

Section IX

Appendix

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Appendix: Budget Process

Budget Process

The Town of Concord operates under state statutes in general; and under the Town Charter as amended, which established the present Select Board-Town Manager form of government; and under various Town bylaws. The legislative body of Concord is an Open Town Meeting, in which all voters registered in Concord are permitted to participate. While Town Meeting has the sole authority to appropriate funds for the General Fund operating budget and capital projects, it does not appropriate funds for the electric, sewer, and water enterprise funds, or for the special revenue funds. For the three existing enterprise funds and Solid Waste Special Revenue Fund, the responsible department heads, with review by the Town Manager, develop the proposed budgets. The Town Manager then submits these proposed budgets to the Select Board and Finance Committee, and to the public, prior to the Annual Town Meeting. Each budget is approved by the responsible policy committee as a spending plan, and the Town Meeting authorizes the Town Manager to expend the funds. The new Swim and Fitness Center enterprise fund follows this same pattern, with the additional requirement that the Town Meeting enacts this budget as an appropriation. The Swim and Fitness Center Fund is authorized under MGL c. 44, s. 53F $\frac{1}{2}$, a state law enacted in 1986 that sets forth conditions for newly-established enterprise funds. The fiscal year for the electric utility begins on January 1, while the fiscal year for all other funds begins on July 1.

Like prior budgets, these CY18/FY19 budgets have been developed based upon projected assumptions of available revenue. These budgets are based primarily upon fees charged for the services provided by each activity. Added to these service fees are projections for grants and miscellaneous non-operating revenues, such as interest earnings.

The projected expenditures are calculated based upon the costs of operating the existing service. These operating costs include salaries and employee benefits, debt interest payments, and infrastructure repair and maintenance, including depreciation expense.

Budget Schedule

Beginning in September each fiscal year, the responsible boards and commissions discuss budget issues and provide policy guidance to the staff at a series of working meetings. By February, the responsible departments develop and submit their budgets to the Town Manager. With input from these parties, the Town Manager submits the proposed budgets to the public at a hearing held in mid to late March.

Shown on the following pages are a calendar of important dates and a chart of the budget schedules for developing and acting on the CY18/FY19 budgets, including the enterprise/special revenue budgets.

Appendix: Budget Calendar

July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
	Establish goals; hold planning meeting										
		Depts develop operating & CIP budget requests									
			Depts present budget requests; Finance Comm presents budget guidelines								
					Warrant is open						
					Town Manager reviews budgets & submits them to the Board of Selectmen						
					Departments develop & submit Enterprise Fund budgets to Town Manager						
						Finance Comm holds hearings & completes final recommendations on Town Govt. & School budgets & all articles					
						Town Mgr reviews, publishes & holds hearing on Enterprise Fund budgets					
									Town Meeting discusses & adopts Town Govt., Schools, & capital budgets		
July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June

Appendix: Budget Process

FY18 Budget Calendar

This calendar describes the steps leading to adoption of the budget for those accounts overseen by the Town Manager under the jurisdiction of the Select Board and requiring appropriation by the Town Meeting. The School Superintendent and School Committees carry out similar steps.

2017

August 3	Capital Improvement Program Instructions issued (FY2019-23)
August 30	Capital Improvement Program (FY2019-23) requests due
September 15	Budget Instructions issued to all departments, boards and committees
September 21	Joint Meeting on FY2019 fiscal and budgetary plan
October 13	FY2019 General Fund Operating Budget Requests due
October 30 – November 15	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 10	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2018 property tax rate or rates)
November 13	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2018 (based on FY2018 appropriations voted at April 2017 Town Meeting)
November 16	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 1	Preliminary FY2019 Operating and FY2019-23 Capital Budget recommendations compiled by Budget Review Team for Town Manager's review and adjustment
December 2 (Sat)	Selectmen/Committees Coordination Meeting; planning session for 2018 Annual Town Meeting
December 2	Warrant opened for 2018 Annual Town Meeting
December 11	Presentation of Preliminary FY2019 Operating and FY2019-23 Capital Budget recommendations by Town Manager to Select Board

