



The Finance Committee thanks the Town and School Administrations, Employees and Committees for their cooperation and assistance during the past year.

Terms to expire 2018

Richard Jamison
Linda Miller
C. Thomas Swaim
Philip C. Swain
Triveni Upadhyay

Terms to expire in 2019

Dean S. Banfield
Mary Hartman
John Hickling
Scott Randall
June Rzepczynski

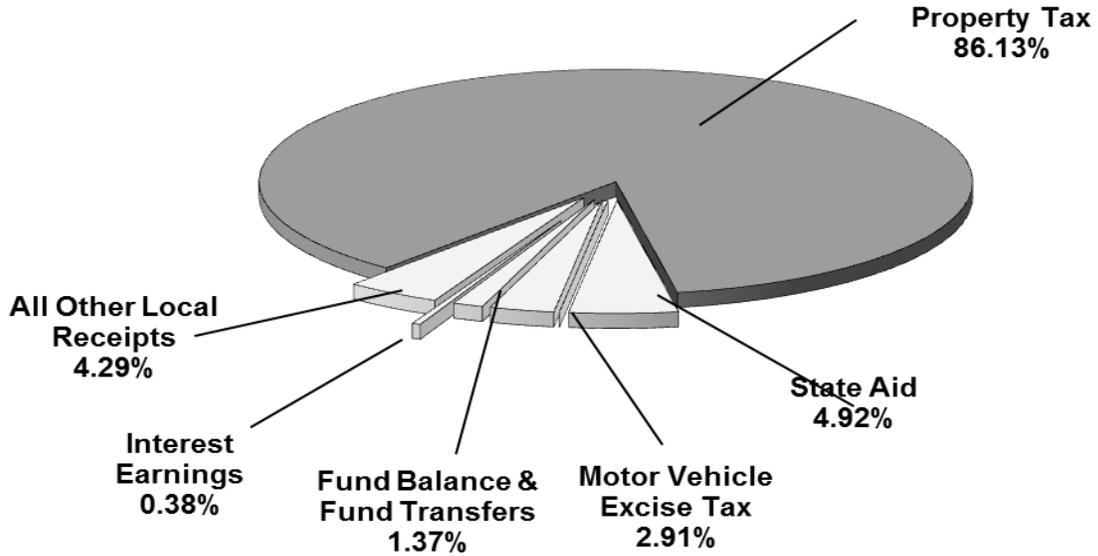
Terms to expire in 2020

Peter Fischelis
Karle S. Packard
Tom Tarpey
Brian J. Taylor
Andrea Zall

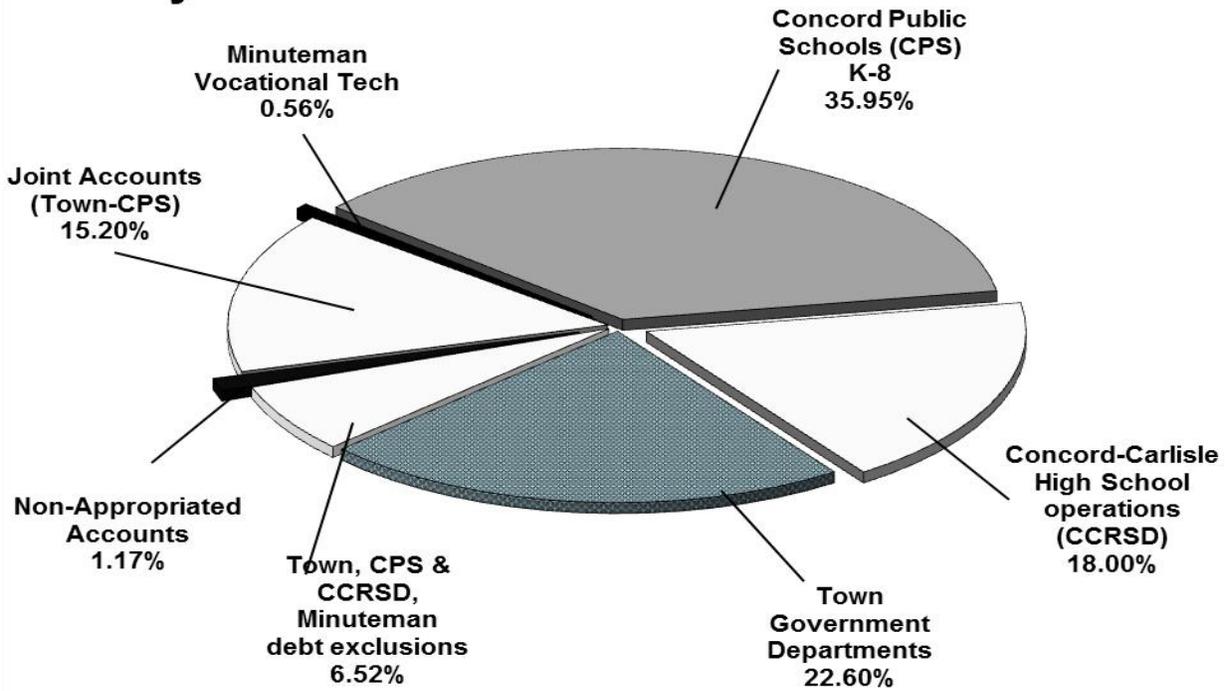
This report of the Concord Finance Committee was prepared with the assistance of the Concord Finance Department.

General Fund
FY19 PROPOSED BUDGET
 Operating Budgets of Town and Schools
 Total Budget: \$106,389,348 (+3.08%)

Income



Outlays



The Budget in Brief

Total Budget: Town Government and Education at Finance Committee recommendations

- The total proposed FY19 General Fund budget is \$106,389,348. This is a \$3,179,790 or 3.08% over FY18. This amount is \$795,869 lower than what is showing in the FY2019 Town Manager’s Proposed Budget Book, due to a slight adjustment Minuteman Regional Technical High School District Assessment, a reduction in Group Insurance and the difference between the School Committee recommended budgets for CPS and CCRSD and the FinCom Guideline.
- Concord’s share of the debt service payable on bonds and notes issued or to be issued by the Concord-Carlisle Regional School District is estimated at \$3,507,154, a decrease of \$156,913. Of this amount, \$3,404,345 is for exempt debt for the School Building, and \$102,809 is non-exempt debt for the bus depot.
- The allocation to the Town’s OPEB Trust Fund is proposed at \$1,617,000, an increase of \$147,000, and the Town’s assessed share of the CCRSD OPEB Trust Fund contribution is \$452,760, while the District’s budgetary contribution to the OPEB Trust Fund is \$600,000.
- The current year snow account deficit to be raised in the FY19 budget is estimated at \$175,000
- The Town government and education proposed operating budgets total \$81,444,282, which is \$3,635,153, or 4.67%, over FY18 operating budgets.
- Nearly 58% of the proposed FY19 spending plan is for expenses related to primary and secondary education.
- Total debt service (principal and interest payments on long and short-term debt) is budgeted at \$11,033,555. The tax levy for debt service excluded from the Proposition 2 ½ levy limit, in accordance with previous town-wide ballot votes, is \$6,474,827, which represents 6.09% of the total proposed budget.
- Long term bonds have been issued for the financing of the new Alcott, Thoreau and Willard schools opened in 2004, 2006 and 2009 respectively. The total debt issued, principal to be repaid through June 30, 2015 and the FY16 debt service amounts are:

Project	Debt Issued	Outstanding Amount as of 06/30/17	FY19 Debt Service Principal	Interest
Alcott	\$ 9,365,000	\$ 3,662,500	\$ 489,000	\$ 84,280
Thoreau	\$ 16,940,000	\$ 3,679,500	\$ 526,000	\$ 119,630
Willard	\$ 27,025,000	\$ 15,190,000	\$ 1,305,000	\$ 469,760
total:	\$ 53,330,000	\$ 22,532,000	\$ 2,320,000	\$ 673,670

Property taxes

- The median single family residential tax bill in FY18 is \$11,988 based on an assessed value of \$838,900 at a tax rate of \$14.29 per thousand.
- The tax rate projected increase is 3.19% (an additional \$378 on the median bill, about \$45 per \$100,000 of assessed valuation).
- Each 1% increase in the tax levy equals \$886,533 in revenue for FY19.
- 86.13% of the Proposed Budget support is derived from property taxes.
- 78.81% of property taxes are paid by single family residential property.

Free Cash Use

- The Finance Committee recommends allocating \$1,000,000 from Free Cash to support the FY19 Budget Plan (Article 6). Additional Free Cash allocations are sought as follows: Article 10 - \$400,000; and Article 28 -

\$25,000. Free Cash is a term denoting the portion of the Undesignated General Fund Balance available for further appropriation.

The Proposed Guideline Budget Appropriation for the year beginning July 1, 2018 (FY19) <i>Recommendations of the Finance Committee</i> <i>Articles 7, 8, 9, 12 comprising the Guideline Budget</i>						
		FY19: Warrant location reference	Appropriated FY18	Proposed FY19	percent change	percent of total
Town Government						
General Government		Art. 7, items 1-6	\$ 2,914,181	\$ 3,074,735	5.51%	2.9%
Finance & Admin; Inf. Systems		Art. 7, items 7-10	2,504,469	2,531,292	1.07%	2.4%
Public Safety (Police & Fire)		Art. 7, items 11-16	9,348,906	9,317,901	-0.33%	8.8%
Public Works		Art. 7, items 17-24	4,295,753	4,249,152	-1.08%	4.0%
Library		Art. 7, item 25	2,153,361	2,141,097	-0.57%	2.0%
Reserve Fund		Art. 7, item 32	225,000	225,000	0.00%	0.2%
Salary Reserve		Art. 7, item 33	618,954	1,407,895	----	1.3%
Recreation and all other		Art. 7, items 26-31, 34	1,003,389	1,103,441	9.97%	1.0%
Total Town Gov't operations @ Emergency services Stabilization Fund	General Fund Guideline		\$ 23,064,013	\$ 24,050,513	4.28%	22.6%
			0	0		
		Subtotal, Town Gov't	\$ 23,064,013	\$ 24,050,513	4.28%	22.6%
Concord Public Schools (CPS)		Article 9	\$ 36,810,111	\$ 38,246,895	3.90%	35.9%
Concord-Carlisle Regional HS (Concord's assessment share)		Operations	\$ 17,935,005	\$ 19,146,874	6.76%	18.0%
		Debt Service	3,664,067	3,507,154	-4.28%	3.3%
		Article 12	\$ 21,599,072	22,654,028	4.88%	21.3%
Town and School (CPS) debt service						
debt repayment within levy limit			\$ 3,860,000	\$ 3,994,645	3.49%	3.8%
debt excluded from levy limit			2,822,507	3,109,869	10.18%	2.9%
Total tax-supported		Art. 7, item 39	\$ 6,682,507	\$ 7,104,514	6.32%	6.7%
High School Debt Stabilization		Article 7	785,000	275,000		0.3%
		total debt service	\$ 7,467,507	\$ 7,379,514	-1.18%	6.9%
Employee Benefits (Town and CPS only):						
Group Insurance		Art. 7, item 35A	\$ 4,800,000	\$ 5,374,837	11.98%	5.1%
OPEB Trust		Art. 7, Item 35B	1,470,000	1,617,000	10.00%	1.5%
Retirement (pension funding)		Art. 7, item 37	3,667,000	3,777,010	3.00%	3.6%
Social Security & Medicare		Art. 7, item 38	810,000	814,713	0.58%	0.8%
		Total Employee Benefits	\$ 10,747,000	\$ 11,583,560	7.78%	10.9%
Minuteman Tech Regional HS		Art. 8	\$ 599,179	\$ 595,792	-0.57%	0.6%
Minuteman Tech Regional HS- debt				146,887		0.1%
Property & liability insurance		Art. 7, item 35C	250,000	275,000	10.00%	0.3%
Appropriations from Available Funds		Article 51	200,000			0.2%
Appropriations from Free Cash		Article 30	1,000,000			0.9%
Unemployment/Worker's Comp		Art. 7, item 36	200,000	210,000	5.00%	0.2%
		TOTAL Town Meeting appropriations	\$ 101,936,882	105,142,189	3.14%	98.8%
Not Appropriated:						
State assessments (mostly for MBTA)			\$ 529,002	\$ 532,159	0.60%	0.5%
Snow & Ice expense account deficit			178,656	175,000		0.2%
Overlay for tax exemptions and abatements			565,018	540,000	-4.43%	0.5%
			\$ 1,272,676	\$ 1,247,159	-2.00%	1.2%
		TOTAL SPENDING PLAN	\$ 103,209,558	\$ 106,389,348	3.08%	

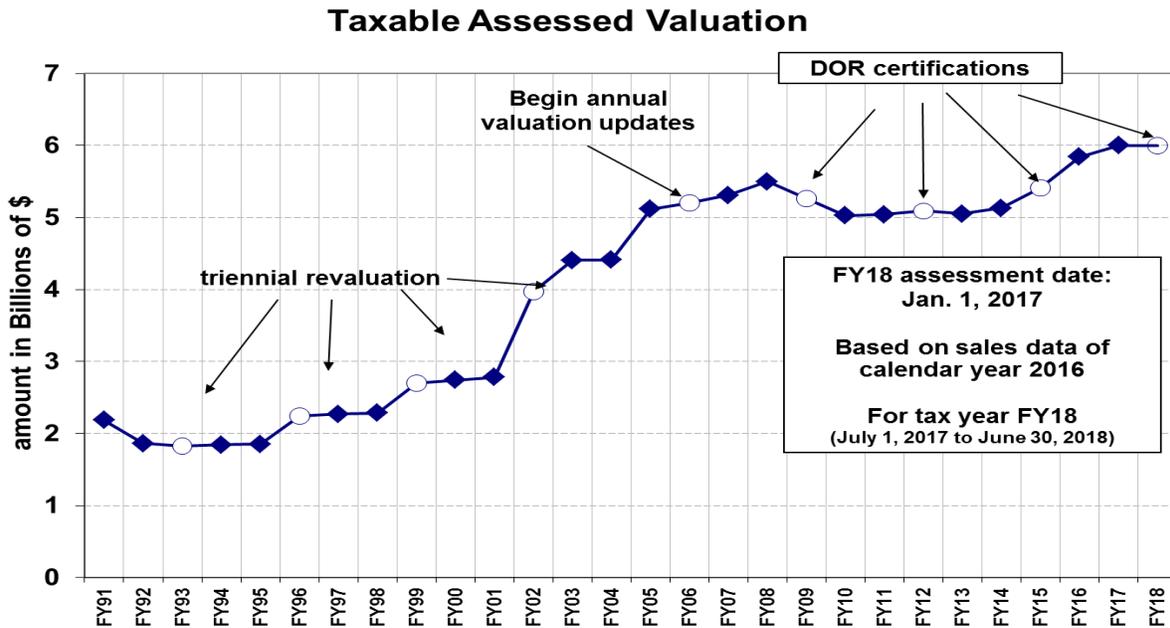
To the residents of Concord

The annual report of the Concord Finance Committee summarizes the financial position of the Town and discusses the articles on the warrant for the 2018 Annual Town Meeting.

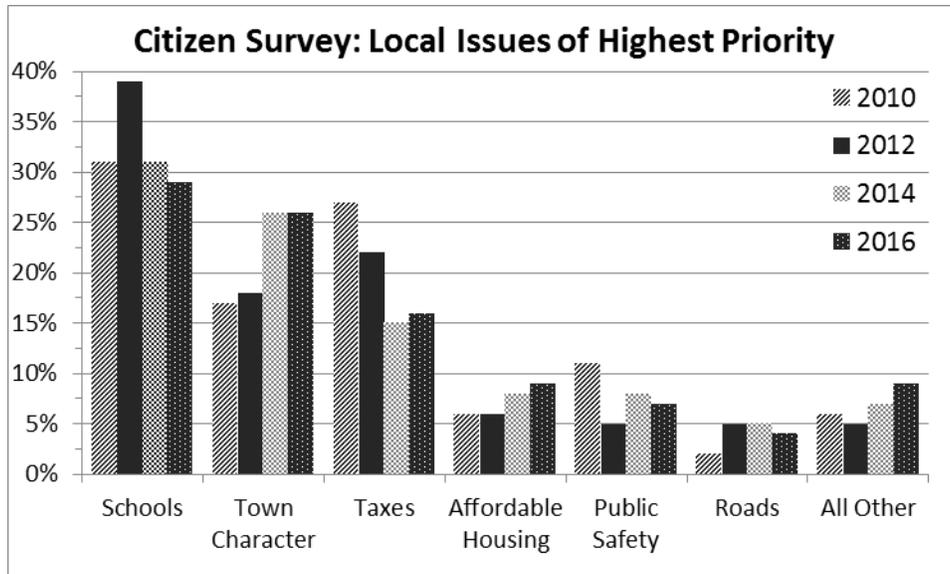
Overview

The outlook for both the national and Massachusetts economies remains positive. National unemployment rates have been declining steadily to levels slightly above 4% and remaining there for several months. Growth rates of gross domestic product (GDP) have expanded since 2016, with a rate of 2.6% in the fourth quarter of 2017. This is in the ideal range of between 2% and 3%. The Massachusetts economy, and particularly in the Boston region, has been performing above the national average in both GDP and job growth measures. However, there continues to be a projected gap in the Massachusetts state budget, though not on the order of magnitude of recent years. The outlook for maintaining the level at which local aid to cities and towns is funded by the State is cautiously optimistic. Further, there is much uncertainty on the national level with particular regard to Congress' recently adopted Tax Cuts and Jobs Act of 2017, its impact on the economy, and especially, changes to the treatment of state and local taxes.

Locally, Concord has continued to show strong economic activity. This is evidenced by increases in building permits and some local excise taxes, a reinvigorated growth in population, and increases in local residential real estate valuations. Total assessed value has risen 16.4% over the past three years with residential values increasing 17.7%. In FY18, the average single family home had an assessed value of \$1,014,301. The overall level of building activity in 2017, as measured by total permits issued increased 2% to 2,881. Trends in local motor vehicle excise taxes also continued to rise reflecting strong consumer spending locally.



Other factors which reflect the well-being of our community come from residents directly. As of December 2016, the Town completed its biennial survey of Concord residents to measure satisfaction with the quality of services from Town government and satisfaction with public services relative to taxes and /or prices paid. Over 90% of respondents thought that Town services were “excellent” or “good”. When asked about which local issue is of highest priority, citizens continue to rank schools as their greatest priority. Concerns regarding taxes appear to have dropped with an increased focus on Town character.



Concord’s Fiscal Position

Concord has traditionally taken a conservative approach to budgeting. The Finance Committee seeks to maintain operating cost increases within certain criteria to meet a goal of financial sustainability over the long term. In addition, the Finance Committee believes that it is important for the Town to maintain flexibility to deal with future infrastructure needs as well as unanticipated expenses, other contingencies and variations in revenue.

These criteria include:

- Setting modest expectations for revenue growth, with estimates of property tax growth from new construction and renovations based only on known development activity for which there is high likelihood of completion in the upcoming fiscal year;
- Keeping tax increases from depleting excess levy limit capacity so that general overrides are not required;
- Maintaining the uncommitted General Fund Balance (“Free Cash”) at levels at or above 5% of the subsequent year’s total Town Budget--
 - in practice, the Finance Committee has in recent years supported keeping Free Cash at levels closer to 10%, as a stronger reserve position during periods of uncertain economic conditions;
- Supporting capital needs by routinely dedicating 7-8% of total budget resources for capital improvements--
 - roughly 1/3rd of capital financing is derived from current resources and 2/3rd is derived from debt financing through the issuance of long-term bonds,
 - principal repayment is structured so that most bonded debt (60%) is retired within five years, and 90% is retired within 10 years; and

- Taxpayers are not burdened beyond what typical expectations of income growth can accommodate.

The Town’s Free Cash position and debt policies are key factors in maintaining the Town’s credit rating of Aaa, which it has held since 1987.

Each year as the Finance Committee reviews and evaluates operating budget needs, consideration is given to long-term priorities of the Town, how Concord compares to other peer towns and the general trend in tax increases over time. We are sensitive to the rate at which taxes are increasing compared to local incomes and property values. If taxes exceed the rate of income growth over extended periods of time, the tax rate can become unsustainable to the point where affordability becomes problematic for some households. The Finance Committee recognizes this is of great concern to homeowners living on low or fixed incomes.

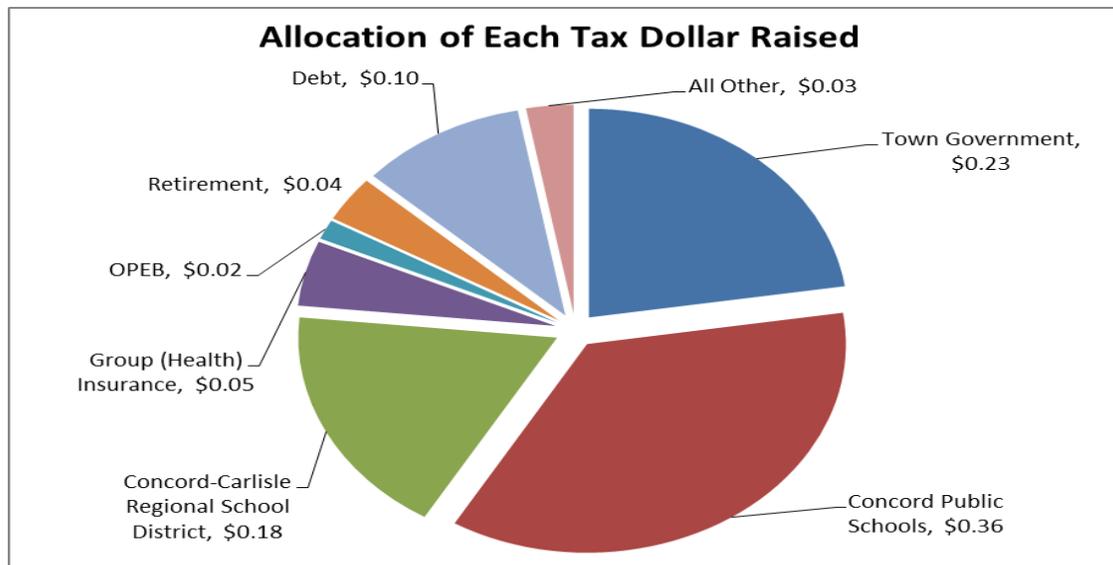
FY19 Budget Guideline

The proposed FY19 Total Budget for Concord is \$106,389,348, based on the Finance Committee’s FY19 Budget Guideline recommendations, issued November 30, 2017 and updated on March 1, 2018, following a review of updated General Fund projections of resources and expenses. This figure does not include operations of the Town that are supported by fee-for-service activities such as those of the Concord Municipal Light Plant.

