

TOWN OF SAUGUS



WATER ENTERPRISE FUND

INDIRECT COST CALCULATION

FISCAL YEAR 2018

May 2017

Town of Saugus Water Enterprise Indirect Cost Allocation

Area	Suggested Methodology
DPW Support	
Administration	Water Salaries and Operating Expenses / Total DPW Salaries and Operating Expenses
Engineering	Water Salaries and Operating Expenses / Sewer, Water, and Highway Budgets
Motor Pool	Number of Water Vehicles Maintained / Total Vehicles Maintained
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 water 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	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Accounting	Water Salaries and Operating Expenses / Total Townwide Salaries and Operating Expenses (so includes school department)
Treasurer (Collector)	Water Revenue / Total Committed Revenues: (MVX, Tax, and Water)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses

Town of Saugus Water Enterprise Indirect Cost Allocation

Area	Suggested Methodology
Expenses of:	
Town Manager	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expense
Accounting	Water Salaries and Operating Expenses / Total Townwide Salaries and Op. Exp (so includes school dept)
Treasurer (Collector)	Water Revenue/Total Committed Revenues: (MVX, Tax, and Water)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Finance Committee	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Legal and Information Technology	Water Salaries and Operating Expenses / Total Municipal Salaries 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 calculation based on actual employees (and 1.45 post 1986 hires)
Worker's Compensation	Based on actual employees and specific worker's compensation 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

A. Fiscal Year 2018 Water Utility Indirect Cost Allocations

I. Benefit Costs of Water Utility Personnel

Wages	Health Insurance Plan	Health Insurance	Life Insurance	Medicare	Workers Compensation		Retirement Assessment	Total Benefits by Employee	Total Allocation	FY 17 Amount	Increase (Decrease) Amt	Increase (Decrease) %
\$ 57,166	\$	24,339	\$ 44	\$ 829	\$ 1,824	\$ 21,478	\$	48,513				
\$ 50,560	\$	24,339	\$ 44	\$ 733	\$ 1,613	\$ 18,996	\$	45,725				
\$ 50,510	\$	-	\$ -	\$ 732	\$ 1,611	\$ 18,977	\$	21,321				
\$ 45,831	\$	24,339	\$ 44	\$ 665	\$ 1,462	\$ 17,219	\$	43,729				
\$ 23,818	\$	12,169	\$ 22	\$ 345	\$ 19	\$ 8,949	\$	21,504				
								Subtotal - Water Employee Benefits	\$ 180,792	\$ 174,865	\$ 5,927	3.39%

II. Central Service Departments/Units

	Wages			Benefits		Expenses		Total	Allocation %	Total Allocable to Water Ent by Dept.	FY 17 Amount	Increase (Decrease) Amt	Increase (Decrease) %					
Accounting																		
Town Accountant	\$	79,560	\$	31,109	\$	175,750	\$	175,750	3.23%	\$	5,679	\$						
Accounts Payable Position	\$	48,653	\$	28,347	\$		\$	110,669	3.23%	\$	3,576	\$						
Payroll Clerk	\$	49,719	\$	19,485	\$		\$	77,000	3.87%	\$	2,979	\$						
Accounting Manager	\$	63,240	\$	49,110	\$		\$	69,204	1.88%	\$	1,302	\$						
							\$	112,350	3.23%	\$	3,631	\$	(1,630)					
Treasury/Collection	\$	235,799	\$	165,348	\$	99,500	\$	500,647	8.44%	\$	42,238	\$	1,224					
Human Resources	\$	131,500	\$	82,089	\$	14,350	\$	227,939	0.78%	\$	1,784	\$	22					
Purchasing	\$	39,611	\$	23,973	\$	6,150	\$	69,735	3.87%	\$	2,698	\$	(489)					
MIS	\$	96,000	\$	-	\$	219,027	\$	315,027	3.23%	\$	10,180	\$	(1,345)					
Legal	\$	56,067	\$	46,306	\$	266,500	\$	368,873	3.23%	\$	11,920	\$	308					
Town Manager	\$	182,699	\$	211,226	\$	342,700	\$	736,625	3.23%	\$	23,803	\$	(2,791)					
Board of Selectmen	\$	44,037	\$	-	\$	6,075	\$	50,112	3.23%	\$	1,619	\$	(207)					
Finance Committee	\$	5,000	\$	-	\$	-	\$	5,000	3.23%	\$	162	\$	(204)					
Driv Directors	\$	358,998	\$	197,577	\$	10,090	\$	566,665	21.36%	\$	121,021	\$	(6,906)					
Engineering	\$	75,000	\$	56,041	\$	5,000	\$	136,041	27.3%	\$	37,165	\$	(3,595)					
Motor Pool	\$	61,716	\$	47,778	\$	-	\$	109,494	6.76%	\$	7,398	\$	3					
Total		\$1,527,599		\$958,388		\$1,145,142		\$3,631,130			Subtotal - Central Service Costs	\$	277,156	\$	292,765	\$	(15,609)	-5.33%