Continued on next page

Appendix: Budget Process

2018

January 4	Warrant for Town Meeting closes at 4:00 PM
January 9	90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2019 (General Fund operations and proposed appropriations) is set and submitted to Select Board. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees.) Through February, these committees and Finance Committee conduct review
January 12	Completed PowerPoint Narrative for General Fund Departments due
February 2	Town Manager's Proposed FY2019 General Fund Budget is published
February 9	Proposed FY2019 Enterprise Budget Requests due
February 15	Public Hearings advertised (for FY2019 General Fund operations)
February 17	Legal deadline for mailing of Town Meeting Warrant to residents (10 days prior to Public Hearing)
February 26 – March 2	Enterprise Budget Requests review: meetings with Enterprise Directors and Budget Review Team
February 26	Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2019 and other non-school and non-CPA financial articles on the Town Meeting Warrant
February 27	Finance Committee's Public Hearing on Education budget proposals for FY2019 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act Article
March 12	Town Manager's Proposed FY2019 Enterprise Budget published
March 12	Public Hearing on Enterprise Fund budgets and articles
March 12	Finance Committee completes its recommendations for Town Meeting
March 19	Finance Committee Report to printer
March 30	Finance Committee Report mailed (10 days prior to Town Meeting)
April 9	Town Meeting begins

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is as of December 31, 2016)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Assets					
Current:					
Cash and short-term investments	\$ 8,405,994	\$ 10,305,822	\$ 8,064,104	\$ 3,577,716	\$ 30,353,636
User fees, net of allowance for uncollectibles	1,028,545	507,386	4,021,641	-	5,557,572
Beitment receivables	-	51,000	-	-	51,000
Inventory	123,377	-	1,102,209	-	1,225,586
Prepaid expenses	-	-	3,076,716	-	3,076,716
Other assets	-	-	8,720	-	8,720
Total Current Assets	9,557,916	10,864,208	16,273,390	3,577,716	40,273,230
Noncurrent:					
Beitment receivables, net of current portion	-	507,859	-	-	507,859
Restricted cash	-	-	8,432,125	-	8,432,125
Net OPEB asset	34,423	11,429	-	61,744	107,596
Investment in associated companies	-	-	324,741	-	324,741
Capital assets being depreciated, net	17,763,324	18,788,723	35,589,107	8,597,388	78,736,542
Capital assets not being depreciated	4,143,702	512,482	4,664,289	-	9,340,483
Total Noncurrent Assets	21,941,449	17,818,503	49,030,262	8,659,132	97,449,346
Deferred Outflows of Resources					
Related to pensions	185,511	48,878	1,107,052	194,347	1,545,788
Total Assets and Deferred Outflow of Resources	31,694,876	28,731,589	66,410,704	12,431,195	139,268,364
Liabilities					
Current:					
Warrants payable	158,473	26,817	3,880,548	70,601	4,134,439
Accrued liabilities	110,829	92,588	132,796	-	336,213
Accrued payroll	22,775	8,599	-	24,181	55,553
Customer deposits	-	-	355,273	-	355,273
Customer advances for construction	-	-	103,486	-	103,486
Regulatory liabilities	-	-	5,558,272	-	5,558,272
Other current liabilities	-	-	-	555,247	555,247
Current portion of long-term liabilities:					
Bonds payable	580,242	823,150	817,500	-	2,220,892
Accrued employee benefits	13,429	3,357	6,771	4,147	27,704
Total Current Liabilities	883,748	962,511	10,854,646	654,156	13,345,061
Noncurrent:					
Bonds payable, net of current portion	3,012,425	7,530,656	6,142,285	-	16,685,366
Net pension liability	538,510	134,629	2,487,542	535,304	3,695,985
Net OPEB obligation	-	-	5,239	-	5,239
Accrued employee benefits, net of current portion	120,863	30,216	128,640	37,319	317,038
Total Noncurrent Liabilities	3,671,798	7,695,501	8,763,706	572,623	20,703,628
Deferred Inflows of Resources					
Related to pensions	26,810	6,702	-	26,650	60,162
Total Liabilities and Deferred Inflows of Resources	4,582,356	8,654,714	19,618,352	1,253,429	34,108,651
Net Position					
Net investment in capital assets	18,482,026	10,050,380	33,643,395	8,597,388	70,773,189
Restricted for debt service	-	1,280,266	-	-	1,280,266
Restricted for capital improvements	-	4,354,998	2,575,667	-	6,930,665
Unrestricted	8,530,494	4,391,231	10,573,290	2,580,378	26,175,393
Total Net Position	\$ 27,112,520	\$ 20,076,875	\$ 46,792,352	\$ 11,177,786	\$ 105,159,513