The FY19 Guideline adopted by the Finance Committee:

- directs \$3,635,153 of incremental funds to the operating budgets, a 4.67% increase over FY18 operating budget levels;
- results in a total FY19 General Fund spending plan of \$106,389,348, which would be an increase of 3.08% over the adopted FY18 budgets;
- assumes an overall increase of 3.19% in the tax bill to existing taxpayers, inclusive of Exempt Debt; and
- maintains an unused levy capacity of \$3,493,782 (which is 3.94% under the projected levy limit).

For each tax dollar raised to fund the Total General Fund Budget, the proposed uses are:



The Town Operating Budget (*23% of tax dollars*) request submitted by the Town Manager in his budget document of February 14, 2018 is at the Finance Committee Guideline of \$24,050,513 and provides \$986,500 in incremental funding over FY18, an increase of 4.28% (Article 7 of the Annual Town Meeting Warrant).

The Concord Public School (CPS) Committee (*36% of tax dollars*) has not yet adopted the Finance Committee Guideline recommendation. That guideline would have provided CPS a budget increase of \$1,436,784 or 3.90%. Rather the CPS Committee, in Article 9, requests a 4.49% increase to \$38,461,880, which is \$214,985 above the spending guideline.

The Concord-Carlisle Regional School District (CCRSD) Committee (*18% of tax dollars*) has not yet voted to adopt the Finance Committee Guideline recommendation. That guideline would have provided CCRSD with an Assessment increase of \$1,211,869 or 6.76%. Rather the CCRSD School Committee, in Article 12, request an 8.97% increase to \$19,544,198, which is \$397,324 above the spending guideline

The assessment for the Minuteman Regional Vocational Technical School District is \$742,679, as voted by the Minuteman School Committee. This includes an Operating Assessment of \$595,792 and a Debt Assessment of \$146,887. These amounts are slightly different than what is included in the Warrant as at the time of printing, the Town was still working with an estimated Assessment number. Concord's enrollment as of Fall 2017 was 17 regular students and 1 post graduate enrollee. The formula for assessments uses a rolling 4-year average. Concord's rolling average increased from 13.25 to 15.75 students.

In addition to the operating budgets, a significant part of the budget is for Debt Service (*10% of tax dollars raised*). The proposed FY19 debt service cost is as follows: \$3,994,645 for routine projects, within the levy limit, for Town and CPS projects such as road repairs and building renovations; \$3,384,869 for Town and CPS excluded debt projects mostly for new elementary schools; and \$3,404,345 for the CCRSD excluded debt assessment for the new CCRSD high school building and \$102,809 of non-excluded debt for school buses, for a total debt service assessment of \$3,507,154.

Other non-operating budget expenses include Other Post-Employment Benefits (OPEB- primarily health insurance for retired personnel) and retirement contributions (*6% of tax dollars*). While headline news reports that some municipal retirement systems across the country seem to be in trouble, in Concord, this isn't the case as we have followed a consistent policy of funding the employer contribution. Totaling \$3,777,010 in FY19, this represents an increase of 3.0% from the previous year. As of January 1, 2017, the Town's net Pension Liability was estimated to be \$25.9 million and its funded ratio is about 85.15%, a ratio that is ranked among the top 10 public retirement systems in the State.

Group Insurance, or employee health care costs, is anticipated to accelerate again in FY19 after several years of flat to modest increases (*5% of tax dollars*). Factors that have helped keep increases manageable are the Town's membership in Minuteman Nashoba Health Group, a joint purchasing consortium of 17 area towns that pool risks and self-funds health plans to keep costs down. As compared to other Massachusetts municipalities, the percent of Concord's employer contribution for health care premiums is on the low side: approximately 55% for active employees and 50% for retirees. In addition, a 2011 State health care reform law enabled the Town to negotiate plan design changes with the stipulation that 25% of the first-year savings were placed in a fund to mitigate subscriber out-of-pocket cost. For the first time, in FY19, the Town will be offering a High Deductible Health Plan to employees and early retirees. It is the Town's hope, that over time, there will be significant migration to these plans, which is expected to have a favorable impact on future premium rates and the Town's OPEB liability.

The Town of Concord will derive the majority (86.13%) of the FY19 General Fund resources from property taxes. State Aid will contribute 4.92%, a modestly increasing amount over the past 4 years. Other sources such as Motor Vehicle Excise Taxes and Fees are closely aligned to citizen purchasing decisions.

With these assumptions, the projected FY19 increase in real estate taxes to existing citizens is estimated at 3.15%, exclusive of exempt debt, over the FY18 levy. Based on the FY18 median single family residential home value of \$838,900 (and tax rate of \$14.29 per thousand) the median tax bill is project to increase by \$378 to \$11,988 from \$12,365 (or \$45 per each \$100,000 of assessed value). This increase is consistent with the Finance Committee's desire to keep tax increases below 4.0% on a town-wide average given today's low rate of inflation.

As of June 30, 2017, Certified Free Cash was a healthy \$10,798,936 or 10.4% of the current year budget. The FY19 budget is expected to maintain this level of Free Cash, while still providing a \$1 million allocation for Town operations to reduce the tax levy. Contributions from Free Cash are made to help support the budget plan each year, in an amount approximately equal to 1% of the total spending plan and that we can reasonably expect will be restored by positive operating results of the budget year. When Free Cash exceeds 10% of the Town's next budget, contributions to stabilization funds or funding of warrant articles are often considered for recommendation to the Town Meeting. In a higher interest rate environment, early repayment of debt also might be considered.

The unused levy capacity- the amount the tax levy is below the allowable Proposition 2 ½ levy limit, is projected to be \$3,493,782 in FY19. This means that the Town has some flexibility in future budgets since we are not at the upper ceiling of the levy limit, and therefore are not necessarily constrained to an annual 2 ½% increase plus New Growth.

Budget Drivers

To understand the drivers affecting the budget each year, the Finance Committee meets throughout the fall with the Town Manager and school administration. We consider trends in salaries, wages and benefits, special education, additional costs for school bus transportation, capital improvements and evolving service demands from citizens. We evaluate planned contribution towards pensions and health insurance commitments for retired public employees (OPEB) and the impact of debt obligations for previously approved as well as anticipated projects. Notable drivers impacting this year's budget include:

- **Salaries and hiring**: The largest component of Town, CPS and CCRSD budgets is the salary of our employees. In the school system, salary expense is driven by collective bargaining agreements which establish salary structures for a three-year period. Increases attributable to the CPS teacher's contract are reflected in this year's budget, with a larger increase in this year's budget due to an additional step increase per contract at the end of FY19. The CCRSD's bargaining unit, the Concord-Carlisle Teachers Association (CCTA), also completed negotiations with the school administration for a new contract this past summer.

The Town is less dependent on labor agreements, but is continually challenged to retain staff at salaries that are competitive in the market place. In addition, the Town Operating Budget has assumed the additional cost of staffing of the second ambulance in West Concord as the mitigation fund created in connection with the Concord Mews development to help defray the staffing cost of this service has been drawn down. However, it

is unlikely that it will be staffed 24/7 due to funding constraints. There are also additional costs due to the Sustainability Initiatives approved under Article 51 of the 2017 Annual Town Meeting, as well as the cost of two additional scheduled elections, increased audit costs to comply with new GASB requirements, and increased Town Meeting expenses due to location and implementation of new technology. The Town Manager has proposed other funding priorities, such as an additional officer in the Police Department, a part-time Economic Development Coordinator, an increase to the Legal Budget, and various other spending in response to service demands.

- **Economic Activity and Population Growth:** With the growth in housing construction and the attractiveness of new schools, student enrollment has been increasing steadily in the last few years. Since October 2011, there has been a noticeable increase in students at both the Concord Middle School (CMS) and CCRSD. Rising enrollments put pressure on our school system in terms of staffing for instruction, class size, and space needs.
- **Special Education:** For several years there has been increasing volatility in Special Education costs at both the CPS and CCRSD. This year there was both an unanticipated increase in students coming to CPS from out-of-state and a decrease in Circuit Breaker reimbursement from the state. The increasing burden of unpredictable Special Education costs is being felt in municipalities statewide and it is becoming apparent to some that additional financial support from the State is needed for this mandated and much needed service.

Shifts in high school enrollment between Concord and Carlisle: The percentage of Concord student residents is used to determine Concord's allocation of the CCRSD budget, including debt expense associated with the new high school building. This ratio is increasing close to 2%, from 73.51% in FY18 to 75.46% for FY19. This cumulatively affects Concord's share of this year's increase in the budget, on-going baseline costs, and on-going debt service. Concord's share of the enrollment is expected to moderate to 75.12% in FY20, but then climb steadily to 78.35% in FY23, then fall back to 77.59% in FY24.

- **OPEB:** Both the Town and CCRSD have established plans for regular increases in funding to meet their Annual Required Contribution (ARC), which is the point at which regular contributions will match future liabilities. Recent actuarial analysis of these liabilities indicates that the Town has been meeting its ARC since FY2017, earlier than expected a few years ago. However, health insurance expenses are expected to increase in future years and therefore these liabilities will continue to fluctuate over time. CCRSD has established an OPEB Trust and has revised its planned contribution schedule to meet its ARC in 2020. The CCRSD proposed FY19 budget includes a contribution to the OPEB Trust of \$600,000. The Finance Committee is supportive of this commitment and took it into account when setting the Guideline this year. The Town proposed FY19 budget includes an increase of \$147,000 for its OPEB Trust funding for a total contribution of \$1,617,000, which meets the required ARC.
- **Shift in demographics and service demands:** With the increase in housing and construction throughout town, along with aging of the population, the Town is experiencing new demands on public services provided by various departments. The Town Manager's budget will accommodate funding for increases in Fire Preventions staffing and inspections; additional staff hours are proposed to meet demands for the Public Health Nurse coverage and the Veterans Services. The General Funds will accommodate a greater share of the Full-Time Equivalent (FTE) expense for staffing the second ambulance. This daytime service operated out of the West Concord Fire Station, inaugurated July 2011, and has resulted in improvements in response time. It is the Town's intention to staff a 24-hour schedule in future years.

Looking ahead

While the Town and schools are in sound financial condition and continually update their long- range plans to address anticipated future needs, there are a number of matters that the Finance Committee is concerned may have a significant impact on the future tax burden of residents:

- At this year's Town Meeting ARTICLE 13 - CONCORD-CARLISLE REGIONAL HIGH SCHOOL CAPITAL PROJECTS requests \$1,000,000 to be raised through excluded debt for paving campus entrance roads and improving external lighting. These costs will be assessed in annual increments over a period of years consistent with the term of bonds to be issued by the District with debt service expected to commence in FY20. This is work that was not included in the recent project to build the new high school.
- In 2017 a facility study of the Concord Middle School's Peabody and Sanborn buildings was carried out (2016 Town Meeting Article 12). The study addressed the deteriorated condition of the two buildings and the inefficient configuration of operating the school in buildings a mile apart. The recommendations of this study include a major renovation or new building on the Sanborn site. The Town submitted a Statement of Interest to the Massachusetts School Building Authority for a grant of partial reimbursement of the costs. An invitation to proceed was not issued at this time, however the Town will file the SOI again with the anticipation that a positive outcome is more likely the second time.
- A Comprehensive Municipal Facility Needs Study (2017 Town Meeting Article 27) will provide the Town with a comprehensive analysis of municipal facility and space needs. Public Works, Planning, Human Services and general government space needs are the focus. The recommendations of this study could include renovation of existing buildings or construction of new facilities to modernize and enhance the efficiencies of municipal operations in the future.
- As anticipated, State matching funds for Community Preservation Act have diminished over time as State resources have been stretched and as more cities and towns have joined the program and taken advantage of matching funds. In the future, to maintain a current rate of project funding, the CPC could request an increase in its tax surcharge from the current 1.5% to as high as 3% as allowed by the Commonwealth.

Conclusions

Contained within this report are additional summaries and budget details which citizens will find useful in evaluating Town warrant articles, as well as background on issues and trends that various town committees have been addressing and which have a financial bearing on the Town. In addition, we encourage citizens to also view detailed budget reports that are available online, or at the library, including: The Town Manager's Proposed FY19 Budget; the Town Manager's Proposed FY19 Enterprise Budget; the Superintendent's FY19 Proposed Budget for Concord-Carlisle Regional School District (CCRS); and the Superintendent's FY19 Proposed Budget for the Concord Public Schools (CPS). These books contain a wealth of additional information and will provide extensive background and details on all budget items.

The Town and School finances are well managed, as evidenced by the long-standing Aaa bond ratings of the Town and the Concord-Carlisle Regional School District, and the ability to meet and exceed the growing demand from citizens for high quality public services. Meeting these needs is a challenge and we commend the Town Manager, Chris Whalen, and the Superintendent of Schools, Laurie Hunter for their leadership and

creativity in balancing resources and priorities to meet these needs. We also express our deepest thanks to the Town Finance Director, Kerry Lafleur, and the Deputy Superintendent, John Flaherty, and their respective staffs, for their dedicated and careful management of the Town finances and for their patience and expertise on advising the Finance Committee throughout the year.

Notes

The Concord Finance Committee was established by Town bylaw in 1921 and is comprised 15 members appointed by the Moderator for staggered three-year terms. By tradition, members serve no more than two terms. By this arrangement, there is always a mix of new and experienced members and a mix of new points of view and institutional memory. The appointment process is designed so that the Finance Committee remains independent of the Town's administrative structure and elected boards.

The Finance Committee has the following responsibilities:

- Establishing fiscal guidelines for the Town Manager, the Concord Public School Committee, and the Concord-Carlisle Regional School Committee in preparing their budgets. Under Town by-law, these guidelines must be published by the end of November each year.
- Conducting public hearings on the budgets and other financial matters expected to come before annual and special Town Meetings.
- Preparing this report for distribution to all residents, including recommendations on warrant articles before the Annual Town Meeting and a summary of the Town's financial status.
- Managing a Reserve Fund account to meet extraordinary and unforeseen expenditures (proposed at \$225,000 for FY19).

Individual committee members are assigned as observers to attend public meetings of other Town boards and committees. Reports from these observers are included in the Observer Reports section of this document. It is important to emphasize that the role of the Finance Committee is limited to making recommendations. The Finance Committee regularly makes recommendations to Town Meeting, the Town Manager, the Board of Selectmen, the school committees, the Superintendent of Schools, other boards and committees, and the citizens of the Town. Responsibility for making decisions is reserved to the citizens through Town Meeting and Town elections and to staff members, boards, and committees to whom specific responsibilities have been delegated by Town by-law and/or State Law.

That being said, The Finance Committee's recommendation for the allocation of the limited resources within the Levy Limit has the de facto force of a formal decision. This is because the three major budgetary entities—the Town Manager, Concord Public Schools, and the Concord-Carlisle Regional School District—have constituencies of roughly equal weight. As a practical matter, therefore, any one entity is rarely able to increase its share at the expense of the others without the Finance Committee's support.

Finance Committee Policies

For many years, the Finance Committee has had a set of long-range financial policies for prudent financial management of the Town. Starting in FY06, the Town began to document its financial policies in the Town Manager's annual budget in a comprehensive way, following the recommended practices of the Government Finance Officers Association of the United States and Canada (GFOA). The following is a summary of some of these policies, from the perspective of the Finance Committee.

- Maintain a minimum fixed percentage of the annual budget in Free Cash. This forms the core of the Town's reserves and its working capital.
- Spend about 7% to 8% of the annual budget on routine recurring capital maintenance and renewal of the Town's facilities and infrastructure (including schools). Included in this, up to 5% is reserved for debt service for large items and projects funded by borrowing with debt service to be supported within the property tax levy limit and therefore, for this component of the capital program, without resort to debt exclusion ballots.
- Avoid earmarking of revenues, except as established by statute or local bylaw enacted by Town Meeting. All other revenues go into the General Fund, where they form part of the current year resources and/or contribute to Free Cash for future years.
- Maximize the efficiency of capital with an aggressive program of repayment of debt principal, thereby minimizing the proportion of debt service paid in interest and making tax dollars go farther.
- Adjust these policies only gradually and deliberately, not in response to the pressure of the moment.
- In general, the Finance Committee's position is that debt service within the Levy Limit should be focused on routine things over which the Town has little discretion, e.g. roofs, roads, equipment, workspaces for employees. Debt exclusion financing should be reserved for community amenities that are direct additions or improvements in basic services and that would otherwise push essential maintenance out of the capital budget.

Budget Process

The budget process begins each summer when the Finance Committee formulates a series of requests for information from the Town Manager and School Superintendent regarding overall trends and issues. In September, a joint coordination meeting is held, including the Finance Committee, the Board of Selectmen, the School Committees, the Carlisle Board of Selectmen and the Carlisle Finance Committee. During this meeting, the general parameters of revenues, state aid, and fixed costs are laid out, along with matters of coordination between the two towns regarding the Regional School District.

During the fall, the Town Manager and the School Superintendent begin their annual budget process with their own department managers. In October, the Guideline Subcommittee of the Finance Committee meets with each of them to begin to frame the allocation of resources within the Levy Limit and any overrides for the coming fiscal year. This is presented to the full Finance Committee, which publishes its Tentative Guideline by the end of October. During November, the Guideline Subcommittee again meets with the Town Manager and School Superintendent to finalize the recommended Guideline. This Guideline is published by the Finance Committee no later than the end of November.

School budgets are voted by the School Committees early January, in time for summarizing in the Town Manager's proposed budget. By Town Charter, the Town Manager's budget proposal must be presented to the Board of Selectmen 90 days before the start of Town Meeting. About two months before Town Meeting, the Town and Education budgets are presented for public comment at the Finance Committee's public hearings. The period between these hearings and Town Meeting is for resolving issues, addressing comments and questions, and refining the budgets.

Property Tax Impact of Proposed FY19 Budget at Finance Committee Budget Guidelines

Projected Tax rate Impact

3.19%

Tax Bill at median \$838,900 value

\$ 11,988

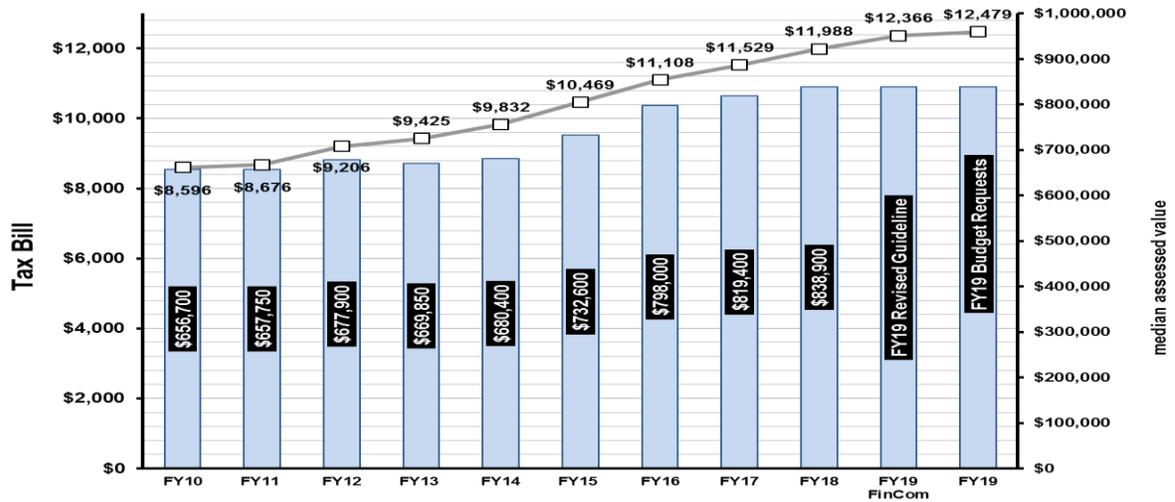
+ 378 = \$ 12,366

Tax Bill per \$100,000 a.v.

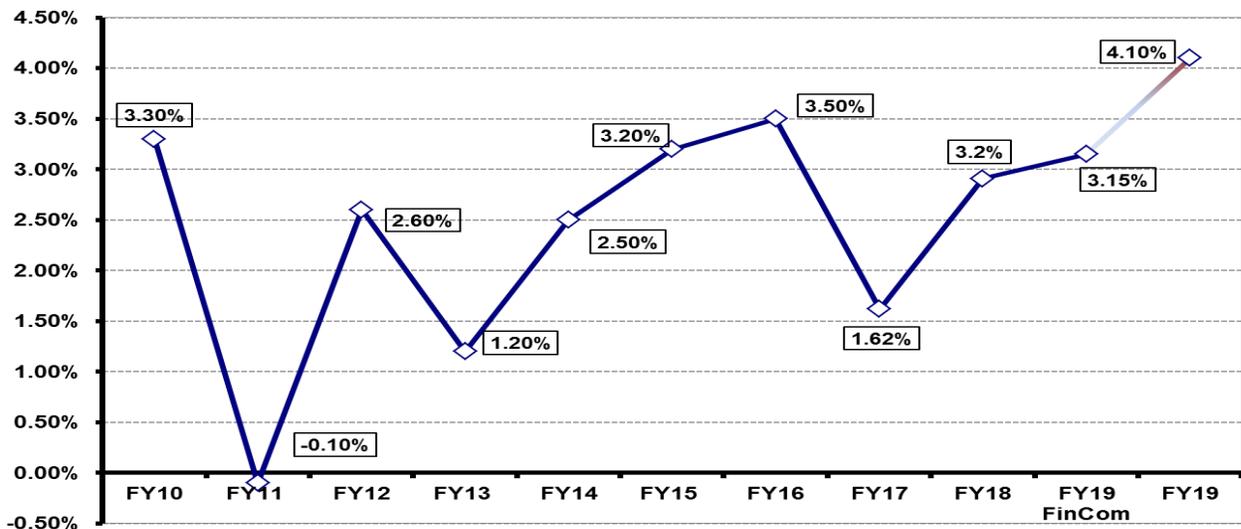
\$ 1,429

+ 45 = \$ 1,474

Single Family Residential Median Value and Tax Bill



Increase to Existing Taxpayer, FY10- 19



ESTIMATED IMPACT OF TOWN MEETING SPENDING ON YOUR TAX BILL

	Median Average													
	350,000	450,000	500,000	600,000	700,000	819,400	838,900	1,014,301	1,050,000	1,200,000	1,350,000	1,500,000	1,600,000	1,750,000
Fiscal Values	5,159	6,633	7,370	8,844	10,318	12,365	14,892	15,477	17,688	19,899	22,110	23,584	25,795	
Fiscal 2018 Base	4,802	6,174	6,860	8,221	9,604	11,510	13,838	14,406	16,464	18,522	20,580	21,952	24,010	
FY2018 Debt Exemption	357	459	510	623	714	855	1,054	1,071	1,224	1,377	1,530	1,632	1,765	

To calculate the dollar impact of any additional expenditures that may be considered by Town Meeting, use this chart below.

