b>DPW Directors</b>	\$ 358,998	\$ 197,577	\$ 10,090	\$ 566,665	29.20%	\$ 165,450			
<b>Engineering</b>	\$ 75,000	\$ 56,041	\$ 5,000	\$ 136,041	37.35%	\$ 50,809			
<b>Motor Pool</b>	\$ 61,716	\$ 47,778	\$ -	\$ 109,494	4.05%	\$ 4,439			
<b>Total</b>	\$ 1,527,599	\$ 958,388	\$ 1,145,142	\$ 3,631,130					
<b>Subtotal - Central Service Costs</b>						\$ 343,052	\$ 330,557	\$ 12,495	3.78%

**III. Other Support/ Related Costs:**

<b>Automobile Insurance</b>	Sewer Vehicles - 3 vehicles 3 of 129 vehicles	\$ 156,947	\$ 1,217			\$ 3,650		\$ 3,650	\$ -	(0)	0.00%
<b>Property Insurance</b>	Sewer Pump Stations Portion of DPW Building	\$ 176,940	\$ 4.6%	\$ 8,219	66%	\$ 5,425		\$ 5,425	\$ -	(8)	-0.15%
<b>Postage/Printing</b>	PKS Associates	\$ 7,000	1/2 allocated to Sewer		34%	\$ 2,795		\$ 1,397	\$ -	(2)	-0.12%
<b>Lockbox</b>	Eastern Bank	\$ 4,000	1/2 allocated to Sewer			\$ 3,500		\$ 3,500	\$ -	-	0.00%
<b>Meter Reading Software</b>	Itrom	\$ 3,000	1/2 allocated to Sewer			\$ 1,500		\$ 1,500	\$ -	-	0.00%
<b>Subtotal - Other Support Costs</b>						\$ 17,472	\$ 17,482	\$ (10)			-0.06%

<b>TOTAL SEWER INDIRECT COSTS</b>	\$ 542,398	\$ 524,054	\$ 18,344	3.50%
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## 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**

**I. 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	Division/Unit Total Benefits
Sewer	Foreman			\$ 60,136	\$ 9,279	\$ -	\$ -	\$ 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
<b>Subtotal - Sewer Employee Benefits</b>										<b>\$ 181,873</b>

**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	Division/Unit Total Benefits
Accounting	Town Accountant			\$ 79,560	\$ -	\$ -	\$ 1,154	\$ 64	\$ 29,892	\$ 31,109
	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
	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
	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
	Town Counsel			\$ 56,067	\$ 24,339	\$ 44	\$ 813	\$ 45	\$ 21,065	\$ 46,306
Town Manager	Town Manager			\$ 125,246	\$ 24,339	\$ 44	\$ 1,816	\$ 100	\$ 47,056	\$ 73,355
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Director			\$ 115,000	\$ 22,142	\$ 44	\$ 1,668	\$ 3,669	\$ 43,207	\$ 70,729
DPW/Directors	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
<b>Subtotal - DPW/Directors</b>										<b>\$ 197,577</b>

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