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2016)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Operating Revenues					
Charges for services	\$ 5,183,692	\$ 2,794,186	\$ 26,176,369	\$ 2,336,245	\$ 36,490,492
Improvement fees	-	372,581	-	-	372,581
Other	100	34,067	-	-	34,167
Total Operating Revenues	<u>5,183,792</u>	<u>3,200,834</u>	<u>26,176,369</u>	<u>2,336,245</u>	<u>36,897,240</u>
Operating Expenses					
Salaries and benefits	1,697,440	618,564	-	1,261,539	3,577,543
Other operating expenses	1,028,227	983,010	-	870,077	2,881,314
Depreciation	929,809	1,413,392	1,778,212	388,176	4,509,589
Electric operations	-	-	22,386,107	-	22,386,107
Total Operating Expenses	<u>3,655,476</u>	<u>3,014,966</u>	<u>24,164,319</u>	<u>2,519,792</u>	<u>33,354,553</u>
Operating Income	1,528,316	185,868	2,012,050	(183,547)	3,542,687
Nonoperating Revenues (Expenses)					
Investment income	64,309	70,640	122,590	27,337	284,876
Interest expense	(87,234)	(165,004)	(185,696)	-	(437,934)
Loss on disposal of capital assets	-	-	(24,154)	-	(24,154)
Total Nonoperating Revenues (Expenses), Net	<u>(22,925)</u>	<u>(94,364)</u>	<u>(87,260)</u>	<u>27,337</u>	<u>(177,212)</u>
Income Before Transfers	1,505,391	91,504	1,924,790	(156,210)	3,365,475
Transfers in	-	82,529	-	-	82,529
Transfers out	(86,179)	(21,545)	(485,500)	(86,666)	(658,890)
Change in Net Position	1,419,212	152,488	1,459,290	(241,876)	2,789,114
Net Position at Beginning of Year	<u>25,693,308</u>	<u>19,924,387</u>	<u>45,333,062</u>	<u>11,419,642</u>	<u>102,370,399</u>
Net Position at End of Year	<u>\$ 27,112,520</u>	<u>\$ 20,076,875</u>	<u>\$ 46,792,352</u>	<u>\$ 11,177,766</u>	<u>\$ 105,159,513</u>