Article Amount	350,000	450,000	500,000	600,000	700,000	819,400	838,900	1,014,301	1,050,000	1,200,000	1,350,000	1,500,000	1,600,000	1,750,000
10,000	0.57	0.73	0.81	0.98	1.14	1.33	1.61	1.71	1.95	2.20	2.44	2.60	2.85	
25,000	1.42	1.83	2.03	2.44	2.85	3.33	4.02	4.27	4.88	5.49	6.10	6.51	7.12	
50,000	2.85	3.66	4.07	4.88	5.70	6.67	8.04	8.54	9.76	10.99	12.21	13.02	14.24	
75,000	4.27	5.49	6.10	7.32	8.54	10.00	12.05	12.82	14.65	16.48	18.31	19.53	21.36	
100,000	5.70	7.32	8.14	9.76	11.39	13.34	16.07	17.09	19.53	21.97	24.41	26.04	28.48	
150,000	8.54	10.99	12.21	14.65	17.09	20.00	24.11	25.63	29.29	32.96	36.62	39.06	42.72	
200,000	11.39	14.65	16.27	19.53	22.78	26.67	32.14	34.18	39.06	43.94	48.82	52.08	56.96	
250,000	14.24	18.31	20.34	24.41	28.48	33.34	40.18	42.72	48.82	54.93	61.03	65.10	71.20	
300,000	17.09	21.97	24.41	29.29	34.18	40.01	48.22	51.26	58.59	65.91	73.23	78.12	85.44	
350,000	19.94	25.63	28.48	34.18	39.87	46.67	56.25	59.81	68.35	76.90	85.44	91.14	99.68	
400,000	22.78	29.29	32.55	39.06	45.57	53.34	64.29	68.35	78.12	87.88	97.65	104.16	113.92	
450,000	25.63	32.96	36.62	43.94	51.26	60.01	72.32	76.90	87.88	98.87	109.85	117.18	128.16	
500,000	28.48	36.62	40.69	48.82	56.96	66.68	80.36	85.44	97.65	109.85	122.06	130.19	142.40	
550,000	31.33	40.28	44.75	53.71	62.66	73.34	88.40	93.98	107.41	120.84	134.26	143.21	156.64	
600,000	34.18	43.94	48.82	58.59	68.35	80.01	96.43	102.53	117.18	131.82	146.47	156.23	170.88	
700,000	39.87	51.26	56.96	68.35	79.74	93.35	112.50	119.62	136.70	153.79	170.88	182.27	199.36	
750,000	42.72	54.93	61.03	73.23	85.44	100.01	120.54	128.16	146.47	164.78	183.09	195.29	213.60	
800,000	45.57	58.59	65.10	78.12	91.14	106.68	128.58	136.70	156.23	175.76	195.29	208.31	227.84	
900,000	51.26	65.91	73.23	87.88	102.53	120.02	144.65	153.79	175.76	197.73	219.70	234.35	256.32	
1,000,000	56.96	73.23	81.37	97.65	113.92	133.35	160.72	170.88	195.29	219.70	244.11	260.39	284.80	

Assessed Valuation, Levy Limit, Tax Levy and Rates: FY2000-2018

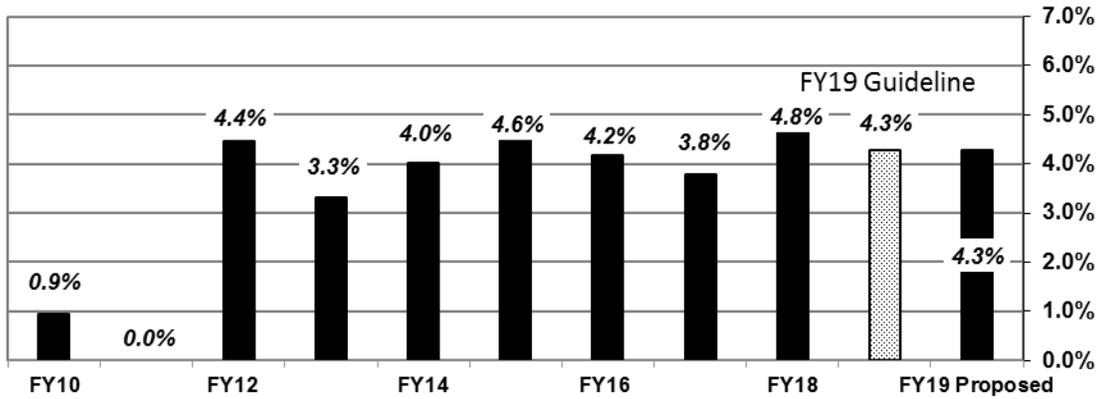
Fiscal Year	Total Assessed Value	Levy		Actual Levy		Uniform Tax Rate	Unused Levy Limit	
		Value	Limit	Within Limit	Debt Exclusion		\$	as % of Limit
2000	\$2,742,122,055	\$68,553,051	\$33,421,403	\$32,453,928	\$725,749	\$12.10	\$967,475	2.89%
2001	\$2,783,643,972	\$69,591,099	\$34,827,754	\$34,225,525	\$681,370	\$12.54	\$602,229	1.73%
2002	\$3,974,434,046	\$99,360,851	\$38,958,156	\$38,226,458	\$842,228	\$9.83	\$731,698	1.88%
2003	\$4,408,301,807	\$110,207,545	\$42,171,555	\$41,782,825	\$713,204	\$9.64	\$388,730	0.92%
2004	\$4,411,852,520	\$110,296,313	\$45,336,664	\$45,161,214	\$1,560,304	\$10.59	\$175,450	0.39%
2005	\$5,117,100,515	\$127,927,513	\$48,886,984	\$48,293,261	\$1,854,324	\$9.80	\$593,723	1.21%
2006	\$5,207,535,371	\$130,188,384	\$51,679,906	\$50,786,544	\$2,486,543	\$10.23	\$893,362	1.73%
2007	\$5,309,253,831	\$132,731,346	\$54,523,353	\$53,363,359	\$2,702,361	\$10.56	\$1,159,994	2.13%
2008	\$5,498,736,316	\$137,468,408	\$57,254,951	\$55,919,464	\$3,026,989	\$10.72	\$1,335,487	2.33%
2009	\$5,264,591,702	\$131,614,793	\$59,634,076	\$58,717,305	\$3,931,336	\$11.90	\$916,771	1.54%
2010	\$5,026,552,229	\$125,663,806	\$62,197,127	\$61,284,932	\$4,512,636	\$13.09	\$912,195	1.47%
2011	\$5,045,140,030	\$126,128,501	\$64,569,355	\$62,529,967	\$4,015,430	\$13.19	\$2,039,388	3.16%
2012	\$5,090,058,629	\$127,251,466	\$67,047,174	\$65,053,133	\$4,069,863	\$13.58	\$1,994,041	2.97%
2013	\$5,054,970,094	\$126,374,252	\$69,911,104	\$67,034,708	\$4,088,721	\$14.07	\$2,876,396	4.11%
2014	\$5,130,493,662	\$128,262,342	\$72,879,506	\$69,334,221	\$4,801,422	\$14.45	\$3,545,285	4.86%
2015	\$5,412,298,562	\$135,307,464	\$75,539,516	\$71,897,151	\$5,444,595	\$14.29	\$3,642,365	4.82%
2016	\$5,841,889,295	\$146,047,232	\$78,712,008	\$75,508,265	\$5,810,834	\$13.92	\$3,203,743	4.07%
2017	\$5,973,716,402	\$149,342,910	\$82,116,773	\$77,784,021	\$6,266,168	\$14.07	\$4,332,752	5.28%
2018	\$6,144,650,600	\$153,616,265	\$85,491,022	\$81,567,539	\$6,239,518	\$14.29	\$3,923,783	4.59%

Budget - All Accounts , FY15 - FY18 and FY19 Adopted Finance Committee Guideline

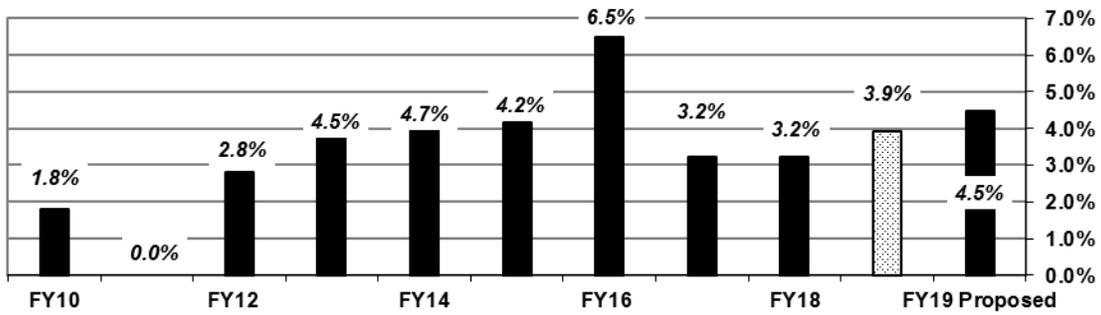
Line #		FY15 Budget	FY16 Budget	FY17 Budget	FY18 Budget	FY19 Guideline	Dollar Change	Percent Change	Percent of Total
Town Government									
1	personal services	\$ 15,181,707	\$ 15,721,241	\$ 16,468,178	17,285,663	17,983,494	697,841	4.04%	16.90%
2	O & M	3,332,306	3,458,772	3,470,835	3,683,360	3,897,019	213,659	5.80%	3.66%
3	capital outlay	1,625,000	1,709,000	1,800,000	1,870,000	1,945,000	75,000	4.01%	1.83%
4	Reserve Fund	225,000	225,000	225,000	225,000	225,000	0	0.00%	0.21%
5	Total General Fund	\$ 20,364,013	\$ 21,114,013	\$ 21,964,013	23,064,013	\$ 24,050,513	\$ 986,500	4.28%	22.61%
	Emergency Services Stabilization Fund	200,000	100,000	50,000	0	0			
	Total Town Government	20,564,013	\$ 21,214,013	\$ 22,014,013	23,064,013	\$ 24,050,513	986,500	4.28%	22.61%
6	Concord Public Schools	\$ 32,440,538	\$ 34,542,735	\$ 35,660,111	36,810,111	\$ 38,246,895	\$ 1,436,784	3.90%	35.95%
7	Concord-Carlisle RSD	\$ 15,856,221	\$ 16,556,221	\$ 17,035,005	17,935,005	\$ 19,146,874	\$ 1,211,869	6.76%	18.00%
8	Total Operating Budgets	\$ 68,860,772	\$ 72,312,969	\$ 74,709,129	77,809,129	\$ 81,444,282	\$ 3,635,153	4.67%	76.55%
JOINT TOWN & CPS ACCOUNTS									
9	Group Insurance	\$ 4,650,000	\$ 4,650,000	\$ 4,650,000	4,800,000	5,374,837	\$ 574,837	11.98%	5.05%
9a	OPEB Trust	900,000	1,150,000	1,400,000	1,470,000	1,617,000	147,000	10.00%	1.52%
10	Retirement	3,125,000	3,220,000	3,317,000	3,667,000	3,777,010	110,010	3.00%	3.55%
11	Debt Service	3,500,000	3,605,000	3,730,000	3,860,000	3,994,645	134,645	3.49%	3.75%
11a	Refunding savings, required levy		114,217	0	0	0			
11b	Debt Service, CORSD Non-Exempt		740,000	80,753	102,583	102,809	226	0.22%	0.10%
12	Social Security/Medicare	685,000	740,000	765,000	810,000	814,713	4,713	0.58%	0.77%
13	Other Fixed & Mandated	425,000	425,000	450,000	450,000	485,000	35,000	7.78%	0.46%
14	subtotal	\$ 13,285,000	\$ 13,904,217	\$ 14,392,753	15,159,583	\$ 16,166,014	\$ 1,006,431	6.64%	15.20%
15	Minuteman Voc Tech	\$ 191,689	\$ 407,041	\$ 423,444	599,179	595,792	\$ (3,387)	-0.57%	0.56%
16	High School Debt Exclusion	1,858,841	3,514,429	3,668,218	3,561,484	3,404,345	(157,139)	-4.41%	3.20%
16a	Minuteman Voc Tech Debt Exclusion					146,887	146,887		0.14%
17	Town Debt Exclusion	4,495,632	4,206,283	4,007,828	3,607,507	3,384,869	(222,638)	-6.17%	3.18%
	subtotal	\$ 6,546,162	\$ 8,127,753	\$ 8,099,490	7,768,170	\$ 7,531,893	\$ (236,277)	-3.04%	7.08%
	Appropriations from Free Cash		625,000		1,000,000				
	Appropriations from Available Funds			0	200,000	0			
18	TOWN MEETING VOTE	\$ 88,691,934	\$ 94,344,939	\$ 97,201,372	101,936,882	\$ 105,142,189	\$ 3,205,307	3.14%	98.83%
19	State assessments	\$ 511,384	\$ 497,843	\$ 495,310	503,897	506,913	\$ 3,016	0.60%	0.48%
19a	State Offset Items				25,106	25,246	140	0.56%	0.02%
20	Snow/ice & other deficits	285,362	310,772	0	178,656	175,000	(3,656)		0.16%
21	Overlay	555,513	543,663	552,900	565,017	540,000	(25,017)	-4.43%	0.51%
22	subtotal	\$ 1,352,259	\$ 1,352,278	\$ 1,048,210	1,272,676	\$ 1,247,159	\$ (25,517)	-2.00%	1.17%
23	TOTAL BUDGET PLAN	\$ 90,044,193	\$ 95,697,217	98,249,582	103,209,558	\$ 106,389,348	\$ 3,179,790	3.08%	100.00%

FY19 Guideline		FY15 Budget					FY16 Budget		FY17 Budget		FY18 Budget		FY19 Guideline		Change from FY18 Budget	
Financing the Budget Plan		FY15 Budget	FY16 Budget	FY17 Budget	FY18 Budget	FY19 Guideline	Dollar Change	Percent Change	Percent of Total							
24	State Aid	\$ 4,147,519	\$ 4,272,640	\$ 4,642,015	4,923,642	\$ 5,231,880	\$ 308,238	6.26%	4.92%							
25	Motor Vehicle	2,600,000	2,850,000	2,875,000	3,033,586	3,095,601	62,015	2.04%	2.91%							
26	Investment Earnings	100,000	100,000	150,000	361,273	400,000	38,727	10.72%	0.38%							
27	other Local Receipts	3,436,400	3,723,200	3,607,000	3,824,999	4,105,250	280,251	7.33%	3.86%							
28	other Available Revenue				0	0										
29	Appropriations financed from:															
30	Elem. Debt Stabilization Fund	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0									
31	CCHS Debt Stabilization Fund	500,000	1,500,000	1,000,000	785,000	275,000	(510,000)	-64.97%	0.26%							
32	Emergency Services Stab. Fund	200,000	100,000	50,000	0	0										
33	Free Cash		625,000	0	0	0										
34	Transfers to General Fund:															
35	from CMLP (Light Fund)	\$ 458,650	\$ 472,400	\$ 465,500	474,000	\$ 461,000	\$ (13,000)	-2.74%	0.43%							
36	Thoreau School MSBA grant	409,878	409,878	409,878	0	186,274			0.18%							
37	Exempt Debt Service Reserve															
38	Free Cash Transfer	850,000	950,000	1,000,000	2,000,000	1,000,000	(1,000,000)	-50.00%	0.94%							
39	subtotal	\$ 12,702,447	\$ 15,003,118	\$ 14,199,393	15,402,501	\$ 14,755,005	\$ (647,496)	-4.20%	13.87%							
	Property Tax:															
40	property tax base	\$ 71,061,652	\$ 74,224,261	\$ 76,371,162	80,101,736	\$ 84,134,516	\$ 4,032,780	5.03%	79.08%							
41	new growth	835,499	1,284,004	1,412,859	1,321,330	1,025,000	(296,330)	-22.43%	0.96%							
42	total within the Levy Limit	\$ 71,897,151	\$ 75,508,265	\$ 77,784,021	81,423,066	\$ 85,159,516	\$ 3,736,450	4.59%	80.05%							
43	debt service excluded from Levy Limit	5,444,595	5,810,834	6,266,168	6,383,991	6,474,827	90,836	1.42%	6.09%							
44	total property tax	\$ 77,341,746	\$ 81,319,099	\$ 84,050,189	87,807,057	\$ 91,634,343	\$ 3,827,286	4.36%	86.13%							
45	TOTAL RESOURCES	\$ 90,044,193	\$ 96,322,217	\$ 98,249,582	103,209,558	\$ 106,389,348	\$ 3,179,790	3.08%	100.00%							

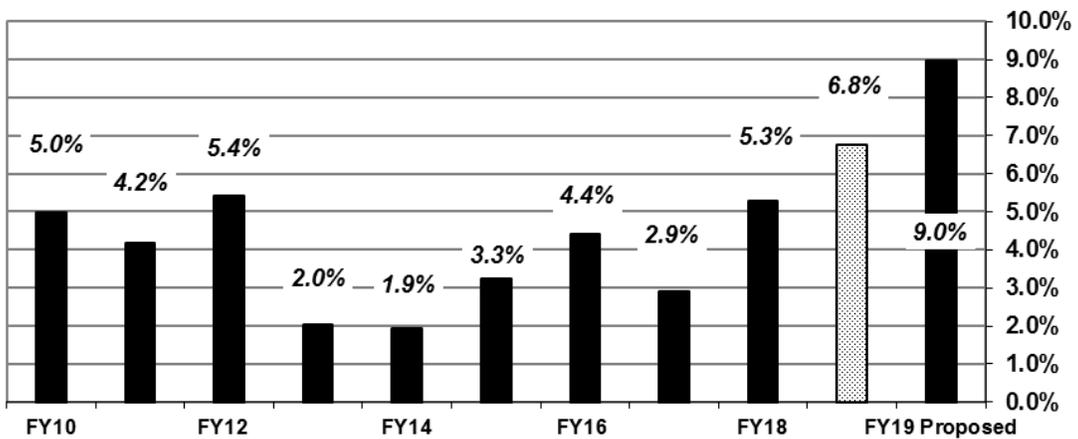
**Town Government operations
percent change in budget**



**Concord Schools (K-8)
percent change in budget**



**CCHS Operating assessment
percent change**



Five Year Projection of Real Estate Taxes

Article 3, adopted at the Special Town Meeting on November 7, 2011, requested the Finance Committee to develop a five-year projection of the real estate taxes likely to be levied on the citizens of the Town. This report, the seventh year this projection has been developed, covers the period FY20 through FY24. In response to citizen comments and suggestions, the Finance Committee has continued to refine the five-year projection of real estate taxes to present multiple scenarios, the first being based on a “most likely” analysis and then two alternative scenarios.

The level of the operating budgets of the Town government and the schools are the dominant contributors to the amount of taxes that must be levied since they comprise approximately 76% of the total Town Budget. The 5 year projection process uses FinCom guidelines for these operating budgets. Should Town Meeting approve higher budgets, it will change the future prospects for taxes and levy limit strain from what is shown here. The Town and School administrations have informed the Committee that annual increases between 3% and 5% are necessary to maintain the current level of services. Keeping budgets below the lower end of this range for an extended period of time is likely to require cuts in services, staff reductions, deferral of maintenance and/or delays in equipment replacement to balance resource availability with expenditures.

The projections by the Finance Committee are based on a number of significant assumptions. With approximately 86% of General Fund revenue derived from property taxes, the Town budget is more sensitive to changes in spending levels than it is to changes in external sources of revenue. All three scenarios are based on a moderate economic environment. State Aid, which represents about 4.5% of General Fund resources, is conservatively estimated to increase 2.5% annually (in the most likely scenario). Moderate revenue increases were included in categories where growth is reasonably expected, including contributions from local excise taxes, licenses and permits. Property taxes from new construction and renovations are reduced in the FY19 budget, and are targeted to slip modestly and then recover over the 5 year projection. Contributions from Free Cash are estimated at 1% of the Total Projected Budget, consistent with funding policies established since 2012.

The three five-year scenarios reflect varying sets of expenditure assumptions and only minor differences in revenue expectations. Each of the scenarios incorporates projected expenditures for individual town budget line items including Operating budgets for the Town, Concord Public Schools (CPS), Concord-Carlisle Regional School District (CCRS), and expenses for Group Insurance, Retirement, Other Post-Employment Benefits (OPEB), Minutemen Vocational Technical School and Town debt repayments. The Operating budget for CCRSD incorporates planned OPEB contributions as well as changes in the proportion of Concord’s share of the CCRSD budget and school building excluded debt expense, resulting from anticipated shifts in Concord and Carlisle projected student enrollment.