III. Other Support/Related Costs:

Property Insurance	Water Vehicles - 5 of 129 vehicles	\$	156,947	\$	1,217		\$	6,083	\$	6,083	\$	0	0.00%
	Portion of DPW Building		\$2,754				\$	1,377	\$	1,400	\$	-1.64%	
Postage/Printing	PKS Associates		\$7,000	1/2 allocated to Water			\$	3,500	\$	3,500	\$	-	0.00%
Lockbox	Eastern Bank		\$4,000	1/2 allocated to Water			\$	2,000	\$	2,000	\$	-	0.00%
Meter Reading Software	Itron		\$3,000	1/2 allocated to Water			\$	1,500	\$	1,500	\$	-	0.00%

Subtotal - Other Support Costs	\$14,460	\$14,483	(\$23)	-0.16%
TOTAL WATER INDIRECT COSTS	\$ 472,408	\$ 482,113	(\$9,705)	-2.01%

B. Water Utility - Central Service Department/Units - Allocation % calculation

Basis for Allocations:		Fiscal Year 2017	Allocation %
Calculation:			
Accounting:	Water Wages and Operating Expense	\$ 811,026	
	Municipal Wages and Operating Expense	\$ 25,098,124	3.23%
	Water Direct Operating Expenses	\$ 494,950	
	Total Municipal and School Direct Operating Expenses	\$ 12,794,748	3.87%
	Water Wages	\$ 316,076	
	Total Municipal Wages	\$ 16,795,416	1.88%
Treasurer/Collector	Water Revenue (FY17 Budgeted)	\$ 6,029,068	
	Total Committed Revenue (FY17 budgeted: Water, Property tax, MVX)	\$ 71,461,896	8.44%
Human Resources	Water Wages	\$ 316,076	
	Total Municipal and School Wages	\$ 40,378,626	0.78%
Purchasing	Water Direct Operating Expenses	\$ 494,950	
	Total Municipal and School Operating Expenses	\$ 12,794,748	3.87%
Legal and Info Technology	Water Wages and Operating Expense	\$ 811,026	
	Municipal Wages and Operating Expense	\$ 25,098,124	3.23%
Town Manager	Water Wages and Operating Expense	\$ 811,026	
	Municipal Wages and Operating Expense	\$ 25,098,124	3.23%

Basis for Allocations:		Calculation:	Fiscal Year 2017	Allocation %
Board of Selectmen		Water Wages and Operating Expense	\$ 811,026	3.23%
		Municipal Wages and Operating Expense	\$ 25,098,124	
DPW Directors		Water Wages and Operating Expense	\$ 811,026	21.36%
		All DPW Dept. Wages and Operating Expense	\$ 3,797,512	
Engineering		Water Wages and Operating Expenses	\$ 811,026	27.3%
		Sewer, Water and Highway Budgets	\$ 2,968,714	
Motor Pool		Number of Water Vehicles	\$ 5	6.76%
		Total Number of Vehicles Maintained	\$ 74	

C. Fiscal Year 2018 Water Utility - Detailed Benefits Calculations

I. All Benefits Allocated for Direct Utility Staff:

Division/Unit	Name of Employee	Title/Note	Health			Life			Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefit
			Plan	Insurance	Wage	Insurance	Insurance	Insurance					
Water	Foreman				\$ 57,166	\$ 24,339	\$ 44	\$ 44	\$ 829	\$ 1,824	\$ 21,478	\$ 48,513	
	Operator				\$ 50,560	\$ 24,339	\$ 44	\$ 44	\$ 733	\$ 1,613	\$ 18,996	\$ 45,725	
	Operator				\$ 50,510	\$ -	\$ -	\$ -	\$ 732	\$ 1,611	\$ 18,977	\$ 21,321	
	Meter Tech/Reader				\$ 45,831	\$ 24,339	\$ 44	\$ 44	\$ 665	\$ 1,462	\$ 17,219	\$ 43,729	
	Billing Coordinator				\$ 23,818	\$ 12,169	\$ 22	\$ 22	\$ 345	\$ 19	\$ 8,949	\$ 21,504	
Subtotal - Water Employee Benefits												\$ 180,792	

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

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

C. Fiscal Year 2018 Water Utility - Detailed Benefits Calculations

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

Division/Unit	Name of Employee	Title/Note	Health Insurance		Health Insurance		Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefit
			Plan	Wage	Insurance	Insurance						
Engineering	Engineer			\$ 75,000	\$ 24,339	\$ 44	\$ 1,088	\$ 2,393	\$ 28,178	\$ 56,041	\$ 56,041	
	Foreman			\$ 57,116	\$ 24,339	\$ 44	\$ 828	\$ 1,108	\$ 21,459	\$ 47,778	\$ 47,778	
Motor Pool	Subtotal - Central Service Employee Benefits											\$ 1,139,180