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2016)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 5,405,798	\$ 3,298,756	\$ 27,366,466	\$ 2,069,180	\$ 38,140,200
Payments to employees for salaries and benefits	(1,642,284)	(822,243)	(3,180,898)	(1,301,242)	(6,746,667)
Payments to suppliers and service providers	(955,085)	(1,045,058)	(18,911,101)	(707,213)	(21,618,457)
Net Cash Provided By Operating Activities	2,808,429	1,631,455	5,274,467	60,725	9,775,076
Cash Flows From Noncapital Financing Activities					
Transfers in	-	82,529	-	-	82,529
Transfers out	(86,179)	(21,548)	(465,500)	(85,686)	(658,890)
Net Cash Provided By (Used for) Noncapital Financing Activities	(86,179)	60,984	(465,500)	(85,686)	(576,361)
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets, net of disposals	(2,246,610)	(117,397)	(2,884,536)	(111,784)	(5,360,327)
Contributions in aid of construction	-	-	(97,100)	-	(97,100)
Proceeds from issuance of bonds and notes	753,000	-	-	-	753,000
Principal payments on bonds	(456,442)	(820,588)	(717,500)	-	(1,994,530)
Interest expense	(87,234)	(165,004)	(179,751)	-	(431,989)
Net Cash (Used For) Capital and Related Financing Activities	(2,037,286)	(1,102,989)	(3,878,887)	(111,784)	(7,130,946)
Cash Flows From Investing Activities					
Investment income	64,309	70,640	122,590	27,337	284,876
(Increase) in restricted cash and investments	-	-	(164,919)	-	(164,919)
Net Cash Provided By (Used for) Investing Activities	64,309	70,640	(42,329)	27,337	119,957
Net Change in Cash and Short-Term Investments	749,273	660,090	887,751	(109,388)	2,187,725
Cash and Short-Term Investments, Beginning of Year	7,656,721	9,645,732	15,608,478	3,687,104	36,598,035
Cash and Short-Term Investments, End of Year	\$ 8,405,994	\$ 10,305,822	\$ 16,496,229	\$ 3,577,716	\$ 38,785,761
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income	\$ 1,528,316	\$ 185,868	\$ 2,012,050	\$ (183,547)	\$ 3,542,687
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	929,809	1,413,392	1,778,212	388,176	4,509,589
Changes in assets, liabilities, and deferred outflows/inflows:					
User fees receivables	222,006	967	279,900	-	502,873
Beitements	-	96,955	-	-	96,955
Inventory	(45,789)	-	71,085	-	25,296
Prepaid and other assets	-	-	(817,420)	-	(817,420)
Net OPEB asset	2,159	433	-	(23,354)	(20,762)
Deferred outflows - related to pensions	63,283	20,590	-	(45,999)	57,874
Net pension liability	(60,302)	(15,071)	846,143	216,707	989,477
Accounts payable and accrued liabilities	(630)	(89,587)	294,420	(70,742)	133,461
Accrued expenses	119,561	15,230	21,715	24,161	180,667
Deferred inflows - related to pensions	26,810	1,876	-	26,650	55,336
Other liabilities	3,205	802	(90,440)	(271,327)	(357,759)
Provisions	-	-	676,802	-	676,802
Net Cash Provided By Operating Activities	\$ 2,808,429	\$ 1,631,455	\$ 5,274,467	\$ 60,725	\$ 9,775,076

Appendix: Glossary

A GLOSSARY OF TERMS COMMONLY USED IN MUNICIPAL FINANCE

Abatement: A complete or partial cancellation of a levy imposed by a governmental unit; applicable to tax levies and special assessments.

Accrual Basis: In the context of accounting, practice in which expenses and income are accounted for as they are earned or incurred, whether or not they have been received or paid.

Actuarial Accrued Liability (AAL): Generally represents the portion of the present value of fully projected benefits attributable to service credit earned (or accrued) as of the valuation date.

Actuarial Value of Assets (AVA): The value of a pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB 25. The ARC consists of the Employer Normal Cost and the Amortization Payment.

Appropriation: An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and the time when it may be expended. Only a vote of Town Meeting or the School Committee can authorize money appropriated for one purpose to be used for another. Any amount which is appropriated may be encumbered. Any part of the general appropriation not spent or encumbered by June 30 automatically reverts to surplus. A specific or particular appropriation is carried forward from year to year until spent for the designated purpose or transferred by Town Meeting vote to another account.

Assessed Valuation: The value placed upon a particular property by the local Board of Assessors for the purpose of apportioning the Town's tax levy among individual property owners equitably and in accordance with the legal requirement that property be assessed at "full and fair cash value," certified periodically by the Commonwealth's Commissioner of Revenue (no less frequently than once every three years).

Audit: Work done by accountants in examining financial reports, reviewing compliance with applicable laws and regulations, reviewing efficiency and economy of operations, and reviewing effectiveness in achieving program results. A basic audit examines only the financial reports and legal compliance. An outside Certified Public Accountant (CPA) audit is directed primarily toward the expression of an opinion as to the fairness of the financial statements and submission of a management letter. An auditor must be independent of the executive branch of government. A state auditor, private CPA, or public accountant, or elected auditor meets this test.

Balance Sheet: A statement which discloses the assets, liabilities, reserves, and equities of a fund or government unit at a specified date.