The Most Likely Scenario represents a period of modest expenditure growth (cost increases generally of about 3-4%). Alternative Scenario 1 represents a period of below average expenditure growth (at or slightly lower than the 10 year average annual increase), and Alternative Scenario 2 represents a period of above average expenditure growth (4-5% or greater). All three scenarios represent reasonable expenditure levels that may be anticipated, ranging from weak economic conditions to a high level of local development activity driving increases in Town services and student populations. Although the three scenarios are designed to represent a realistic range of outcomes, the Town’s actual experience may fall outside the scope of the scenarios.

The Finance Committee believes it is important to incorporate only future expenses which have been formally planned and have defined expense projections. The projections do not include allowances for other potential or unanticipated projects, and therefore this model may underestimate future debt expense. Net debt expense recently peaked in FY17 at 13.7% of Total Budget and is projected to decline under the most likely scenario, to 8.1% in FY24. The Finance Committee is aware of discussions within the Concord School Committee regarding a perceived need to overhaul or replace the current two building Middle School. This would introduce additional excluded future debt, not included in the projections provided here.

Across all three scenarios, the largest annual increase in property taxes to existing taxpayers is expected in FY20, followed by a decline in FY21. During this time, increases in Operating Budget expenses are offset by larger declines in excluded debt expenses from Town Meeting approved projects. Other factors impacting the FY20-FY24 projection of tax increases include shifts in Concord's projected share of CCRSD students, which drives the Town's portion of the CCRSD Operating budget and excluded debt. The ratio is expected to increase from 73.51(FY18) to 78.35% by 2023, with a notable one year decline in 2020. In the Most Likely Scenario, the moderate spending environment, property taxes to existing taxpayers increase between 3.83% (FY20) and 2.59% (FY24) per year. In Alternate Scenario 1, the annual increase ranges from 3.3% to 2.15%, and in Alternate Scenario 2, from 4.14% to 2.85% (See Figure 1).

The future spending trajectories, with the exception of the restrained spending track (Alternative 1) lead to the need for Prop 2 ½ override votes within the 5 year projection timeframe. Figure 2 indicates that under in the higher spending scenario Alternative 2, the Town of Concord levy limit is exceeded starting in FY22 and in the Most Likely scenario, an override will be required by FY23. If the limit is exceeded, two sets of approvals will be required. It is worth noting that the 5 year projection prepared last year showed only the high expenditure scenario requiring an override in the last year of that projection, FY23. This has moved back to FY22 in this year's projection. The FinCom considered this development carefully, and is quite concerned with maintaining sustainable budgets going forward. The Town has approved operating budget overrides of levy limits in prior years, most recently in FY07.

A tax bill calculator is included in Table 1 to allow individual taxpayers to calculate the impact of the projected Most Likely Scenario tax increase on their property tax bills, based on present assessed values. Lastly, the Finance Committee reminds citizens that this model represents our best projection of operating needs and resources. Changes in future economic conditions and Town Meeting warrant article approvals, particularly the assumption of new excluded debt issues, will impact future real estate tax increases. The Finance Committee will continue its efforts to improve the usefulness of its five-year projection for taxpayers, town and school administrators, boards, and committees. We intend to incorporate ideas developed by the Fiscal Sustainability subcommittee in future projections. We welcome your comments and suggestions to improve the five-year projection and its presentation to citizens. For further information, please visit the Finance Committee page at ConcordMA.gov.

Table 1: Tax Impact Calculator

Scenario	Home Value	2018 (Bdgt)	2019	Est 2020	Est 2021	Est 2022	Est 2023	Est 2024
Most Likely	FY18 Median (\$838,000)	11,988	12,505	12,983	13,397	13,841	14,249	14,618
	- per 100K	1,463	1,526	1,584	1,635	1,689	1,739	1,784
Alternative 1	FY18 Median (\$838,000)	11,988	12,505	12,917	13,275	13,658	14,001	14,302
	- per 100K	1,463	1,526	1,576	1,620	1,667	1,709	1,745
Alternative 2	FY18 Median (\$838,000)	11,988	12,505	13,023	13,466	13,943	14,388	14,797
	- per 100K	1,463	1,526	1,589	1,643	1,702	1,756	1,806

Note: The median single family residential tax bill in FY19 is \$12,505 based on an assessed value of \$838,000 at a tax rate of \$14.92 per thousand. Estimates assume no change in property values over FY19.

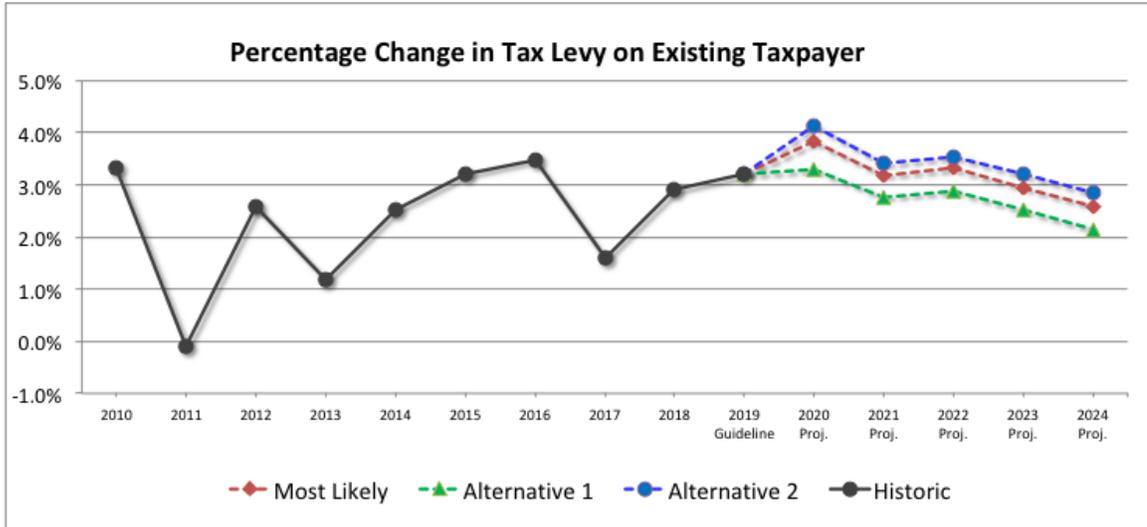


Figure 1

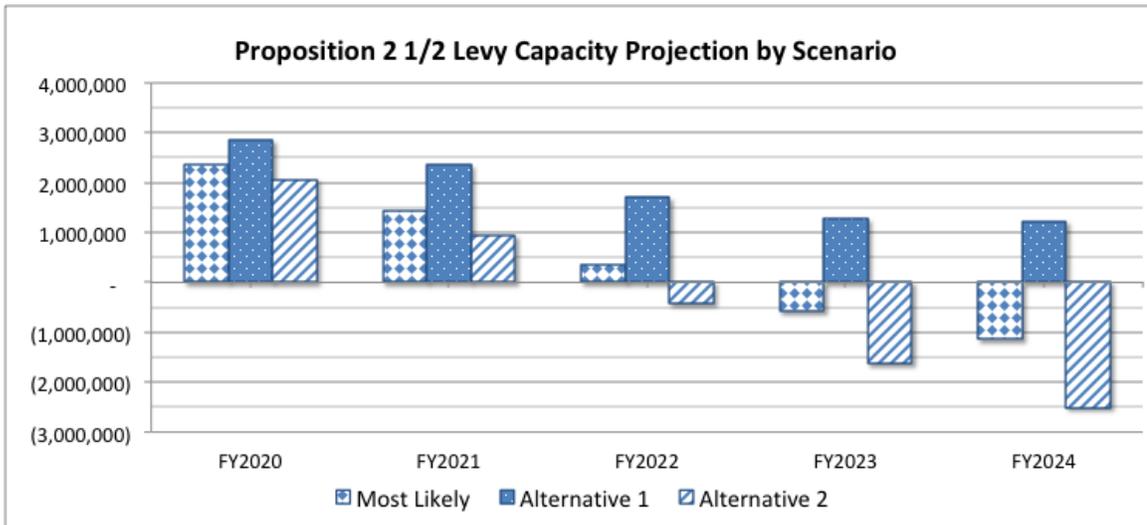


Figure 2

Budget Summary: Article 7 – General Fund Appropriation

Town Government Departments and Joint Town-Concord Public Schools (CPS) Accounts

Article 7 consists of thirty-nine separate appropriation accounts. Once voted, funds cannot be transferred between these accounts except by Town Meeting action. For Guideline purposes, these accounts are grouped into two categories:

- the Town Operating Budget, Items 1-34 is recommended at \$24,050,513 for FY2019, which is an increase of \$986,500 or 4.28% from the current year General Fund budget and is at the Finance Committee's Guideline;
- the Joint Town-CPS accounts, Items 35-39, are recommended at \$19,173,074. This is 7.23% above the current budget, reflecting an increase in funding for Group Insurance, OPEB, Social Security, and Medicare.

The Joint Town-CPS group of accounts includes Employee Group Insurance, the Other Post-Employment Benefits (OPEB) Trust Fund (which is proposed to be increased \$147,000 in line with the Town's long-term funding plan for retiree health insurance benefits), the Town's annual required payment to the employee (non-teacher) pension fund, property and liability insurance covering the Town and CPS, and the debt service account covering debt issued for both the Town and CPS capital projects, both debt service within the levy limit and debt service on bonds voted by the town electorate to be paid from tax levies above the levy limit. Effective management of these accounts is strengthened by consolidating the Town government and Concord Public Schools components rather than dividing these accounts between Town and School appropriations.

Item 39, Debt Service, includes \$3,109,869 for principal and interest expense excluded from the levy limit by past votes of the electorate (refer to the section in this Report on excluded debt). This is the net amount to be tax-supported after the proposed allocation of \$275,000 from Debt Stabilization funding.

Including the offset of the Stabilization Fund used in both FY17 and FY18, the total increase in the Article 7 proposed Town Government spending plan is 5.57%.

**Article 7 – The Proposed Town Government General Fund Budget
For the year beginning July 1, 2018
General Fund Appropriations**

	Appropriation FY2018	Proposed FY2019	Percent Change
Operations (Accounts 1 - 34)			
General Government	\$ 2,914,181	\$ 3,074,735	5.51%
Finance & Administration, IT	\$ 2,504,469	\$ 2,531,292	1.07%
Police & Fire	\$ 9,348,906	\$ 9,317,901	-0.33%
Public Works	\$ 4,295,753	\$ 4,249,152	-1.08%
Library	\$ 2,153,361	\$ 2,141,097	-0.57%
Reserve Fund	\$ 225,000	\$ 225,000	0.00%
Salary Reserve	\$ 618,954	\$ 1,407,895	127.46%
Recreation & All Other	\$ 1,003,389	\$ 1,103,441	9.97%
total: subject to Guideline	\$ 23,064,013	\$ 24,050,513	4.28%
Town and School Debt Service (Account 35)			
Repayment within the Levy Limit	\$ 3,860,000	\$ 3,994,645	3.49%
Repayment excluded from the Levy Limit	\$ 2,822,507	\$ 3,109,869	10.18%
sub-total: Debt Service	\$ 6,682,507	\$ 7,104,514	6.32%
Employee Benefits (Town and CPS)			
Group Insurance (Account 35A)	\$ 4,800,000	\$ 5,374,837 *	11.98%
Other Post Employment Benefits/ OPEB (Account 35B)	\$ 1,470,000	\$ 1,617,000	10.00%
Retirement (Account 37)	\$ 3,667,000	\$ 3,777,010	3.00%
Medicare/ Social Security (Account 38)	\$ 810,000	\$ 814,713	0.58%
sub-total: Employee Benefits	\$ 10,747,000	\$ 11,583,560	7.78%
Other Expenses (Joint Accounts)			
Workers Comp, Unemployment Comp (Account 36)	\$ 200,000	\$ 210,000	5.00%
Property & Liability Insurance (Account 35C)	\$ 250,000	\$ 275,000	10.00%
sub-total: Other Expenses	\$ 450,000	\$ 485,000	7.78%
total: Non-Guideline	\$ 17,879,507	\$ 19,173,074	7.23%
Total: Article 7	\$ 40,943,520	\$ 43,223,587	5.57%
* this amount is \$151,263 lower than the amount printed in the warrant to account for actual premium renewal rates			

Town Government: Items 1-34

The proposed General Fund operating budget for the departments organized under the Town Manager is \$24,050,513, or 4.28% over the current fiscal year.

Article 7 Overview

Article 7 shows only the General Fund portion of each budget account, as this is the portion to be voted by the Town Meeting. Many budget accounts include resources from other funds, typically involving allocations from the Town's enterprise operations (Water, Sewer, Light, Solid Waste, and Swim & Fitness Center) for management services provided.

The Town Manager's Proposed Budget document, published on February 14, 2018 and available on the Town website at concordma.gov, provides detailed discussion of each account. The Finance Committee has reviewed this document with the Town Manager and has conducted a Public Hearing (February 26, 2018) on the submitted plan. The Finance Committee recommends the adoption of the Town Government budget as proposed by the Town Manager.

Budget Changes

The significant changes and other selected account recommendations contained in the proposed FY19 Budget are as follows:

Acct # - Account Title (Refer to Article 7 on the 2018 Town Meeting Warrant)

1A Town Manager

The Town Manager's operating appropriation represents a proposed 0.3% increase from FY18. The Town Manager's Office is staffed by the Town Manager, Assistant Town Manager, Public Information Officer, Executive Assistant to the Town Manager and an Administrative Assistant. There is a proposed funding for Sister Cities (\$1,500), Concord Cultural Council (\$2,000) and the management of White Pond (\$18,000).

1B Human Resources

The Human Resources operating appropriation is proposed to increase by 5.5% in FY19 due to the need to pay the license agreement for new Human Resources Information Systems (HRIS) software.

1C Facilities Management

This account was established with the FY05 budget in an effort to set up a central pool of funds from which to monitor building conditions, establish renovation priorities, and fund repairs and improvements. Since FY05 when the account was first budgeted at \$40,000, the funding level has gradually been increased to the recommended level in FY18 of \$290,000. The five-year Capital Outlay plan raises this funding target to \$365,000 by FY23. The account funds the salary and wages of a Facilities Manager, Sr. Maintenance Craftsman, Facilities Maintainer, and half the wages of a Maintenance Electrician to maintain the buildings.

1D Resource Sustainability Fund

With this new account initiated in FY13 with funding of \$25,000, an amount of \$120,000 is proposed to be allocated in FY19 for resource sustainability and energy conservation projects. The additional funds will cover part of the salary for the Director of Sustainability and Energy Specialist.

1E Visitors Center

The FY19 operating appropriation for the Visitors Center is proposed to decrease by 59.6% primarily because, with taking responsibilities for operating the center, the Town eliminated the payment of \$16,000 to the Chamber of Commerce.

1F 37 Knox Trail

The FY19 appropriation for the 37 Knox Trail office building of \$13,943 and is proposed to cover the utility and capital costs associated with the building. This building is currently shared between the Regional Housing Service Office (RHSO) and School Transportation Department.

1G 55 Church Street

FY19 will be the first year of the newly purchased Town building. A total budget of \$104,281 with the Town's portion of \$40,796 is proposed to fund a receptionist, building custodian, and the utilities and maintenance of the building. The building is used by the staff of Human Services, Retirement, and Recreation.

2 Legal Services

The Legal Services account is proposed to increase by \$25,000 to \$250,000.

3A Elections

The amount required to fund the Elections account is dependent on the number of federal, state, and local elections that are held in a given year. In FY19, it is expected that there will be three election, as compared to one proposed election in FY18. Since each election costs the Town approximately \$17,500, the operating appropriation is proposed to increase from \$13,627 to \$48,412.

3B Registrars

There is a slight increase proposed in this account for additional staff hours. This account provides resources to register voters, conduct the Annual Town Census, and certify nomination papers and petitions.

4 Town Meeting and Reports

The current budget allows for a four-session Annual Town Meeting in April 2018. It has been common in the past several years for a Special Town Meeting to take place, but funds are not budgeted for this purpose.

5A Planning Division, DPLM

Since the FY14 budget presentation, the Zoning Board of Appeals budget has been incorporated into the Planning Division budget. In addition, the Planning budget contains funding for the Historic Districts Commission and the Historical Commission. The FY19 operating appropriation for the Planning Division is proposed to decrease by 2.1%. Funding for Cross-Town Connect (\$6,500) and the RHSO (\$18,000) are included in this budget.

5B Natural Resources Division, DPLM

The proposed Natural Resources budget represents approximately a 4.6% decrease in the appropriation from that of the FY18 budget. An amount of \$5,000 is proposed for pond & stream management.

5C Building Inspections Division, DPLM

Most of the allocation in this account goes toward funding the Building Inspections staff, which includes the full-time positions of Building Commissioner, Local Inspectors (2.60 FTEs), and Administrative Assistant. The operating appropriation is proposed to increase 0.5%. Building permit fees generated \$1.2 million in CY17.

5D Health Division, DPLM

This appropriation represents a 1.7% increase in the operating appropriation from that of FY18. As was the case last year, an amount of \$20,000 is recommended to fund the East Middlesex Mosquito Control Project for efforts to protect Concord residents and visitors from Eastern Equine Encephalitis and West Nile Virus. Included in the budget is \$16,225 proposed for the funding of the Public Health Nurse, which is a shared position with the senior, and \$7,500 for additional food inspection services.

6 141 Keyes Road, DPLM

The FY18 proposed operating appropriation represents a 3.2% increase from FY18 to provide funding for utility, maintenance, and custodial costs for the Victorian-era brick building at 141 Keyes Road.

7 Finance Committee

Level funding for support of the Finance Committee is included in this budget.

8A Finance Administration Division, Finance Department

The Finance Administration Division operating appropriation is proposed to increase by 15.1% from that of FY18, due to the addition of the Administrative Systems Analyst position, which assists with software conversion. The budget also will provide funding for the Finance Director, Budget and Purchasing Director, Assistant Treasurer, Budget Analyst, and Finance Assistant.

8B Treasurer-Collector, Finance Department

The Treasurer-Collector operating appropriation is proposed to decrease by 2.7% in FY19. This decrease can occur because of expected savings from renegotiated banking service charges.

8C Town Accountant, Finance Department

The FY19 operating appropriation is proposed to decrease by 4.1%. The proposed budget includes \$69,000 to cover the cost of the Town's annual external audit.

8D Assessing Division, Finance Department

The Assessing proposed operating appropriation represents a 4.3% decrease from FY18 because of a savings of \$20,000 that results for modifying the re-valuation schedule from three to five years as set by State law. The Assessing Division is located at the Town-owned 24 Court Lane building.

8E Town Clerk, Finance Department

The Town Clerk operating appropriation is proposed to decrease by 0.1% from FY18. This budget provides funding for the Town Clerk, Assistant Town Clerk and Senior Department Clerk positions.

9 Information Systems

The Information Systems operating appropriation is proposed to increase by 7.8% in FY19. This increase is mainly due to additional system maintenance and upgrade costs.

10 Town House

The FY19 proposed appropriation is increased by 6.5% from that of FY18 from absorbing the funds that the Retirement Board no longer pays since its move to 55 Church Street. This budget include costs for maintaining and cleaning the Town House and the Assessing Division office space at 24 Court Lane.

11 Police Department

The FY19 operating appropriation proposes a 0.5% decrease with capital expenses of \$165,000.

12 Fire Department

There is a proposed 0.4% decrease in the Fire Department's FY19 operating appropriation with capital expenses of \$65,000.

13 West Concord Fire Station

This budget funds the operations of the West Concord Fire Station located at 1201 Main Street. This account has a proposed 11.3% decrease in the FY19 operating appropriation.

14 Police/Fire Station

This budget funds the operations of the Police and Fire Department headquarters at 209 Walden Street. The FY19 budget proposes a no change in the operating appropriation.

15 Emergency Management

There is no proposed change in fund of the operating appropriation for FY19 .

16 Animal Control Officer

With the enactment of State legislation in 2012, each municipality was required as of October 31, 2012 to appoint an animal control officer. Concord contracted with a private vendor to provide all animal control services in compliance with the new requirements. The proposed FY19 budget is level funded at \$26,000.

17A Public Works Administration, CPW

The FY19 operating appropriation reflects a 0.3% increase from that of FY18. Public Works Administration includes the CPW Director, Management Analyst, Administrative and Special Projects Coordinator, and an Administrative Assistant.

17B Engineering, CPW

The Engineering Division's operating appropriation is proposed to have a 3.0% decrease from FY18 to FY19 due to a staffing structure reorganization. The Engineering Division has a Town Engineer, Assistant Town Engineer, 2 Assistant Public Works Engineers, GIS/IT Program Analyst, Associate Engineer, and an Administrative Assistant.

17C Highway Maintenance, CPW

The operating appropriation is proposed to decrease by 2.3% from FY18 through a reorganization that replaces a 1.0 FTE Public Works Supervisor with a 0.5 FTE Operations Manager, who is shared by Park & Trees.

17D Parks & Trees, CPW

The FY19 Parks & Trees operating appropriation is proposed to have a 1.0% decrease from FY18 through a reorganization that replaces a 1.0 FTE Public Works Supervisor with a 0.5 FTE Operations Manager, who is shared by Highway Maintenance.

17E Cemetery, CPW

The Cemetery Fund supports the Cemetery Division by providing resources for 65% of all operating expenditures and 100% of all capital improvements. The FY19 operating appropriation is proposed to increase by 3.7%.

18 Snow Removal, CPW

The snow removal budget is proposed to be funded at \$610,001, an increase of \$1 from that of FY18. If the actual FY19 expenditures exceeds the budgeted amount, the Town is allowed by State statute to add the difference to the following year's tax levy. The FY19 budget plan provides room for a \$175,000 overrun of the \$610,000 FY18 appropriation.

19 Street Lights, CPW

The FY19 Street Light appropriation is proposed to decrease by \$16,600 to \$54,400 due to the use of more energy efficient street lights.

20 Public Works Equipment, CPW

The Public Works Equipment budget of \$325,000 funds the Town's well-planned schedule of equipment replacement. This represents no change from FY18.

21 Drainage, CPW

The FY19 funding plan includes \$105,000 for drainage improvements, \$100,000 for culvert improvements.

22 Sidewalk Management, CPW

The proposed FY19 budget calls for an increase of \$5,000 for maintenance of the Town's existing sidewalks program to \$115,000.

23 Road Improvements, CPW

The General Fund proposed funding for road improvements is \$100,000. With additional amounts of \$668,900 expected from the State (Chapter 90 Funds) and \$1,400,000 in borrowing, the total FY19 amount for road improvements is recommended to be \$2,168,900.

24 133 and 135 Keyes Road, CPW

For FY19, there is a proposed increase of 0.5% in the operating appropriation.

25 Library

As set forth in a long-standing agreement, the Trustees of the Concord Free Public Library Corporation, which owns the Main library and the Fowler Branch, are responsible for maintenance and capital improvements of the buildings and grounds; the Town covers the operating costs. For FY19, the Library operating appropriation is proposed to have a decrease of 0.3% from FY18 to FY19 due in part to saving from more efficient lighting fixtures.

26A Human Services

Human Services covers the staffing costs for the Community Services Coordinator, and the Youth Services Coordinator and its operating appropriation is proposed to increase by 36.7% as the Town assumes more of the cost of paying the salaries of these coordinators, who are partially paid from a grant by the Community Chest.

26B Senior Services

The FY19 operating appropriation for Senior Services is proposed to increase by 6.2%. The increase is due to increases in hours and wages of the Van Drivers and in wages for the Public Health Nurse and Outreach Coordinators.

26C Recreation Services

The FY19 operating appropriation for Recreation Services is proposed to increase by 32.7% as the General Fund assumes the cost of paying all of the salary of the Recreation Director, who had been partially supported by the Beede Center and Recreation Fund.

27 Harvey Wheeler Community Center

The Harvey Wheeler Community Center continues to be a great resource for the Town in providing space for the Senior Services office, as well as a meeting area for Town departments, not-for-profit groups, and private individuals. For FY19 there is a proposed 2.3% decrease in the operating appropriation.

28 Hunt Recreation Center

It is proposed that the FY19 operating appropriation for the Hunt Recreation Center decrease by 11.0% from the FY18 budgeted level since this budget no longer needs to support 105 Everett, which is no longer in use.

29 Veterans Services

The FY19 proposed operating appropriation represents a 13.8% decrease from that of FY18. This is a result of the predicted decrease in veterans' benefits costs by \$20,000 to \$75,000 needed to serve fewer eligible beneficiaries.

30 Ceremonies and Celebrations

The FY19 proposed operating appropriation represents a 17.7% increase from FY18 to \$24,124.

31 Town Employee Benefits

The proposed budget provides a total of \$100,000, with \$90,000 to cover unused sick leave buyback for some employees at retirement. This payment is restricted to non-union employees hired prior to July 1, 1992 and to uniformed Police and Fire personnel subject to the collective bargaining agreements. In all eligible cases, the benefit is capped at 62 days (65 for firefighters). This account also funds the Employee Assistance Program and certain medical costs for police and fire retirees for accidental disability expenses.

32 Reserve Fund

As budgets remain tight due to the economic situation and there are fewer resources available to cover unexpected events, the Reserve Fund appropriation becomes a crucial part of the budgeting process. By statute, this fund is to be used to meet "extraordinary or unforeseen expenditures" as approved by the Finance Committee. A funding level of \$225,000 is proposed for this purpose, unchanged from FY18.

33 Salary Reserve

The allocation in this account makes resources available for the funding of collective bargaining agreements. In addition, the account provides for a market adjustment to the pay scales and a step and merit adjustment to the salary schedules applicable to non-union employees effective July 1, 2018. Transfers from this account to the individual departmental operating accounts are reported to the Finance Committee and Select Board in accordance with the vote of Town Meeting adopting the budget article. This account is proposed to be funded at \$1,407,895 in order also to provide resources for such compensation adjustments for union and non-union staff and to provide funds for collective bargaining agreements that are not settled.

34 Land Fund

The budget is a decrease of \$5,000 at \$10,000 for FY19 and is used to facilitate the acquisition of land.

35A Group Insurance

The budget anticipates a \$574,837 increase in the appropriation required for FY19 group insurance costs supported by the General Fund. As part of the 17-member Minuteman Nashoba Health Group, the Town is self-insured for employee health coverage and the cost directly reflects actual claims experience. This amount is \$151,263 than the amount showing in the Town Manager's FY2019 Proposed Budget to account for the recently received premium renewal.

35B Other Post-Employment Benefits (OPEB)

With the FY13 budget, Other Post-Employment Benefits (OPEB) has been separated into its own line item due to the increasing importance of recognizing and funding this liability. The OPEB liability primarily consists of the present value of the Town's portion of future retiree health care cost. That is, in addition to the amount allocated to pay for the current health care cost of retirees, there is also a liability for the future health care cost for Town Government and Concord Public School retirees. This liability is referred to as the Town Government's Annual Net OPEB Obligation (NOO).

In FY19, the General Fund share of the NOO is projected to be about \$2.14 million. In an effort to fund this liability and continue the effort to catch up on past unfunded liability, it is proposed that the Town budget \$1,617,000 for this purpose, an increase of \$147,000.

35C Property & Liability Insurance

This account funds property insurance coverage for all Town-owned buildings and contents, vehicles, boilers and machinery; liability coverage for Town officials; and special risk coverage for police and fire personnel. Insurance policies cover the Concord Public Schools, the Concord-Carlisle Regional High School, 51 Walden Street (Friends of the Performing Arts in Concord - "FOPAC"), the Emerson Building ("Emerson Umbrella"), and all properties of Town departments including assets of the Town enterprises (Light, Water, Sewer, Beede Pool). For FY19, General Fund support is increased by \$25,000 to \$275,000.

36 Unemployment & Workers Compensation

An amount of \$110,000 is proposed for the Unemployment Compensation account. The Town pays only for actual claimants, not as a percent of payroll (since the minimum available "experience rating" percentage would be in excess of our actual historical costs). In addition, an amount of \$100,000 is proposed for Worker's Compensation costs; this amount funds a stop-loss reinsurance policy covering wage and other claims and the payment of miscellaneous medical expenses resulting from employee injury on the job. Coverage of unemployment and workers compensation applies to both Town and Concord Public School employees.

37 Retirement

Following the sharp economic downturn in the financial markets during the fall of 2008, assets of the Concord Retirement System have recovered from their previous peak reached in October 2007. At the most recent biennial actuarial valuation as of January 1, 2017, the revised Funding Schedule had been maintained to reach full funding status by the year 2030.

In FY19, the General Fund appropriation is projected at \$3,777,010, an increase of 3.0% from FY18 and consistent with the funding schedule. The retirement system is a "Defined Benefit" plan that provides a pension benefit based upon the highest three-year average annual covered pay and years of service (highest five years for members on and after April 2, 2012).

38 Social Security & Medicare

The General Fund cost for the Town's share of Medicare coverage is increased 1.4%, to \$787,112, reflecting both a higher payroll tax base and a higher proportion of covered payroll as employees of the Town and CPS hired prior to April 1986 retire or leave Town service. Social Security coverage applies to those Town and School employees not members of the Town's retirement system. The projected cost is \$182,503.

39 Debt Service

This item includes the appropriation for Town and CPS debt service within the levy limit and outside the levy limit (excluded debt). Most of the excluded debt is to cover the cost of construction of the three new elementary schools. For debt service, the FY19 budget proposes allocating \$7,379,514, which includes \$3,994,645 for debt service within the levy limit and \$3,384,869 for excluded debt. The excluded debt is net of the amount proposed to be contributed by the Stabilization Funds. The excluded debt to pay for the construction of the new high school is budgeted as part of the assessment from the Concord-Carlisle Regional School District.

Budget Summary: Education

Budgets proposed for the Concord Public Schools (CPS, grades K-8) and the Concord-Carlisle Regional School District (CCRSD) for FY19 are presented on page 35. Neither the CPS budget nor the CCRSD budget as currently set forth in the warrant for the spring 2017 Annual Town Meeting is consistent with the Operating Budget Guidelines agreed on and recommended by the Finance Committee on November 30, 2017 and subsequently revised upward on March 1, 2018. It is hoped that the flexibility shown by the Finance Committee in adjusting its Guidelines upward will be joined by the School Committees in the requests moved at Town Meeting.

Concord Public Schools (CPS) and Concord-Carlisle High School (CCRSD): Budget requests at both CPS and CCRSD represent percentage increases that are above last year's requested increases. Education costs at both CPS and CCRSD and the funding of the long-term liability for Other Post-Employment Benefits (OPEB) at CCRSD remains a significant component of the FY 2018 budget. With an eye toward better collaboration and more disciplined budget review, the School Committees created a Budget Subcommittee, which has met regularly since the fall. The Finance Committee has sent 4 observers to those meetings and feedback from the FinCom members is invited and welcomed. The initial work being done by this subcommittee is to compare budgetary sub-areas against those of similar towns, with an eye toward identifying best fiscal practices and seeing Concord's relationship to regional norms. That Subcommittee will issue an independent report of its findings.

Concord Public Schools (CPS)

The FY19 CPS total budget (Article 9) adopted by the School Committee at their December 12, 2017 meeting requests \$38,461,880 for net operating expenses representing an increase of 4.49% or \$1,651,769 above the current FY18 budget, as opposed to last year's more moderate increase of 3.22%, and exceeding the Finance Committee Guideline of \$38,246,895 (3.90%) by \$214,895. The CPS five-year average increase is 4.35% compared with the average increase of the overall Town and Schools operating budget covered by guidelines of 4.13%. The majority (80%) of expenses in the CPS budget are allocated to staff salary expense of which a significant portion is driven by collective bargaining agreements. Contractual salary obligations to teachers require funding this year equal to \$863,257 or a 2.35% increase. Additional increases in expenses derive from several sources. These include a large increase in Foreign Language costs, up \$271,908 (+41.5%) above the

FY18 budget which introduced K-5 Spanish and Middle School Latin. The School Committee was committed to both meeting the FinCom guideline last fiscal year AND introducing the new language initiatives, and this year's budget reflects a more realistic, albeit much more expensive, accounting for the language programs. The Integrated Pre-school growth continues to outpace general CPS operating cost growth, advancing over FY18 budget by 19.11%. Budgeted at \$672,835 two years ago in FY17, this year's budget anticipates costs of \$1,139,131. The Finance Committee sets its Guidelines with attention to the cumulative impact of operating budget increases in setting subsequent years' baselines and the related rise in property tax assessments on Concord taxpayers.

Student enrollment is projected to be relatively stable through FY2024. This year the K - 8 population remained stable 2,088, with minor shifts among the schools in the system.

Special Education costs are up dramatically from FY18. While Middle School SPED costs will rise a modest .81%, K-5 costs are budgeted to rise \$762,337 (15.58%) along with the 19.11% (\$182,864) increase in the Pre-K program mentioned above. Provision of Special Education services for students attending Concord schools and Concord students with out-of-district placements are statutorily mandated. The budget also includes new FTE headcount at Willard to establish a specialized program for a particular cohort of special needs individuals. The School Committee and Administration argue that absorbing costs such as the pre-k and Willard programs are cost-effective responses to the alternative, which may involve private, out of district placements for individual students. In general, Special Education costs that exceed certain thresholds for a particular fiscal year receive some reimbursement on a rolling basis in the following fiscal year from State Circuit Breaker aid. This budget year, several special circumstances exist which will prevent Concord from being able to fully utilize all the usual reimbursement tools available from the State. The cost of special education is difficult to predict and can vary widely depending upon the needs of students, especially those who are medically fragile. Costs for special education remain volatile, particularly when new previously unidentified cases move into the community. In addition, costs can migrate from the CPS budget to the CCRSD budget as students progress through their school careers.

The new Superintendent, Dr. Laurie Hunter, has worked hard and creatively to identify and reign in spending growth. In her first year, she has introduced, with School Committee approval, an early retirement buy-out program for teachers, as a means of lowering the percentage of teachers at the maximum step of the collective bargaining salary scales. Savings of \$160,000 have been achieved through this creative approach. Additional savings in the CPS budget include anticipated reductions in tutor and substitute budgets, reductions in supplies and materials budgets from 2017 levels, and a 1 year deferral of scheduled computer refreshes (and some subscription curriculum software) at each of the elementary schools.

In the case of the CPS budget, costs for debt service, OPEB (Other Post-Employment Benefits), pensions, group insurance, and Medicare premiums are part of the Town budget and are outside of operating budget considered by the Guideline process.

In addition to the operating budget appropriation, this year the Concord School Committee is requesting a Supplemental Appropriation (Article 10) to cover shortfalls in last year's FY2018 CPS appropriation due to unforeseen increased expenses. A higher than budgeted need for Special Education support at the Concord Integrated Pre-school and unanticipated special needs move-ins at the beginning of the school year are major reasons for placing this Article on the Warrant. As of the publication of the Town Meeting Warrant, the amount

requested for the Supplemental Appropriation is \$400,000 to be disbursed through the Town's Reserve Fund. It is hoped that this amount may be reduced if the article is moved at Town Meeting.

The capital budget for Concord Public School Renovations (Article 11) requests \$900,000 funded by debt within the levy limit as part of the Town Manager's Five Year Capital Plan. This year continues with phase 2 funding (\$220,000) for a major redesign of the Thoreau front sidewalks and bus loop. The goal of the project is to improve safety and traffic flow. The Willard playing fields and the integrated septic fields require a significant re-build due to inadequate drainage of the septic system during cold winter months (\$200,000). The STEAM lab, a workshop space at the Ripley building, for dedicated 'maker' project tools (robotics, 3D printers, etc) requires a second round of renovation funding to construct the elements which are part of the initial vision for this lab (\$230,000). Other smaller maintenance items round out the appropriation request.

Long-term CPS Projects: Under a previous FY2017 appropriation, a study was completed to make an assessment of the Concord Middle School buildings, the Sanborn School and the Peabody School. Using this report and projected financial analysis of the buildings, a Statement of Interest Form was submitted to the Massachusetts School Building Authority (MSBA), as the first step in a multi-year process, for a share of capital funding for replacement, renovation or modernization of school facility systems, or replacement of or addition to obsolete buildings. Concord's project was not accepted into the program in 2017, and the School Committee will re-submit its application in 2018 for reconsideration.

Proposed FY19 Education Budgets					
				<i>FY18 to FY19 at School Committee proposed</i>	
	Adopted	Proposed FY19 Budget			
Concord Public Schools	FY18 Budget	School Committee	Finance Committee	\$ Change	% Change
Program Area					
Regular Education	\$ 22,653,574	\$ 23,382,053		\$ 728,479	3.22%
Special Education	8,099,241	8,949,442	Difference: \$214,985	850,201	10.50%
Administrative Support	2,448,554	2,485,344		36,790	1.50%
Operations	3,545,286	3,580,122		34,836	0.98%
Fixed Costs	63,456	64,919		1,463	2.31%
Total	\$ 36,810,111	\$ 38,461,880	\$ 38,246,895	\$ 1,651,769	4.49%
	Adopted	Proposed FY19 Budget			
Concord-Carlisle High School	FY18 Budget	School Committee	Finance Committee	\$ Change	% Change
Program Area					
Regular Education	\$ 13,891,490	\$ 14,320,240		\$ 428,750	3.09%
Special Education	5,471,114	5,921,410	Difference: \$397,324	450,296	8.23%
Administrative Support	1,599,099	1,566,968		(32,131)	-2.01%
Operations	3,567,526	3,676,217		108,691	3.05%
Fixed Costs	3,513,270	3,772,546		259,276	7.38%
Operations	\$ 28,042,499	\$ 29,257,381	\$ -	\$ 1,214,882	4.33%
Debt Service:					
debt reimbursed by state aid	\$ -				
debt paid from prior reserves	\$ -				
debt exclusion assessed	4,984,609	4,647,700			
	\$ 4,984,609	\$ 4,647,700	\$ -	\$ (336,909)	-6.8%
Total	\$ 33,027,108	\$ 33,905,081	\$ 33,905,081	\$ 877,973	2.66%
Financing Sources					
State aid	\$ 2,843,952	\$ 2,822,304		\$ (21,648)	-0.76%
District funds	800,499	535,000		(265,499)	
Debt Service Reserve	162				
Assessments	29,382,495	30,547,777		1,165,282	3.97%
Concord assessment ratio	73.51%	75.46%			
Operating Assessment	\$ 17,935,005	\$ 19,544,198	\$ 19,146,874	\$ 1,609,194	8.97%
Debt Service, Non-Exempt	\$ 102,583	\$ 102,809	\$ 102,809		
Debt Service, Exempt	3,561,484	3,404,345	3,404,345	(157,140)	
TOTAL	\$ 21,599,072	\$ 23,051,352	\$ 22,654,028	\$ 1,452,054	6.72%
Carlisle assessment ratio	26.49%	24.54%			
Operating Assessment	\$ 6,463,043	\$ 6,355,879		\$ (107,164)	-1.66%
Debt Service, Exempt	1,320,380	1,140,546		(179,834)	
TOTAL	\$ 7,783,423	\$ 7,496,425		\$ (286,998)	-3.69%

Concord Carlisle Regional School District (CCRSB)

The Concord assessment for the FY19 CCRSD total budget request (Article 12), as published in the Town Meeting Warrant is \$23,051,352 including \$3,507,154 assessment for debt, primarily related to the high school building. Subtracting the debt assessment results in a net operating budget assessment of \$19,544,198, which exceeds the Finance Committee Guideline of \$19,146,874 as of March 1, 2018. It is hoped that the flexibility shown by the Finance Committee in adjusting its Guidelines upward at its March 1st meeting will be joined by the School Committee in the request it moves at Town Meeting.

For both towns combined, the total budget request in the Warrant is \$33,905,081 including a fixed amount of \$4,647,700 in debt service resulting in a net operating budget of \$29,257,381, \$526,536 over the total Guideline budget. Concord will be assessed at the rate of 75.46% of the total approved at Town Meeting. In FY18, Concord's assessment was 73.51%. The combination of an increasing District budget, and the increase in Concord's relative share of that budget result in a 'double whammy' which compounds the effect of the District's budget increase for Concord taxpayers.

If the Guideline assessment is adopted, the assessment increase, including debt service, will be 6.76% over the FY18 assessment. Granting the full budget request printed in the Warrant results in an assessment increase of 8.97%. Almost all of the debt is excluded from the Proposition 2 ½ limits on the property tax levy as a result of prior ballot votes in both Concord and Carlisle. The FY2019 guideline assumes \$275,000 in funding from the High School Debt Stabilization fund created by the Town to help offset Concord's share of the levy for excluded debt of CCRSD and has been an important tool in limiting the initial impact of the debt service expense on Concord taxpayers. The annual financing cost for the debt repayment will represent 3.53% of Concord's tax bill in FY2019, with the debt fully repaid by 2038. The full District budget request, not including debt service (the operating budget) is an increase of 4.33%. The five- year operating budget average increase is 3.47% through FY18.

Unlike the Town, Other Post-Employment Benefits ("OPEB", generally health benefits for retirees), pension, and medical insurance costs for CCRSD are included in the net operating budget as they are assessed to the towns as part of the budget appropriation. The FY18 OPEB budget was expected to meet Annual Required Contribution (ARC) to be on schedule to fund the outstanding liability on a 30-year timeline with a planned \$800,000 contribution in FY19, however the challenging budget season this year has caused the District to scale back its OPEB funding level to \$600,000, which is below the ARC on the 30 year schedule. The Finance Committee continues to encourage the District to make strong efforts to budget for OPEB contributions which meet the Required Contributions of the schedule. Failure to make actuarially responsible efforts to reduce this outstanding liability may, if they continue, impact both the District and Town bond ratings due to the perception on the part of the rating agencies that the District lacks the commitment to meet its outstanding obligations.

Within the District budget itself, the SPED costs are up 13.66% (\$652,584). Total Salary increases are \$896,689, or 73% of the total budget increase requested by the School Committee. Beyond those basics, the budget changes involve modest shifts among accounts. Reductions in OPEB and Contingency accounts from prior year budgets provide relief totaling \$329,524, and an advantageous year in SPED transportation needs allows for a reduction in that account from FY18 of \$202,287.

The primary cost driver in this year's CCRSD assessment to Concord is the shift in responsibility for the District budget to from 73.51% to 75.46%. All else held equal, this percentage shift represents nearly \$500,000 in additional assessment responsibility flowing to Concord. The population at the high school is remaining very stable, varying by only 3-4 students from last year through next year's projection. The mix is shifting toward

Concord and the trend is anticipated to continue for several years. Concord's share of the CCRSD budget each year is driven by enrollment on the October 1st preceding the July 1 start of the budget year. Projections for future student enrollment are prepared annually by the New England School Development Council (NESDEC) and are included in the CCRSD FY19 Budget Book.

The CCRSD Capital Projects (Article 13) seeks \$1,000,000 to make improvements to the ring road from Thoreau, in front of the Beede Center and then out onto Walden St. This road was heavily used by construction vehicles during construction, and repaving is overdue. Also, lighting along this stretch was disconnected and not replaced following the construction project. The District is also exploring the possibility of building additional parking to alleviate daily stresses on the students and staff due to all available spaces being occupied. The Finance Committee works collaboratively with its colleagues on the school committees and in the School administration and Town management. It will continue to strive to balance the need to preserve affordability of the community for a diverse population with the need for increased spending and appropriate resource allocation to provide a quality educational experience for Concord's students and families and for maintenance of a high quality of Town services.

Minuteman Career and Technical High School

Concord's current yearly assessment for the regional Minuteman Career and Technical High School budget (**Article 8**) is \$742,649, including \$595,752 for Operations and \$146,887 for Debt Service.