Balanced Budget: A plan of financial operation in which the estimate of proposed expenditures for a given period is less than or equal to the proposed means of financing these expenditures (from various sources of funds or revenues).

Appendix: Glossary

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period (usually a 12-month period referred to as the Fiscal Year, or FY) and the proposed means of financing them. A budget may be preliminary (the financial plan presented to the Town Meeting) or final (the plan approved by that body).

Capital Budget: A plan of proposed capital outlays, and the means of financing them for the current fiscal period. It is usually a part of the current budget but may also be a multi-year plan.

Capital Improvement: A major, non-recurring expenditure involving one of the following:

- a. Real Property - Includes the purchase or lease of land, existing buildings and appurtenant structures, and fixtures attached to land and buildings.
- b. Equipment - Includes the replacement or addition of major items of equipment with a life expectancy of at least two years and a cost of at least \$5,000. Similar items can be bundled together.
- c. Projects - Include activities such as the following:
 1. Construction of new buildings or facilities (including architectural, engineering, and related fees).
 2. Improvements or major repairs (costing \$5,000 or more) of existing buildings or facilities, aside from routine maintenance.
 3. Studies or other activities (costing \$5,000 or more) that either relate to future “brick and mortar” projects, or are a part of a multi-year program of infrastructure improvements.
 4. An annual sum available for routine building improvements, renovations, or repairs.

Cherry Sheet: An annual statement received from the Massachusetts Department of Revenue (DOR) detailing estimated receipts for the next fiscal year from the various state aid accounts, and estimated state and county government charges payable by the Town, and included by the local Assessors in setting the tax rate. The actual receipts and charges may vary from the estimates.

Classification: The division of property valuations by type of property. There are five classes: Residential, Open Space, Commercial, Industrial, and Personal. The Selectmen may set as many as three different tax rates (within limits set forth in state law): for residences, for business and personal, and for open space.

Cooling Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *higher* than a specific base temperature. They are used for calculations relating to the energy consumption required to *cool* buildings

Debt Service: Payment of interest and principal related to long term debt.

Depreciation: A non-cash expense (also known as non-cash charge) that provides a source of available funds. Amount allocated during the period to amortize the cost of acquiring long-term assets over the useful life of the assets. This is an accounting expense not a real expense that demands cash.

Encumbrance: Obligations such as purchase orders, contracts, or salary commitments that are chargeable to an appropriation, and for which a part of the appropriation is reserved.

Appendix: Glossary

Enterprise Fund: A fiscal entity with a self-balancing set of accounts that is utilized to account for a governmental service when it is the intent to recover the total cost of service, including depreciation, primarily through user charges imposed on the consumers of the service. Examples in Concord include: electricity provided by the Concord Municipal Light Plant, and Water and Sewer services provided by the Department of Public Works.

Equalized Valuation (EQV): The value of all property as determined by the Commissioner of Revenue biennially, using a standard of "full and fair value"; also referred to as EQV.

Expenditure: The spending of money by the Town for the programs or projects within the approved budget.

Fiscal Year (FY): A 12-month period, commencing July 1 and ending June 30, to which the annual budget applies, and at the end of which a governmental unit determines its financial position and the results of its operations. The number of the fiscal year is that of the calendar year in which it ends; FY2016 is the fiscal year which ends June 30, 2016.

Free Cash: Free cash refers to the amount of Fund Balance that is available for appropriation. It is certified each July 1 by the state. Because of the stringent way that the state makes these calculations, Free Cash more closely represents Cash (actual dollars held) than does Fund Balance, which includes a variety of receivables (i.e., cash due).

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Balance: The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to the stockholders equity account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected (see **Free Cash**).

General Fund: The fund into which the general (non-earmarked) revenues of the Town are deposited, and from which money is appropriated to pay expenses.

General Obligation Bonds: Bonds issued by the Town that are backed by the full faith and credit of its taxing authority.

Governmental Funds: Funds used to organize and separate the finances of various Town activities and objectives. Governmental Fund categories include: the General Fund; Enterprise Funds; Special Revenue Funds; and the Capital Projects Fund.