Since its formation in 1970, Concord has been a member of the Minuteman Career and Technical High School District. As a member, the Town has benefitted by being able to offer Concord students an alternative to the Concord-Carlisle Regional High School that broadens the students' educational experience to include the development of vocational and technical skills along with academics. State law requires that vocational-technical education be made available to all students, either directly through the municipality's high school or through a regional district such as Minuteman. Vocational-technical education is defined in the law (MGL Chapter 74, §1) as an education program offering courses "designed to educate and prepare students for both employment and continuing academic and occupational preparation."

Minuteman's mission is to collaborate with parents, communities and business leaders to serve a diverse student body with multiple learning styles. Through a challenging, integrated curriculum, students develop the academic, vocational and technical skills necessary to be productive members of a global community. Minuteman promotes lifelong learning that fosters personal and professional development, in a safe and respectful environment. Minuteman has remained committed to preparing all students for success. Minuteman is in urgent need of upgrading its facility.

The Minuteman Regional High School District Fiscal Year 2019 (FY19) Budget represents the last budget while in the current school building. The strategy in developing this budget is to continue to deliver a rigorous academic curriculum and a high quality vocational technical program in a safe and healthy environment. Simultaneously being attentive to the needs as the move into the new building beginning in Spring 2019 is made. As of this time, the project continues to proceed on time and on budget, and planning has already begun in anticipation of opening the building for staff and students in August 2019. The district is now in its third year of its strategic enrollment and retention program focused on communicating to students and families the value and opportunities that high quality vocational and technical education provides. FY18 was the first school year operating as a ten-member town school district under new state regulations restricting the ability of interested

nonresident students to explore Minuteman programs. Despite these challenges, the ninth grade class of 145 students was the highest in three years. Further, the member town freshmen enrollment of 101 students (from 10 towns) is the highest since 119 freshmen enrolled from the 16-member town district in 2013. Exclusive of the building project debt service, the proposed budget is \$693,102 over FY18, an increase of 3.78%. Assessments to member towns (excluding school project debt) are increasing by 7.4% due primarily to a decrease in the certified excess and deficiency (E&D) account and the proposed budget increase. The district will be recommending an increase in the nonresident student special education increment fee from \$4,500 to \$5,500 per student next school year, with the revenue collected being applied as prior year tuition revenue to the FY20 budget. The post-graduate program tuition rate is being increased from \$6,750 per course to \$7,600 effective Fall 2018 to support students seeking “gap year” including skills training. Member towns are assessed 50% of the tuition for those post graduate students residing in their towns. The Multi-Media Engineering program will begin in FY19, and the budget supports a staff position increase from .5 FTE to 1.0 FTE. The budget also includes funding for one teaching position to support the Minuteman 101 course, and for the Data Specialist position added during the FY18 school year. Two positions are eliminated next year, with an administrative position becoming vacant due to retirement which will not be filled, and the reduction of one vocational-technical instructor position with the scheduled closure of the Telecommunications program. The salary accounts fully fund the second year of the collective bargaining agreement with the Minuteman Faculty Association and provides anticipated salary adjustments for non-union employees. For a number of years the Minuteman Regional School Committee has been addressing the needs of its existing building in order to meet updated codes and academic suitability, as well as deficiencies in the condition of the building. Working with the Massachusetts School Building Authority (MSBA) plans have were developed and a commitment of roughly \$44 million in state money to help finance the project was made.

The Stabilization account contribution will be \$300,000 in FY19, which will bring the total in the Stabilization Fund to about \$755,000. Funding this account it critical to purchase furniture, equipment or other related capital equipment that cannot be supported within the MSBA allocations for FFE within the construction project account. Approximately 10% of the utility costs are supported through the facilities revolving account. This budget proposes that support be increased to 20%. This recommendation comes after closely reviewing facility rental patterns, revenue and expenses. The snow removal account is increased \$10,000 based on increased costs. Health insurance costs are expected to rise 4% next year resulting in an increase of \$175,000. There is \$20,000 budgeted for furniture to buy on an “as needed” basis, and \$50,000 for vocational instructional equipment to be spent only if equipment needs to be replaced next year due to disrepair, safety issues, or obsolescence. Minuteman continues to receive positive bond rating reviews by S&P Global Ratings. With the most recent rating in August 2017 related to the \$36 million bond sale, S&P assigned the Minuteman District a long-term rating of “AA/Stable”, citing strong wealth and income indicators, an economy that benefits from access to Boston’s broad area, consistent operating performance, strong financial flexibility, and adequate debt. The proposed FY19 budget includes debt service associated to meet the cash flow requirements of our construction project. The FY18 budget included one semi-annual interest payment for the first bond sale of \$36 million. The district is scheduled to issue the second of three bonds in the Fall of 2018 estimated to be about \$46 million. To fund this debt service, the assessment will increase by \$1,467,559 in the FY19 budget. Six of the nine-member towns supporting the project (Arlington, Bolton, Concord, Dover, Lancaster, and Stow) voted a Proposition 2 ½ debt exclusion override to fund their assessment share of the project. The district is unable to collect capital fees from nonresident students in FY19 to offset the debt assessment to member towns, because the fee does not take effect until the school year when the new building is occupied.

Concord’s share of the debt repayment on approximately \$100 million – the projected local share of the project cost, bonded over 25 to 30 years will vary each year based on future enrollment. It is estimated that the annual debt service cost to Concord, once the project has been fully permanently financed, would be in the range of

\$250,000. This represents about a quarter of one percent on the tax bill, or about \$33 per year on the current median single family residential property valued at \$838,900.

Concord's Operating Assessment share will decrease by \$3,387 to \$595,792 (Article 8). Additionally, the Town will also be assessed an additional amount of \$146,887 for debt service. Concord's Assessment is based upon a formula which uses a rolling 4-year average. For the upcoming school year, the assessment is based upon 15.75 students.

Community Preservation Act

The Community Preservation Act (CPA) was adopted by the Commonwealth in 2000 to assist Massachusetts communities in the preservation of open space and historic sites and to create affordable housing and recreational facilities. It allows a local surcharge on property tax bills of up to 3%. Local funds are supplemented by a state match received once annually. Initially and through October 2007, the state match was 100% of the prior year's local surcharge but in the past seven years has averaged about 20%. The CPA Fund may be used in four categories of expenditure:

1. to acquire, create and preserve open space;
2. to acquire and preserve historic resources;
3. to create, preserve and support community housing;
4. to acquire, create, preserve, rehabilitate, and restore land for recreational use.

Under the law, a minimum of 10% of revenues must be appropriated or reserved each year for each of three primary purposes: open space, community housing and historic preservation.

Concord's 2004 Annual Town Meeting enacted a 1.5% surcharge on property tax bills (Article 34), approved by 59% of more than 9,000 voters who cast ballots on the question at the polls in November 2004. The surcharge allows an exemption to residential property owned and occupied by any person who qualifies for (1) moderate or low-income housing (earning less than 80% of area median income) or (2) moderate or low-income senior housing (earning less than 100% of area median income and 60 years of age or older). For FY17, 31 exemption applications were granted by the Board of Assessors. The Concord vote also provides for exemption of the first \$100,000 of taxable assessed value before calculation of the surcharge.

The State matching funds are derived from a surcharge on Registry of Deeds' fees on property transactions and mortgage refinancing activity. Declines in fees collected during the economic downturn and a coincident increase in the number of cities and towns that have adopted the CPA surcharge (now at 172) has resulted in a reduction in the State match of the local surcharge. Through November 2017, \$5.135 million has been received into the fund from State distributions. The percentage match in future years is expected to fall to between 5% and 10%. This year the Community Preservation Committee discussed whether to raise the enacted surcharge to the maximum of 3%. The Finance Committee did not encourage this and therefore no further action was taken. There is continued debate within The Finance Committee about whether the Town of Concord should continue to participate in the program since the matching funds have declined significantly. The majority of the projects that the CPC funds are town related and as such, there is discussion about whether Concord's participation in the CPC should cease with projects being included in the Town's capital project budget instead. At the same time, there is recognition from The Finance Committee that many of the projects which the CPC does fund would not ever make it onto the Town's capital budget and therefore would likely not get completed.

Since its inception, The CPC has appropriated and spent over \$17 Million dollars on projects which benefit the community as a whole.

The Community Preservation Committee (CPC) is charged with the task of “studying the needs, possibilities and resources of the Town regarding community preservation.” The Committee prepares an annual Community Preservation Plan. The Committee receives information from the Town’s boards, commissions and officials, as well as information from other Town Planning documents, including the Comprehensive Long Range Plan. The Plan is available on the Town of Concord website, www.concordma.gov, at the Town libraries, and at the Planning Department, 141 Keyes Road.

Through the 2017 Town Meeting, \$17.919 million has been appropriated for CPA projects in the following categories:

- Historic Preservation 39%
- Open Space 16%
- Recreation 20%
- Community Housing 23%
- Administration 2%

Recommendations for 2018 Town Meeting, Article 26

The CPC is proposing \$1,861,038 of project appropriations for 12 specific projects and \$30,000 to cover direct administrative costs. Of this amount, \$1,484,038 will be appropriated from projected FY19 fund revenues and \$377,000 will be appropriated from the prior year available fund balance. The single largest proposed allocation is \$500,000 which will be used to match the \$2.5M requested under Article 25, which seeks authorization to purchase the property at 369 Commonwealth Avenue. The proposed allocation of FY19 projected fund revenues meets the minimum requirements:

- 20.96% will support historic preservation;
- 20.13% will support open space;
- 26.43% will support community housing;
- 30.88% will support recreation; and
- 1.61% will support administration.

In accordance with state law, Town Meeting may affirm, reject or reduce the allocation for any project recommended by the CPC, but may not increase an allocation and may not add a project not already put forward by the CPC.

The Finance Committee recommends Affirmative Action on Article 26 as proposed by the Community Preservation Committee.

Appropriations (by Fund Year):	FY15	FY16	FY17	FY18	Proposed FY19
Housing	\$ 267,500	\$ 341,061	\$ 220,000	\$ 134,000	\$ 491,838
Historic Preservation	\$ 133,782	\$ 220,180	\$ 320,823	\$ 686,000	\$ 390,000
Open Space	\$ 182,520	\$ 130,000	\$ 160,683	\$ 135,670	\$ 374,600
Recreation	\$ 634,198	\$ 531,759	\$ 328,494	\$ 160,670	\$ 574,600
Undesignated Land Acquisition	\$ -	\$ -	\$ 250,000	\$ 180,000	\$ -
Administration	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
total:	\$ 1,248,000	\$ 1,253,000	\$ 1,310,000	\$ 1,326,340	\$ 1,861,038
10% of surcharge and state match:	\$ 124,800	\$ 125,300	\$ 131,000	\$ 132,634	\$ 186,104
(minimum amount that must be allocated to Housing, Historic Preservation, Open Space)					

PROPOSITION "2 & 1/2"

The "levy limit" explained

Proposition 2 1/2 refers to an initiative statute adopted by the voters of the Commonwealth in November 1980. Its purpose was to restrict the increase of the property tax levy. It limits the amount by which the taxing capacity of the Town is allowed to increase each year. The allowed growth is 2.5 percent of the prior year's levy limit. For FY19, this allowed increase in the limit will be \$2,137,276 (which is 2.5% of the FY18 levy limit, \$85,491,022).

Added to the levy limit computation is the levy increase attributable to New Growth. This represents additions to the base of taxable property, typically as a result of new construction, renovation and minor alterations, or change of use. Permitting the levy limit to be adjusted by new growth recognizes the fact that development creates pressures on Town services over the long term.

The assessment date for each tax year is January 1. The 2001 Annual Town Meeting adopted a state law allowing the physical improvements existing on property through each June 30 to be assessed with the taxable roll of the preceding January 1. Thus, new growth forecasted for FY19 is based on the activity of the current 12-month fiscal year ending June 30, 2018. The budget estimate is \$1,025,000, equivalent to about 1.12% of the FY19 total property tax levy.

Total growth of the levy limit is therefore attributable to two factors, one which is fixed (+2.5% per year) and one which is variable and subject to economic conditions. The total projected increase in the FY19 levy limit is \$3,827,286.

Additionally, the FY19 permitted tax levy will increase due to the added cost of debt service already approved by voters at the ballot box in prior years. The FY19 tax levy increase for excluded debt service, excluded from the levy limit is \$90,836. This is net of the proposed allocation from the High School Debt Stabilization Fund (\$275,000).

The property tax levy required to fund the Budget at the FinCom Guideline level is projected to be under the FY19 levy limit by \$3,493,782, a 3.94% margin, based upon current projections of other revenues and available resources.

Levy Limit History											
	Adjustments, prior years new growth	Allowed 2.5% increase in LL	New growth	Operating Override voted	Total allowed change in LL	NEW GROWTH measures		Levy Limit	actual or projected levy	Unused Levy Limit	Unused as % of LL
						as % of total LL change	as % of prior limit				
FY15	\$2,462	\$1,822,049	\$835,499		\$2,660,010	31.41%	1.15%	\$75,539,516	\$71,897,151	\$3,642,365	4.82%
FY16		\$1,888,488	\$1,284,004		\$3,172,492	40.47%	1.70%	\$78,712,008	\$75,508,265	\$3,203,743	4.07%
FY17	\$23,518	\$1,968,388	\$1,412,859		\$3,381,247	41.79%	1.79%	\$82,116,773	\$77,784,021	\$4,332,752	5.28%
FY18	\$0	\$2,052,919	\$1,321,330		\$3,374,249	39.16%	1.61%	\$85,491,022	\$81,423,066	\$4,067,956	4.76%
FY19 FinCom		\$2,137,276	\$1,025,000		\$3,162,276	32.41%	1.16%	\$88,653,298	\$85,159,516	\$3,493,782	3.94%
FY19 Request	\$0	\$2,137,276	\$1,025,000		\$3,162,276	32.41%	1.16%	\$88,653,298	\$85,771,597	\$2,881,701	3.25%

Overriding the Levy Limit

Once at the annual levy limit, the Town may exceed this limit only with a majority vote at town-wide special or regularly scheduled election, though Town Meeting must still appropriate the associated expenditures. Voters approved operating overrides for the Town government accounts and the schools for six consecutive years concluding with FY07 (ballot vote of June 6, 2006):

FY02 budget: \$2,249,022

FY04 budget: \$1,532,364

FY06 budget: \$752,480

FY03 budget: \$1,478,773

FY05 budget: \$1,858,160

FY07 budget: \$657,538

Sixteen- (16) debt exclusion questions have also been approved by the voters since 1980 (see the section EXCLUDED DEBT). The most recent approval was a ballot in November 2011 for the construction of a new \$92.5 million Concord-Carlisle High School. The total debt exclusion tax levy for FY19, inclusive of the CCRSD debt assessment, is budgeted at \$6,474,827 (about 7.07% of the total projected tax levy). This is net of the proposed \$275,000 allocation from the Town's High School Debt Stabilization Fund. The major portion of this sum, \$2,993,670, about 3.27% of the projected tax bill, is the FY19 property tax share of debt service cost on long-term bonds issued for the Alcott, Thoreau and Willard elementary school projects. Between September 2004 and May 2011, a total of \$53,330,000 was issued as long-term debt to finance the construction of the three elementary school buildings. As of June 30, 2017, \$30,798,000 of this debt has been repaid, 57.75% of the total.

FORMS OF OVERRIDES

The Town Meeting does not vote on overrides, or specify the ballot questions. By state law, overrides, capital outlay and debt exclusions are voted upon only at a town-wide election and require a simple majority vote for approval. State law gives the Select Board the sole authority to determine and specify the ballot questions. The Town Meeting's responsibility is to adopt budgets, and, when necessary, to specify whether and how much of an appropriation is to be contingent upon override or exclusion approval by the town-wide electorate.

Override votes may precede or follow Town Meeting action. A General Override or Capital Exclusion vote will show the amount of the override in the wording of the ballot question. A Debt Exclusion cannot, by state law, show the amount of the debt, but rather can only refer to the debt authorized or to be authorized by a vote of Town Meeting. Authorization of Town debt by the issuance of bonds requires a two-thirds vote in a specified amount at Town Meeting. There are several permitted forms of a vote to exceed the annual levy limit:

GENERAL OVERRIDE

A majority vote of the Select Board (3 of 5) is required to place this question on a ballot. The dollar amount of the levy limit increase must be specified and, if approved, the vote permanently increases the limit. The question can be posed with respect to the total budget or by identifying allocations to specific departments.

CAPITAL OUTLAY EXCLUSION

A two-thirds vote of the Select Board (4 of 5) is required to place this question on a ballot. If approved, the dollar amount of the override is effective for one year only. This form of vote can be used to authorize a capital purchase in lieu of a borrowing authorization. It can only be used for an expense that qualifies, under state law, for debt issuance authorization by the Town Meeting.

DEBT EXCLUSION

A two-thirds vote of the Select Board (4 of 5) is required to place this question on a ballot. If approved, the override is effective only for the duration of the specified loan. The annual debt service amount (principal and interest payment) is added to the otherwise permitted annual levy limit.

Debt Management

Prudent use of debt financing is an important part of the Town's overall fiscal planning. The central objective of any debt management approach is to borrow at the least cost over the term of repayment of the debt. Pursuit of this objective requires clear strategies regarding the purposes of the borrowing, when to schedule debt-financed projects, and how long to stretch out the repayment. Borrowing is a means of distributing part of a current capital cost to future taxpayers, and therefore should be utilized only when such cost allocation is deemed equitable and the long-term interest costs do not outweigh other benefits.

All debt of the Town is issued as general obligation debt. This means that the full faith and credit of the Town - its promise to repay from any source - is pledged to the bondholder. Debt issued on behalf of the Town's enterprise operations (water, sewer, light) is, however, fully supported by the revenues of the respective enterprise when this is stipulated by the authorizing vote of Town Meeting. The basic rules of debt issuance are set forth in the General Laws of the Commonwealth. Municipalities have no independent authority to develop their own rules or innovations.

Capital financing and debt management policy for Town debt supported by taxation within the levy limit is subject to the following guidelines:

- the total budget allocation for capital needs should be in the range of 7% to 8% of the total budget (town and K-8 schools);
- approximately one-third of capital needs should be met from current resources; the repayment of principal and interest, together with related issuance costs and short-term financing costs (i.e. debt service) should be capped at approximately 5% of the total budget;
- a rapid debt repayment schedule should be maintained, with a goal of 60% principal repayment within five years and 90% repayment within ten years.

These guidelines are modified for major projects supported by debt exclusion votes. The guidelines for debt to be financed within the levy limit serve several important purposes:

- capital needs are not displaced by the fiscal demands of current operations;
- the Town's approach to borrowing decisions is disciplined;
- the amount of debt service dollars expended for interest cost is minimized; about 16.6% of total FY19 debt service for long-term debt repayment will be expended for interest;
- the capacity to address ongoing capital needs is quickly and continuously restored.

Revenue-supported debt (water, sewer, light) is subject to different guidelines that consider the useful life of the project and the current interest rates in the marketplace (generally, debt issued for longer periods bears a higher interest rate).

On June 1, 2017, in connection with the Town’s most recent long-term bond issue, Moody's Investors Service reaffirmed the Town's credit rating of Aaa, its highest rating category. The rating report may be viewed on the Town’s website at concordma.gov. The Aaa rating had first been obtained in November 1987. The Town's credit rating is a measure of its overall fiscal health.

The benefit of a strong credit rating is realized in lower interest costs on the Town's long-term debt issues. Thus, to the extent that the Town plans to borrow in support of its future capital needs, a strong credit rating is a benefit to the taxpayers.

Excluded Debt

FY19 gross debt service on all excluded debt authorized is projected to be \$6,936,101, as follows:

\$3,384,869	Town Departments, including Concord Public Schools
\$3,404,345	Concord-Carlisle Regional Schools District, Concord’s Share
\$ 146,887	Minuteman Career and Technical High School, Concord’s Share

This amount is offset by a transfer of \$275,000 from the *High School Debt Stabilization Fund* (Article 29) and a transfer from the Exempt Debt Service Reserve in the amount of \$186,274. The balance, or \$6,474,827, is the net excluded debt which will be levied. This amount represents 6.09% of the total tax levy.

The major portion of the Town debt is for the three elementary school projects. The FY19 tax levy will include \$2,993,670 for Alcott, Thoreau and Willard School projects.

The following is a summary of the debt exclusion authorizations for which debt service is included in the FY19 budget.

Alcott School (2002) – \$9,365,000 issued, final payment in FY25

On June 19, 2002, voters approved excluding the debt for construction of the new Alcott School, a \$16.7 million authorization approved at the 2002 Annual Town Meeting. The ballot vote was 2,208 to 1,477. The design and construction portion of this authorization, about \$14.2 million, was audited by the state in the summer of 2006 and received a lump-sum state grant of \$7.2 million in September 2006. A 20-year bond for \$7 million, representing the major portion of our anticipated local share for the construction phase, was issued in September 2004 at a favorable 3.7% interest rate. The second phase of work, demolition of the original building and site work, commenced in the summer of 2006 following the relocation of Thoreau students to their new school building after two years in temporary residence at the old Alcott School. No further state grant was earned for Phase 2 of the Alcott project. A 15-year bond for \$2.35 million was issued in February 2007 at a rate of 3.87%. A one-year bond for \$15,000 was issued in March 2009 at a rate of 1.17%. In May 2016, the Town called the remainder of the 2007 bonds (\$737,400) and reissued new debt at a rate of 0.8915%.

Tax Levy for Excluded Debt									
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Final
<i>Debt Issued:</i>	BUDGET	BUDGET	BUDGET	PROJECTED					Fiscal Yr
Concord-Carlisle H.S.	3,514,429	3,666,016	\$3,701,479	\$3,404,345	\$3,299,171	\$3,208,335	\$3,079,770	\$3,008,350	2038
Harvey Wheeler Building	103,694								2016
Alcott School	638,667	624,369	603,253	573,280	553,215	530,320	512,068	347,850	2025
Thoreau School	1,234,619	1,196,325	729,439	645,630	605,695	569,365	534,068	498,310	2026
Willard School	2,128,091	2,088,247	2,033,958	1,774,760	1,712,485	1,667,705	1,622,285	1,577,025	2029
Minuteman Regional				146,887	146,887	146,887	146,887	146,887	
Wastewater Plan, Phase 1	101,212	101,089	100,863	99,794	99,794	99,794	99,794	99,794	2026
subtotal	\$7,720,712	\$7,676,046	\$7,168,992	\$6,644,696	\$6,417,247	\$6,222,406	\$5,994,871	\$5,678,216	
Bus Depot				292,500	285,480	278,460	271,440	264,420	2028
CCHS not yet issued:									
New CCHS		0	0						
Landfill remediation		0	0		117,718	115,001	112,284	109,568	
		\$7,676,046	\$7,168,992	\$6,937,196	\$6,820,445	\$6,615,867	\$6,378,595	\$6,052,204	
Less: Bond Premium				(1,095)					
Less: Exempt Debt Reserve				(186,274)	0	0	0	0	
Less: HS Stabilization Fund	(1,500,000)	(1,000,000)	(785,000)	(275,000)	0	0	0	0	
Less: MSBA Thoreau grant	(409,878)	(409,878)	0	0	0	0	0	0	
NET from property tax levy	\$5,810,834	\$6,266,168	\$6,383,992	\$6,474,827	\$6,820,445	\$6,615,867	\$6,378,595	\$6,052,204	

Thoreau School (2004) – \$16,940,000 issued, final payment in FY25

On June 8, 2004, voters approved excluding the debt for new construction and reconstruction (1994 wing) of the Thoreau School, a \$16.8 million authorization approved at the 2004 Annual Town Meeting. The ballot vote was 3,421 to 1,899. A further \$350,000 was authorized by Town Meeting vote in April 2006. An 18-year bond for \$10 million was issued in September 2006 at a favorable 3.85% interest rate. An 18-year bond for \$6.8 million was issued in September 2007 at a 3.99% rate. A 3-year bond for \$140,000 was issued in March 2009 at a 1.49% rate, completing the Thoreau School permanent financing. In May 2015, the Town called the remaining portion of the 2006 bonds (\$1,201,500) and reissued new debt at a rate of 1.449%. In May 2016, the Town called the remaining portion of the 2007 bonds (\$2,804,400) and reissued new debt at a rate of 1.177%.

Wastewater Management Plan, Phase 1 (2004) – final payment in FY26

On June 8, 2004, voters approved excluding the debt for construction of sewer system extensions in the West Concord and Elm Brook neighborhoods. The ballot vote was 3,392 to 1,851. A debt authorization of \$4,190,000 was approved by the 2004 Annual Town Meeting, the debt to be issued through the state Water Pollution Abatement Trust at a subsidized interest rate of 2%. The Town meeting voted to allocate this debt among the General Fund, the Sewer Fund and betterments. The property tax share of the debt is approximately \$1,640,000. The debt was executed with the State in November 2005 and principal repayment commenced on a 20-year schedule beginning July 2006.

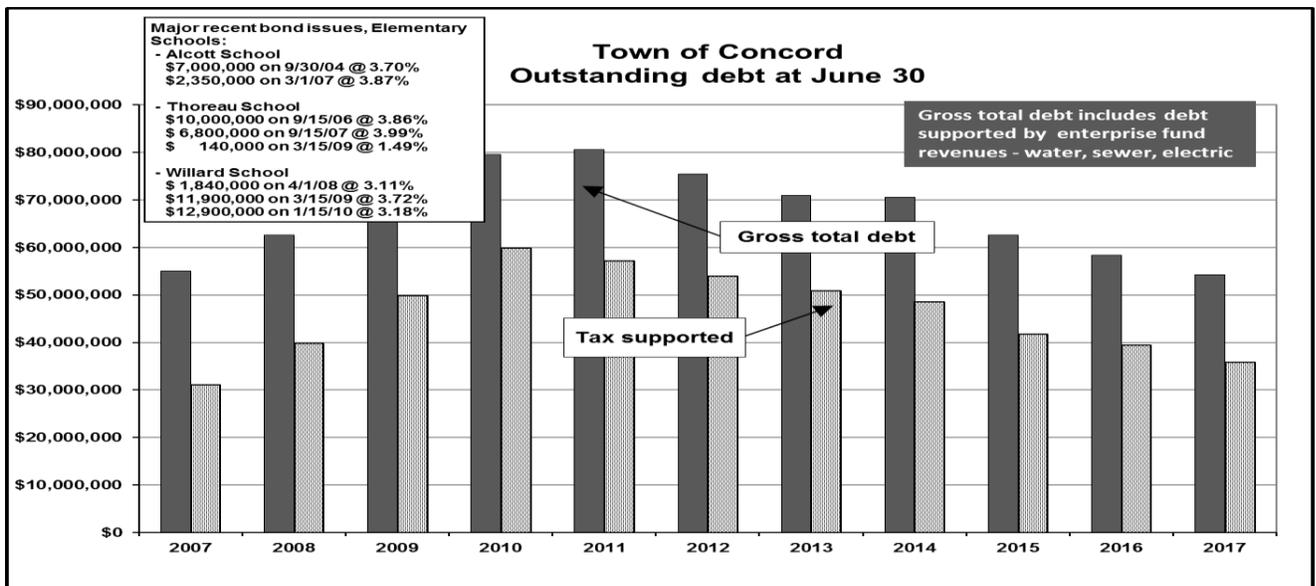
Willard School construction (2007) – \$25,175,000 issued, final payment in FY28

On November 14, 2007, voters approved \$29.4 million for construction of a new Willard Elementary School, by a vote of 2,160 to 1,200. The project is scheduled for fall 2009 completion. A 19-year bond was issued for \$11.9 million in March 2009 at a 3.72% interest rate. A second 19-year bond was issued for \$12.9 million in January 2010 at a 3.18% interest rate. A 4-year bond was issued for \$375,000 in May 2011 at a 1.06% rate, completing the Willard permanent financing. In June 2017, the Town called the remaining portion of the 2007 bonds (\$5,389,000) and reissued the new debt at a rate of 1.635%.

Concord-Carlisle High School (2010 and 2011)

On June 8, 2010, voters approved a debt exclusion for Concord’s share of \$1,300,000 for a feasibility study and schematic design of a renovated or new CCHS building. The ballot vote was 1,809 to 450.

On November 15, 2011, voters approved a debt exclusion for Concord’s share of a \$92,578,000 new High School, following the MSBA approval of a maximum facilities grant on September 28, 2011, at 35.58% of eligible costs. The ballot vote was 3,571 to 659. This vote incorporated the earlier \$1.3 million debt authorization. The projected net local cost of the project is approximately \$64.5 million. A \$32.5 million serial maturity bond was issued by the Regional School District on June 4, 2013 at a 3.00% interest rate, with final maturity in FY38. Principal repayment commences in the FY14 budget period. A \$30 million serial maturity bond issue was issued on March 15, 2015 at a 2.87% interest rate, with final maturity in FY38. Permanent financing will be completed in 2016 after all site work and the MSBA audit is completed.



Town of CONCORD, LONG-TERM DEBT STATISTICS

Direct Debt - June 30, 2007 to June 30, 2017

@ June 30	Assessed Value	Outstanding Long-term Debt		Population decennial census	per capita income decennial census	% of Assessed value		Debt per capita		Debt per capita as % of per capita income	
		Gross	Net			gross debt	net debt	gross debt	net debt	gross debt	net debt
2007	\$6,309,263,833	\$55,091,166	\$31,052,480	16,993	\$61,477	1.04%	0.68%	\$3,242	\$1,827	6.30%	3.55%
2008	\$5,498,736,316	\$62,606,176	\$39,739,546	16,993	\$51,477	1.14%	0.72%	\$3,684	\$2,339	7.16%	4.54%
2009	\$5,264,991,702	\$71,479,238	\$49,853,220	16,993	\$51,477	1.36%	0.95%	\$4,206	\$2,934	8.17%	5.70%
2010	\$5,026,552,229	\$79,599,890	\$59,831,473	16,993	\$51,477	1.58%	1.19%	\$4,684	\$3,521	9.10%	6.84%
2011	\$5,045,140,030	\$80,557,680	\$57,138,277	17,668	\$67,374	1.60%	1.13%	\$4,560	\$3,234	6.77%	4.80%
2012	\$5,090,058,629	\$75,393,732	\$53,893,601	17,668	\$67,374	1.48%	1.06%	\$4,267	\$3,050	6.33%	4.53%
2013	\$5,054,970,094	\$70,984,036	\$50,782,417	17,668	\$67,374	1.40%	1.00%	\$4,018	\$2,874	5.96%	4.27%
2014	\$5,130,493,662	\$70,598,766	\$48,544,694	17,668	\$67,374	1.38%	0.95%	\$3,996	\$2,748	5.93%	4.08%
2015	\$5,412,298,562	\$62,596,727	\$41,730,402	17,668	\$67,374	1.16%	0.77%	\$3,643	\$2,362	5.26%	3.51%
2016	\$5,841,889,295	\$58,382,966	\$39,391,306	17,668	\$67,374	1.00%	0.67%	\$3,304	\$2,230	4.90%	3.31%
2017	\$5,873,716,402	\$54,309,398	\$35,840,000	17,668	\$68,032	0.81%	0.60%	\$3,074	\$2,029	4.52%	2.98%

"Net debt" is tax-supported, net of self-supporting debt issued for the water, sewer and electric funds.

EQV and Debt: The Town's Equalized Valuation (EQV) is set by the state biennially. The value set at Jan. 1, 2014 is \$5,540,602,300. This EQV is used in various state formulas for FY15 and FY16. By state law (MGL c. 44, § 10), the Town's debt limit is capped at 5% of its EQV. The Town's gross outstanding debt as of June 30, 2016 is 1.05% of EQV.

Debt Service Schedule, July 1, 2017 to final maturity for debt issued through June 30, 2017

Fiscal Year	Total Annual Debt Service		Total Principal Outstanding at June 30th	Tax Supported Annual Debt Service						Revenue Supported Annual Debt Service						subtotals							
	Principal Matured	Interest Payment		Town (within levy limit)	Town (outside levy limit)	School (within levy limit)	School (outside levy limit)	Water	Sewer	Waterfront (WPAT) (oans)	Light (including Telecom)	Within Limit	Excluded	Revenue-supported									
2017	4,073,568	1,716,477	58,382,967	2,430,000	255,973	82,529	17,265	830,000	109,386	8,668,800	866,389	441,200	94,730	609,516	134,225	291,523	28,908	755,000	213,618	3,625,359	9,634,983	2,568,720	
2018	8,128,674	1,572,522	46,180,725	2,495,000	287,869	84,196	16,767	715,000	108,623	2,580,000	704,642	565,000	105,871	607,814	129,946	294,164	26,116	787,500	192,688	3,606,492	3,385,605	2,709,099	
2019	7,124,085	1,424,648	39,056,640	1,985,000	244,177	85,887	14,939	570,000	92,868	2,320,000	673,670	485,000	94,435	618,831	116,229	296,857	23,268	762,500	165,063	2,892,045	3,094,506	2,562,183	
2020	6,659,490	1,203,395	32,397,151	1,650,000	180,727	87,632	13,073	565,000	73,268	2,275,000	596,395	485,000	78,735	617,570	102,459	229,288	20,362	750,000	138,375	2,468,995	2,972,100	2,421,789	
2021	6,115,748	986,952	26,281,403	1,260,000	125,002	89,403	11,170	420,000	53,768	2,250,000	517,570	485,000	61,535	629,036	88,633	232,310	17,398	750,000	111,875	1,858,770	2,868,143	2,375,787	
2022	5,571,060	785,661	20,710,343	991,300	80,502	91,209	9,229	396,700	37,368	2,229,000	439,420	373,000	44,335	640,734	74,558	224,118	14,374	625,000	85,875	1,505,870	2,788,658	2,081,994	
2023	4,397,753	606,441	16,312,590	410,000	45,600	93,052	7,248	280,000	21,500	2,060,000	363,185	225,000	30,015	602,688	60,979	227,033	11,289	500,000	65,625	757,100	2,523,485	1,722,609	
2024	4,062,381	467,995	12,250,209	315,000	30,200	94,932	5,227	120,000	12,000	2,030,000	292,195	220,000	21,715	614,843	47,891	167,606	8,141	500,000	50,625	477,200	2,422,354	1,630,821	
2025	3,989,707	336,759	8,260,502	255,000	20,100	96,850	3,165	120,000	8,400	2,003,000	215,505	217,000	14,995	627,265	34,538	170,589	4,930	500,000	35,125	403,500	2,318,520	1,804,442	
2026	3,552,636	235,382	4,707,866	225,000	13,150	98,806	1,062	115,000	4,900	1,605,000	163,775	215,000	8,300	639,936	20,916	153,895	1,654	500,000	21,625	358,050	1,868,643	1,361,326	
2027	2,647,866	148,168	2,060,000	220,000	6,500	0	0	65,000	1,950	1,255,000	115,650	155,000	1,550	652,865	7,018	0	0	300,000	7,500	293,450	1,370,650	1,123,933	
2028	1,385,000	72,600	675,000	70,000	700	0	0	65,000	650	1,250,000	71,250	0	0	0	0	0	0	0	0	136,350	1,321,250	0	
2029	675,000	27,000	0	0	0	0	0	0	0	675,000	27,000	0	0	0	0	0	0	0	0	0	702,000	0	0
total	58,382,967	9,577,000		12,306,300	1,290,500	904,506	99,145	4,261,700	524,681	31,200,800	5,046,646	3,866,200	556,216	6,861,078	817,392	2,287,383	156,440	6,730,000	1,087,994	18,383,181	37,251,097	22,862,703	

Interest expense as % of total debt service, FY19: 16.7%

Interest expense as % of total debt service to final maturity: 14.1% as of July 1, 2018

Projected as of June 30, 2017:

Debt Retirement - all 5 yrs: 10 yrs

Debt Retirement - tax supported only 69.7%: 97.0%

72.2%: 95.8%

State Aid

State Aid is received for general Town purposes and is not restricted in use, although it is often discussed as if earmarked for “school aid” and “general or non-school aid”. Chapter 70 school aid and the distribution of the net Lottery proceeds (Unrestricted General Government Aid) are the major components of Concord’s aid. Concord receives a minimum statutory Chapter 70 allocation, due to its income and property wealth measures.

State Aid and the State’s fiscal position

State Aid is a significant component of the State Budget, equivalent to about 22% of own-source state revenues. Aid is distributed to the Cities and Towns through a variety of formulas, most of which provide aid to communities based upon relative need as measured by property and income characteristics. Funding to be received by Concord in FY19 represents about 4.92% of the Town’s total \$106.39 million General Fund budget (town departments and education combined) while property taxes supported 86.13% of the budget.

After peaking in fiscal year 2009, State Aid to municipalities and regional school districts weathered a cut of about 12% statewide over the next two years. Five years later, after gradual increases, Governor Baker’s FY16 proposal to increase state aid by 2.1% would finally regain the dollar level last seen in FY09. Concord’s recent State Aid history reflects a steeper drop, from \$4.5 million as the initial FY09 allocation (before a mid-year cutback) to \$3.64 million received in FY12 year, a drop of almost 20%.

The Governor’s January proposal for the FY19 state budget proposed a modest increase State Aid for most communities for the coming year. While action by the legislature will not be completed until June, early indications of the intent of Beacon Hill are favorable.

The financial plan being presented for Concord’s Town Meeting therefore incorporates a FY19 State Aid estimate of \$5,231,880, an increase over the current fiscal year of \$308,238 based upon the Governor’s proposal.

Free Cash

Article 6– Free Cash Use to reduce Tax Levy

Article 10 – Free Cash appropriation for FY18 CPS Supplemental Appropriation

Article 28 – Free Cash appropriation for Redevelopment Plan for 2229 Main Street

Stabilization Funds

Article 7 – High School Debt Stabilization Fund

Free Cash

The accumulation and use of “Free Cash”, which is available undesignated fund balance of the General Fund, is an important component of the Town’s overall financial management policies. These policies maintain the Town’s ability to respond to emergencies, promote the stability of service levels and control the rate of tax levy change.

The undesignated fund balance may be appropriated in either of two forms: (1) for specific expenditures or (2) to reduce the tax levy that otherwise would be required. The available amount is calculated and certified each year by the Commonwealth’s Department of Revenue based upon the balance sheet submitted by the Town.

The General Fund Balance, sometimes referred to as “surplus” or “surplus revenue,” is the amount by which cash and receivables exceed current liabilities and commitments. In a business sense, this might be thought of as “liquidity.” In a personal sense, it can be thought of as “available savings” - at least the portion of savings that cannot be claimed by any other creditor and that is available without requiring the sale of property or other fixed assets.

It is customary for the Annual Town Meeting to allocate some portion of the General Fund Balance to the support of the ensuing year’s expenditure plan. In some years, these savings used are more than replenished from operations, while in other years the year-end return from unexpended appropriations and from revenues overestimates (if any) is insufficient to fully restore the Town’s accumulated reserves. The sums voted by each annual Town Meeting for use in the ensuing fiscal period are deducted and reserved prior to each June 30 certification.

Free Cash allocated to FY19 Budget support

The Finance Committee’s Budget Guideline plan recommends an allocation of \$1,000,000 to support the FY19 operating budgets. The Committee annually reviews the Free Cash policy and has reaffirmed the commitment to keep the unused Free Cash Balance in a range of 5% to 10% of the total ensuing budget, a level deemed essential to enable the Town to cope with unexpected circumstances. The Town’s actual Free Cash level has been above this range in recent years due to positive operating results and has been an important factor in the maintenance of the Town’s Aaa credit rating through the recession and slow recovery period.

Any favorable budget variances from current year operations (actual revenues in excess of the FY18 budget estimate, and/or any FY18 appropriations that remain unspent at year end) will become part of the June 30, 2018 Free Cash balance. This balance will be available to the next Annual Town Meeting in 2019 for allocation in support of future budgets. The results of FY18 operations are presently expected to restore all or most of the Free Cash balance proposed for allocation to FY19 budget support at the 2018 Town Meeting. The Committee is recommending allocation of \$1,000,000 (Article 6).

High School Debt Stabilization Fund

The Special Town Meeting of November 7, 2011 approved the borrowing authorization of \$92.5 million for a new high school building as voted by the Regional School District Committee. The Massachusetts School Building Authority is covering 35.58% of the eligible portion of this cost, based on an Estimated Facilities Grant of \$27 million, reimbursing the district as construction bills are incurred. The total local share of the project cost is projected at about \$65.1 million. Thus far, \$65.1 million of the local share has been permanently financed through the issuance of long-term bonds. Compared to the projection made in November 2011, the taxpayer cost of the project through 2038, the final year of bond repayment, is estimated to be lower than the projected cost by about \$2.7 million, as the bonds have been sold at a lower interest cost than had been initially estimated. A May 2013 bond issued for \$32.5 million (with repayment over 25 years) was sold at a 3.0% interest rate. A March 2015 bond of \$30 million (with repayment over 23 years) was sold at 2.87%, and a \$2.5 million bond (with repayment over 22 years) was sold in February 2016 at 2.40%.

Debt service on this borrowing will be assessed annually to Concord and Carlisle based on the same student population ratio as is used to allocate the net operating budget costs. Long-range student enrollment projections are subject to uncertainty but indicate at this point that Concord’s share will average about 76.7% over the next five years (FY19-23), but could average about a 77% share for the next five-year period (FY24-28). These assumptions were used in updating the Finance Committee’s five-year forecast. The maximum tax bill impact of the High School debt (net of allocations planned from the High School Debt Stabilization Fund) is projected to occur in FY20, when debt service on the High School bonds will be about 3.5% of the total tax bill.

Thereafter, debt service on the high school bonds begins to decline; by 2030, Concord’s assessed share is projected to be 2.87% of the total tax bill.

Recognizing the significant tax increase that results from the project, the Concord Select Board and Finance Committee in 2011 proposed the establishment of a new Debt Stabilization Fund, modeled on the Fund created in 2008 to address the Elementary School (Alcott, Thoreau and Willard) debt impact. Town Meeting action over several years appropriated a total of \$4,250,000 to this Fund from Free Cash. Through the current budget year (FY18), \$4,015,000 has been appropriated from this Fund to reduce the tax levy that otherwise would have been required. \$275,000, including interest earnings, remained uncommitted as of June 30, 2017.

The present plan, represented in the table appearing on the “Excluded Debt” page in this Report, is to allocate the Stabilization Fund remaining balance in FY19, as follows:

- FY19 \$275,000

This final allocation will make the annual tax bill adjustment more uniform while also lowering the peak impact on taxpayers. The Finance Committee is recommending affirmative action on Article 7 in the amount of \$275,000 appropriated from the High School Debt Stabilization Fund to reduce the FY19 tax levy that would otherwise be required for Concord’s assessed share of CCRSD debt service.

Free Cash Appropriations

At June 30, 2017, the Town’s certified Free Cash of \$10,798,936 is equal to 10.4% of the FY18 budget total. This is a decrease of \$1.807 million from the prior year and was the result of Free Cash Appropriations made at the 2017 Annual Town Meeting, in the amount of \$3,200,000 (\$3.2M) and a number of favorable financial developments in FY17. The Free Cash position gives us greater flexibility to address spending requirements on the Town Meeting warrant. Specifically the Finance Committee recommends that the following items be funded from the Free Cash balance:

- \$1,000,000 be appropriated to reduce the Tax Levy under Article 7; and
- \$25,000 be appropriated to fund a redevelopment study of 2229 Main Street (NMI/ Starmet Superfund Site) under Article 28;

The proposed Free Cash uses recommended above will bring the balance to about 9.47% of the FY18 budget level before consideration of any positive results from current year operations. The Finance Committee will hold its recommendation on the following Free Cash Appropriation requests until Town Meeting:

- \$400,000 to be appropriated for FY18 Concord Public Schools Supplemental Budget under Article 10;

Below is a chart showing historical activity relative to Free Cash Appropriations and the requested appropriations for the 2018 Annual Town Meeting.