Heating Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *lower* than a specific "*base temperature*" (or "*balance point*"). They are used for calculations relating to the energy consumption required to *heat* buildings.

Kilowatt-hour (kWh): Kilowatt-hour is an energy unit (symbol kWh). One kilowatt-hour is defined as the energy consumed by power consumption of 1kW during 1 hour. The Town of Concord uses kWh to measure electric output for facilities.

Appendix: Glossary

Land Fund: A fund established by Town bylaw in FY1986 to which may be added an annual appropriation, gifts, and grants. The use of the fund is restricted to the acquisition of land, debt service on designated land purchases, and related costs, such as legal and appraisal fees.

Massachusetts School Building Authority (MSBA): A quasi-independent government authority created to reform the process of funding capital improvement projects in the Commonwealth's public schools.

Net OPEB Obligation (NOO): The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. (GASB 45 only)

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee. Other post-employment benefits that a retiree can be compensated for are life insurance premiums, healthcare premiums and deferred-compensation arrangements

Overlay: The amount raised from the property tax levy in excess of appropriations and other charges. It cannot exceed 5 percent of the levy, and is used to cover abatements and exemptions granted locally or on appeal.

Overlay Surplus: The unused portions of **overlay** accounts from previous years; at the end of each fiscal year, this amount is computed from information provided by the Board of Assessors. Any sum so designated is transferred to, and becomes part of, the General Fund undesignated fund balance.

Override: A vote to increase the amount of property tax revenue that may be raised over the levy limit set by **Proposition 2½**.

Payment in lieu of Taxes (PILOT): made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually it relates to the foregone property tax revenue.

Personal Services: The cost of salaries, wages, and related employment benefits.

Property Tax Levy: The amount produced by multiplying the assessed valuation of property by the tax rate. The tax rate is expressed per thousand dollars of assessed valuation. For example: (based on \$14.29 tax rate)

<i>House Value:</i>	\$700,000
<i>Tax Rate:</i>	\$14.29 (which means \$14.29 per thousand \$\$ of valuation)
<i>Levy Calculation:</i>	\$14.29 multiplied by \$700,000 divided by \$1,000.
<i>Result, Property Tax Levy:</i>	\$10,003

Proposition 2½ (see below): A tax limitation measure passed by Massachusetts voters in 1980 that limits the growth of the total property tax levy to 2.5% per year. New construction values are added to this limit. Two provisions of Prop 2½, so-called, allow the Town to raise taxes above this tax levy limit, upon approval by a Town-wide vote: an operating override or a debt exclusion.

Appendix: Glossary

Public Employee Retirement Administration Commission (PERAC): A government agency that was created for and is dedicated to the oversight, guidance, monitoring, and regulation of the Massachusetts Public Pension Systems.

Purchased Services: The cost of services that are provided by a vendor.

Reserve Fund: A fund appropriated each year that may be used only by vote of the Finance Committee for "extraordinary or unforeseen expenditures."

Revolving Fund: Those funds that may be used without **appropriation**, and that are established for special uses. Fees (such as for recreation) may be paid into a revolving fund. Revolving funds are established directly by state law or by Town bylaw consistent with state law.

Tax Levy: Total amount of dollars assessed in property taxes by the Town each **fiscal year**.

Therm: A unit of measure for heating energy. In Concord this can be linked to facility natural gas output.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any of the **Actuarial Accrued Liability** over the **Actuarial Value of Assets**. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Warrant: A list of items to be voted upon at Town Meeting.

Terms Associated with Proposition 2½

Excess Levy Capacity: The difference between the Town's maximum annual tax levy limit as established by Proposition 2½, and its actual **tax levy** for the current year. It is additional **tax levy** that a town could raise without asking voters for an **override** or debt exclusion.

Growth Revenue: The amount of property tax revenue that the Town can add to its allowable tax levy as a result of new construction, alterations, subdivision, or change of use of a parcel.

Primary Levy Limit, or Absolute Limit: 2.5 percent of certified full and fair cash value of taxable property.

Secondary Levy Limit, or Annual Levy Limit: Prior levy limit plus 2.5 percent (base) plus **growth revenue**.