Availability of Free Cash for Appropriation			Use of Free Cash for Appropriation					
Certification Year (As of June 30th)	Free Cash Available for Appropriation	Percent of Next Year's Budget (from cert. date)	Fiscal Year	Appropriated to Reduce the Tax Levy	Appropriated for Debt Stabilization	Appropriation from Free Cash	Appropriated for Willard School Borrowing	Total Free Cash Use
2006	5,730,609	8.6%	2008	500,000				500,000
2007	8,003,063	11.5%	2009	600,000	2,500,000			3,100,000
2008	7,371,061	10.0%	2010	600,000			440,000	1,040,000
2009	8,471,337	11.2%	2011	600,000		34,430		634,430
2010	8,635,340	11.1%	2012	850,000		24,822		874,822
2011	9,567,656	11.9%	2013	850,000	2,000,000			2,850,000
2012	9,357,662	11.3%	2014	850,000	750,000			1,600,000
2013	9,664,489	11.2%	2015	850,000	750,000			1,600,000
2014	11,084,916	12.3%	2016	950,000	750,000	\$ 625,000 (1)		2,325,000
2015	11,040,933	11.5%	2017	1,000,000				1,000,000
2016	12,605,955	12.8%	2018	1,000,000		2,200,000 (2)		3,200,000
				<i>proposed</i>				
2017	10,798,936	10.4%	2019	1,000,000				1,000,000

Note: Free Cash is certified by the State as of each June 30th. Once this is done, certified free cash becomes available for Town Meeting appropriation.

(1) CPS Busses (\$600,000, 2015 ATM 24) and White Pond Management (\$25,000, 2015 ATM 29)

(2) Junction Village (\$1,000,000, 2017 ATM 30); 55 Church Street (\$1,200,000, 2017 ATM 23)

Reserve Fund Transfers

The Reserve Fund is an appropriated contingency account. It is part of the Town Government budget (item 32 of Article 7, proposed at \$225,000) and is counted within the Finance Committee's budget guideline for Town Government operations (Article 7, items 1-34). It is allocated during the budget year by vote of the Finance Committee pursuant to the request of the Town Manager. By state law, its use is restricted to "extraordinary or unforeseen expenditures". In FY17, \$135,117.62 was allocated and \$89,882.38 was returned unexpended at the end of the budget year.

The Town budget is adopted as a series of separate appropriations (Article 7, items 1-39). Funds are not transferred from one appropriation account to another except by Town Meeting action. Only the Reserve Fund appropriation may be used during the fiscal year to supplement other appropriation accounts, except that in the final three months of the budget year any appropriation balance may be transferred by joint approval of the Finance Committee and the Select Board. This latter provision was added by state law in 2003 as a safety valve for communities that exhaust their Reserve Fund account. Concord has never used this provision of state law.

The budget contingency process works differently for the Concord Public Schools budget (Article 9). State law gives the School Committee the "bottom line" power to authorize transfers within its appropriation total voted by Town Meeting. At the end of each fiscal year, funds in appropriation accounts that are not spent are returned to the General Fund balance.

The FY19 Reserve Fund appropriation recommendation of \$225,000 is about one-half of one percent (0.5%) of the total Article 7 recommendation. State law allows the Reserve Fund appropriation to be as much as 5% of the previous tax levy; this would permit a Reserve Fund appropriation of \$4.39 million. The Concord Finance Committee has not felt that such a large contingency account would be consistent with the objective of fostering tight expenditure control by Town and School administrations.

Reserve Fund Uses, FY2017

Town Account	Amount	Purpose
Highway Maintenance	\$ 46,270.38	Demolition of building at 91 Sudbury Road
Parks & Trees	\$ 30,797.50	Tornado Clean-up
Elections	\$ 11,794.15	Two Special Elections, unbudgeted
Town Meeting & Reports	\$ 16,255.59	Change in Town Meeting location
Legal Services	\$ 30,000.00	Higher than anticipated expenses
total:	\$ 135,117.62	

Observer Reports

Board of Assessors

The Assessing Division of the Finance Department is responsible for the fair and accurate listing and assessment of all real estate and personal property for taxation purposes, in accordance with State statutes and regulations. The five-member Board of Assessors, appointed by the Town Manager, is the decision-making body with respect to all property valuation determinations. Assessments for the purposes of taxation are required to be at market value each year. All local boards of assessors in Massachusetts are overseen and subject to the rules and regulations set forth by the State's Bureau of Local Assessment. The valuation process and statistical validation must be certified by that agency each year, with on-site review every five years. An on-site state review was conducted in FY18. The next state review will be in FY23.

Each year's valuation is based upon market sales in the calendar year preceding the valuation date. Thus, the valuations used for the current year (FY18) tax billing, the year July 1, 2017 through June 30, 2018, is based upon a valuation date of Jan. 1, 2017 and the actual sales occurring in calendar year 2016. The FY18 assessment included shifts in market area factors, building style base rates and increases in out-building values.

Based on the most recent biennial survey of Concord residents conducted in the fall of 2016, 62% of Town residents felt that their properties were "fairly assessed" or "under assessed", while 29% felt their properties were "over assessed" and 9% expressed no opinion.

Following the Tax Classification Public Hearing November 13, 2017, the Select Board voted to support the Board of Assessor's FY18 recommendations that all classes of property (residential, commercial, industrial, personal) be taxed at a uniform tax rate, and that no discounts for open-space, small commercial, or residential exemptions be adopted. This recommendation has been applied consistently since FY98.

For FY18 (valuation date January 1, 2017), the total assessed value of real estate in Concord is \$6.145 billion. This represents an increase of 2.86% over FY17; new growth—the taxable value attributable to new construction—accounted for approximately 55% of the increase, and existing properties accounted for the remaining increase in value.

The Board of Assessors calculates the uniform tax rate, which is the overall tax levy required to balance the Town budget divided by the total Town's assessed value. For FY18, the tax rate increased to \$14.29 per \$1,000 of assessed value (from \$14.07 in FY17). The property tax levy is subject to an annual levy limit. Exceeding the levy limit requires majority approval of the voters at a Town-wide election (not at Town Meeting). Concord's FY18 tax levy is below its current levy limit by \$4,067,956, or 4.76%.

Class	FY2017 Valuation	FY2018 Valuation	Change	% Change
Residential	\$5,470,440,285	\$5,623,508,756	\$153,068,471	2.80%
Commercial/ Industrial/ P. Property	\$503,276,117	\$521,141,844	\$ 17,865,727	3.55%
Total	\$5,973,716,402	\$6,144,650,600	\$171,934,198	2.86%

Concord Municipal Light Board

The Concord Municipal Light Plant (CMLP) is one of 41 municipal electric utilities in the Commonwealth. Since its inception in 1898, the goal of CMLP, as a community owned and operated utility, has been reliable and reasonably priced service, provided in a responsive and thoughtful manner, which meets the current and future needs of its customers.

With approximately 110 miles of streets in the service territory, CMLP serves approximately 8,200 meters providing 190,000 Megawatt Hours (MWh) to 6898 residential, 1244 commercial, and 69 municipal customers. CMLP maintains a grid that consists of a Town-owned distribution system with substations, power lines, light poles, and transformers. CMLP operates three electric distribution substations.

Financially, the CMLP operates as a self-sustaining, non-profit Enterprise Fund within town government. All of CMLP's operating, capital, and debt service expenses are paid solely from revenues paid by customers. An additional marker of its ability to be self-sustaining is the fact that the Light Plant pays for its share of the use of Concord's services through a Payment in Lieu of Taxes (PILOT) to the Town. The budgeted PILOT payment for FY 2019 is \$461,000. In addition, as with other enterprise funds in the town, the Light Plant makes payments to the town General Fund for its use of Financial and Administrative Services, Natural Resources Protection, and Landscaping. The budgeted payment by the Light Plant to the General Fund for FY 2019 is \$430,500.

Concord's Town Manager appoints a five-member citizen board that serves in an advisory capacity. The Light Board meets monthly to discuss rates, power supply and renewable energy options, and the Board welcomes citizen attendance and comments. The Board is mindful of the Town Select Board's Values and Guiding Principles, including sustainable management of energy and resources, and the Light Board has published both a Renewable Energy Strategy and a Large-Scale Solar Strategy.

Electricity from renewable energy sources equals approximately 23% of the kilowatt-hours of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020. The Light Plant has also initiated programs and policies to encourage energy conservation. A three-tier residential rate structure was adopted in May 2015 to provide an economic incentive as one such measure. A variety of rebate programs are also available to residential and commercial customers.

CMLP utilizes a portfolio approach to its power procurement, balancing a mix of short and long term contracts, fixed and spot market pricing, and continues to seek reasonably priced renewable energy sources.

Additionally, CMLP received approval last year to borrow \$3 million in order to upgrade the Light Plant's Smart Grid Infrastructure. CMLP has had a limited Smart Grid in place for six years, and this borrowing would allow for accelerated deployment of smart meters throughout town. Planned enhancements also include improved response to customer electricity demands, additional live meter data analysis, outage notifications, and street light control upgrades to include dimming capability and fixture health monitoring.

Concord's Energy Goals were stated in the form of Article 51, which was adopted by Town Meeting on April 25, 2017. Among other provisions, Article 51 stated that it was a goal to reduce town-wide greenhouse gas emissions to align with the Massachusetts 2008 Global Warming Solutions Act, to achieve a 25% town-wide reduction in greenhouse gas emissions by 2020 and an 80% reduction by 2050 from the baseline developed in 2008, and by 2030, as an intermediate goal, direct CMLP to reduce and offset any greenhouse gas emissions of CMLP's electricity supply through the purchase of renewable energy credits (RECs) or other offsets.

In 2017 the Light Plant Board adopted a Strategic Plan that addressed, among other things, the town's goals for reducing greenhouse gas emissions. Among other things, the Light Board's strategic plan includes a plan for the purchase of RECs that will allow CMLP to reach a 100% emissions-free supply by 2020. That strategy included a new emission reduction surcharge, which was forecasted to add about \$1.66 million in revenue in 2018. The Light Plan Board has also been discussing other rate plans to address the need to reduce greenhouse gas emissions as part of its long term strategy for implementing the goal set forth in Article 51. No specific rate plans have been adopted, but the Concord Energy Futures Task Force final report that led to the adoption of Article 51 did note that The Task Force realizing the 2030 interim target of reducing greenhouse gas emissions of CMLP's electricity supply through the purchases of RECs may require electricity rate increases of approximately 20 to 30%.

Besides providing electric service, over four years ago, in March 2014, CMLP began offering high-speed Internet service over its 100% fiber optic system to the community. Internet service is delivered through a dedicated fiber line directly to homes or businesses. CMLP's broadband service is currently available to 95% of Concord residents and many businesses.

Today, there are approximately 1,150 subscribers, which represent an increase of 39% in 2017. In 2017, the Telecommunications Division completed major upgrades, included increasing router capacity and capacity for ISP connections, which will enable support for up to 3000 customers. Demand remains strong, and the Telecommunications Department's plan calls for the number of subscribers to increase to 1,300 by the end of calendar year 2018.

CMLP and the Light Board maintain robust information pages at the Town website: www.concordma.gov, where copies of their published strategies, CMLP product offerings, customer incentives and assistance, industry information, purchased power portfolio chart, and information on CMLP's telecommunications service may be found.

Concord Retirement Board

The Retirement Board administers the town's Contributory Retirement System for public employees in accordance with State law MGL Chapter 32. State law establishes all procedural rules and benefit formulas. The retirement system covers the majority of municipal employees working at least 25 hours per week, with the exception of Concord Public School and Concord-Carlisle Regional School District (CCRS) teachers (who participate in a separate retirement system administered by the State Teachers' Board). The employer groups covered by the system include the Town of Concord, the Concord-Carlisle Regional School District and the

Concord Housing Authority. The Town's retirement system is overseen by the Massachusetts Public Employee Retirement Commission (PERAC), which has oversight of all public retirement plans in the Commonwealth.

The most recent actuarial valuation report for the Concord Retirement System was published in November 2017. As of January 1, 2017, the actuarial value of plan assets grew 7.7% or \$10.7 million to \$148.5 million and the liability for future benefits increased 4.4% or \$7.4 million to \$174.4 million. The unfunded pension liability as of January 1, 2017, which is the difference between plan assets and plan liabilities, totaled \$25.9 million, a \$3.2 million or 11.2% decrease from the previous year. The Retirement Board assumes an expected rate of return on plan assets 7.00%. According to PERAC information (www.mass.gov/perac), only 2 of the 105 town retirement systems have adopted a lower rate than Concord. In addition, Concord's plan uses an updated mortality table which also contributes to a more conservative estimate of the liability (newer tables use longer life spans). Despite the conservative methodology, Concord's funding ratio (assets divided by liabilities) held steady at 82.5% ranking it ninth highest in the state. For FY19, the expected annual appropriation from the General Fund for the Town's share of pension costs is \$3.77 million, or approximately 3.55% of the FY19 budget. The Finance Director projects this amount to increase at an annual rate of 3%. Under these assumptions, the plan remains on track to eliminate the unfunded pension liability by 2029.

Actual investment returns for 2017 were favorable and the town retirement plan's five-year return exceeds the actuarial assumptions by 2.26%. Actual performance over the last 10 years has varied in part driven by economic conditions. Concord Retirement System Assets are split between a Pension Reserve Fund (5.95% of assets) and the Concord Retirement Fund. Periodically funds are reallocated within the Retirement Fund to achieve a target blend of investments in Fixed Income, Real Estate and Equity of 35%, 5%, and 60% respectively. This type of reallocation was made in September 2016 where 2% of funds (approximately \$3 million) were moved from Equity to Fixed Income. This reallocation actually helped improve total asset returns which as of January 31, 2018 were up 16.06% over one year earlier. Over the last 3 years, the market value has increased on average 8.98% compared to the state's Pension Reserve Investment Trust (PRIT) 3 year yield of 9.14%.

In the Fall of 2017, the Retirement Board hired an Investment Consultant. After going through a Request for Proposals process, the Board hired Fiduciary Investment Advisors, headquartered in Windsor, CT. The firm provides investment consultant services to about 40 municipal pension clients in New England and has approximately \$62B in assets under advisement.

Recreation Commission

The Recreation Commission is appointed by the Town Manager and is responsible for setting policy directions for the Concord Recreation Department. The Recreation Department operates a number of programs to provide year-round recreational opportunities for members of the community, and last year provided services to over 8,000 children and adults. Major services include swim and fitness programs at the Beede Swim and Fitness Center, preschool and after-school childcare serving children between the ages of 3 and 11, summer day camp, a musical theater program, and a wide variety of sports programs and activities for children and adults.

The Department has an annual operating budget of approximately \$4.35 million and approximately 27.6 full-time-equivalent employees. Recreation programs are funded primarily through user fees and are intended to be self-supporting, requiring no additional funding from taxpayers.

The Beede Center is operated as the Swim and Fitness Enterprise Fund, established by a Town Meeting vote in 2005. As an enterprise operation, the facility is expected to be self-supporting, not only with respect to operating cost but also with respect to capital costs, including the maintenance of the building.

Located on the campus of the Concord-Carlisle Regional High School, the facility opened in April 2006. The facility was constructed without public funds, entirely from gifts through a fund-raising effort launched on the base of a bequest from the Alfred Sawyer Trust. Now in its 10th year, the Center continues to be a vital and popular community resource, serving over 3,600 community members. It has operated without taxpayer support or subsidy.

The Center, which has approximately 20 full-time-equivalent employees, offers a number of popular swim and fitness programs, personal training, and a Concord Otters youth swim team program. Membership renewals have been high, suggesting positive member experiences. In recent years however, an increasing number of members have been concerned with the price of membership, as revealed by the biennial Town Government Survey. In the latest survey, conducted in the fall of 2016, 64% of respondents, and 85% of respondents under the age of 45, found the price of membership to be “excessively priced”.

The fiscal year that ended June 30, 2017 had total operating revenues of \$2.336 Million and a net operating loss of approximately \$152,794. As of June 30, 2017, the Beede Center had an Operating Fund balance of \$1.114 Million. This amount is added to in years with positive net income, and is drawn down in years with negative net income. For FY19, operating revenues are expected to decrease approximately 9.68%, with a projected operating loss of approximately \$245,000, due primarily to increased facilities and maintenance expenses.

As of June 30, 2017, the Center had a Depreciation Fund Balance of approximately \$1.229 Million. Maintaining a sufficient depreciation reserve ensures that the Center will be able to finance needed capital equipment replacements and maintain the condition of the facility with its own resources, as has been accomplished to date.

The Enterprise Fund budget for the Beede Center is Article 52 on the Warrant for Town Meeting. The proposed budget for FY19 is \$2,379,905 for operating expenses (funded \$2,122,500 from estimated revenues and \$257,405 from Undesignated Operating Fund Balance) and \$171,000 for capital expenses (funded from undesignated Depreciation Fund Balance).

The Recreation Department offers a wide variety of popular child and adult recreation programs. These programs are funded primarily through user fees and are intended to be self-supporting for all direct program expenses. The General Fund covers capital and operating expenses related to buildings and facilities. The Town Manager’s FY19 proposed budget includes approximately \$110,000 in General Fund support for the Hunt Recreation Center (includes Rideout & 105 Everett Street).

For the fiscal year that ended June 30, 2016, program revenues were approximately \$1.986 Million and net income recorded in the Recreation Fund was approximately \$153,000. The Recreation Fund retains its own resources for use in future years. As of the end of FY17, the Recreation Revolving Fund balance, which is the sum total of prior years’ successful operations, had a balance of \$1,020,452.

Concord citizens are generally satisfied with the services the Department provides. In the recent Town Government Survey completed in the fall of 2016, 84% of respondents felt that the price of Recreation Programs was either a “good bargain” or “reasonably priced”.

The Department provides child care services for children between the ages of 3 and 11, accounting for approximately \$900,000 in program fees. These services include the Carousel Preschool program at the Harvey Wheeler Center, the Before School program at each elementary school, and the After-School and school-vacation programs at Harvey Wheeler and the Hunt Gym.

Throughout the year, over 6,000 children and adults participate in recreation programs that the Department runs, including youth musical theater, basketball, tennis and skiing programs. The Department also organizes and supports several popular community-wide events, including the Winter Wonderland, Stow Street Block Party and the Minuteman Classic Road Race. In addition to its own programming, the Recreation Department works with other sports organizations in Concord to provide and coordinate the use of time and space on the town's recreational facilities.

Affordable Housing

Housing, particularly "Affordable Housing" has been identified as an important issue for the citizens of Concord.

- The 2016 Town Government Survey reports that 9% of respondents identify Affordable Housing as the local issue of highest priority (after Schools – 29%, Town Character – 26% and Taxes – 16%).
- In a survey of the Most Pressing Issues in Concord performed by the Comprehensive Long-Range Plan Committee which highlighted many more items, "housing" fell into 8th position, with education, fiscal responsibility, infrastructure, land use, clean energy, public transportation and diversity ranking at higher levels. Note that housing was cited as most pressing by 33% of seniors responding to the survey.
- A Citizen's Petition was introduced at the 2017 Town Meeting to address sustainable funding of affordable housing in The Town.

The current affordable housing stock in Concord, according to the state Department of Housing and Community Development (DHCD) consists of 804 subsidized units, or 11.7% of homes in town. This exceeds the Commonwealth's goal of 10%, and exceeds levels in surrounding communities, Metro Boston, Middlesex County and the Massachusetts averages by a significant percent. However, the affordability gap in Concord is severe, and only 6.6% of single family homes sold since 2000 were affordable to households with incomes of \$100,000.

"Affordable" can mean different things to different people. In some instances, people define affordable subjectively as a home they personally feel that they could afford. The above statistic of units counted on the state inventory measures "affordability" as the number of housing units available to residents when the cost of housing is no greater than 30% of their income when that income is at or below 80% of the regional Area Median Income (AMI). In Concord that represents an annual income for a family of 4 of \$82,700 and a monthly rent or mortgage payment of \$2,068.

Several groups are involved in providing solutions for housing affordability in Concord:

- **Concord Housing Authority (CHA)**—provides rental housing for the elderly, disabled, and individuals and families with low and moderate incomes and is supported by Federal (HUD and Section 8), State (DHCD) and local Concord programs such as the Community Preservation Committee (CPC).

- **Concord Community Preservation Committee (CPC)**—The Community Preservation Act was adopted by Town Meeting in 2004 and assesses a 1.5% surcharge on all real estate property tax bills. Under this Act a minimum of 10% of this amount must be used create, preserve and support community housing annually. Between 2006 and 2016, 22% of CPC funds, or \$3,856,711 has been used to support community housing projects in Concord.
- **Concord Housing Development Corporation (CHDC)**—is an independent, non-profit housing corporation established by the Select Board to create, preserve and support affordable housing options for persons of low, moderate and middle income in the town.
- **Concord Housing Foundation (CHF)**—is a non-profit charitable corporation engaged in fundraising, community outreach and education in support of affordable housing.
- **Regional Housing Services Office (RHSO)**—provides member communities of Acton, Bedford, Burlington, Concord, Lexington, Sudbury, Wayland and Weston with affordable housing administrative support and information. The Town of Concord and the Concord Community Preservation Committee jointly fund Concord’s share of the RHSO administrative expenses which have totaled \$38,000 annually over the past several years.
- **Affordable Housing Financing Committee (AHFC)**—was appointed by the Select Board in 2017 to study and determine cost-effective means to fund the expansion of Concord’s inventory of affordable housing. The AHFC may introduce a funding article at Town Meeting 2019.

The most recent development project for affordable housing in Concord is Junction Village. The project proposes to create 83 newly constructed units of assisted living for the elderly with low and moderate incomes. Town funds have been committed to the project, including:

- \$125,000 in Community Preservation Committee (CPC) funds at Town Meeting in 2015,
- \$1,000,000 from the Town (free cash) and \$350,000 in CPC funds at Town Meeting in 2017, and,
- Potentially an additional \$350,000 in CPC funds to be voted on at Town Meeting in 2018 (Warrant Article 26).

The project received its Comprehensive Permit (40B) in 2017 and has applied to the state for Low Income Housing Tax Credits to fund a portion of construction.