



Town of Concord
Finance Committee
22 Monument Square
Concord, Massachusetts 01742-0535

AGENDA

Concord Finance Committee

August 1, 2019

Select Board Meeting Room

Town House

7:00PM

- 1. Orientation Session for Finance Committee Members with Finance Director**



FINANCE COMMITTEE ORIENTATION

August 1, 2019

All Town Government

- Organizational structure varies from town to town- why?
- A patchwork of State Laws exist that enable towns to create various official positions & bodies to carry out governmental functions
 - Ch. 39, Municipal Government
 - Ch. 43A, Standard Form of Town Meeting Representative Government
 - Ch. 43B, Home Rule Procedures
- Towns may also have a charter or bylaws that establish the governance structure
 - Concord has a Charter, Chapter 280 of the Acts of 1952
- Refer to supplementary PPT (org chart)

Basis of Authority for FinCom

- **Massachusetts General Law (MGL)**

- MGL Chapter 39, Section 16- every town (with \$1M in valuation) must have an Appropriations or **Finance Committee** for the purpose of making recommendations to Town Meeting.
- Committee must present a budget to Town Meeting
- Members may be elected or appointed
- Some additional duties assigned- Reserve Fund Transfers (MGL ch. 40, 6); Year End Transfers (MGL ch. 44, 33B)

- **Town Charter - Chapter 280 of the Acts of 1952**

- Section 2C – the Moderator shall appoint a Finance Committee and such other officers, boards and committees as he shall herein after be directed to appoint by bylaw or vote of the Town

- **Bylaw- Article 8 of the 1921 Annual Town Meeting**

- Establishment of committee; appointment of members by Moderator
- Establishes requirement for FinCom to make recommendations on appropriation warrant articles and disposition of property
- Requires recommendations to be printed and mailed to residents not less than 7 days before Town Meeting

Duties of the Committee — General & Budget

- **General:**

- **MGL-**

- Advise Town Meeting on Financial Articles
- Reserve Fund Transfers- approve or disapprove
- Authorize Snow & Ice Deficit Spending **Note:** since superseded by Municipal Modernization Act
- Year End Transfers, as authorized by Ch. 44, Section 33B

- **Local-**

- Give approval or disapproval to the Selectmen for the exemption of certain purchases or contracts from the competitive bidding requirements of the Town in appropriate emergency circumstances **Note:** since superseded by MGL Ch 30B
- Cooperate in preparing and periodically updating and extending a comprehensive development plan for the Town, particularly in regard to the capital outlay and taxation aspects of such a plan
- Represent the Town as a member of the Association of Town Finance Committees, and serve as the Town's liaison with other governmental units and private bodies in matters relating to the responsibilities of the Committee
- The chairperson shall appoint a Guideline Subcommittee each year, consisting of at least 5 members; the Guidelines Subcommittee shall recommend a set of budget guidelines in writing to the Committee not later than 10/31 of the year (Article 4 of 1976 ATM)

Duties of the Committee

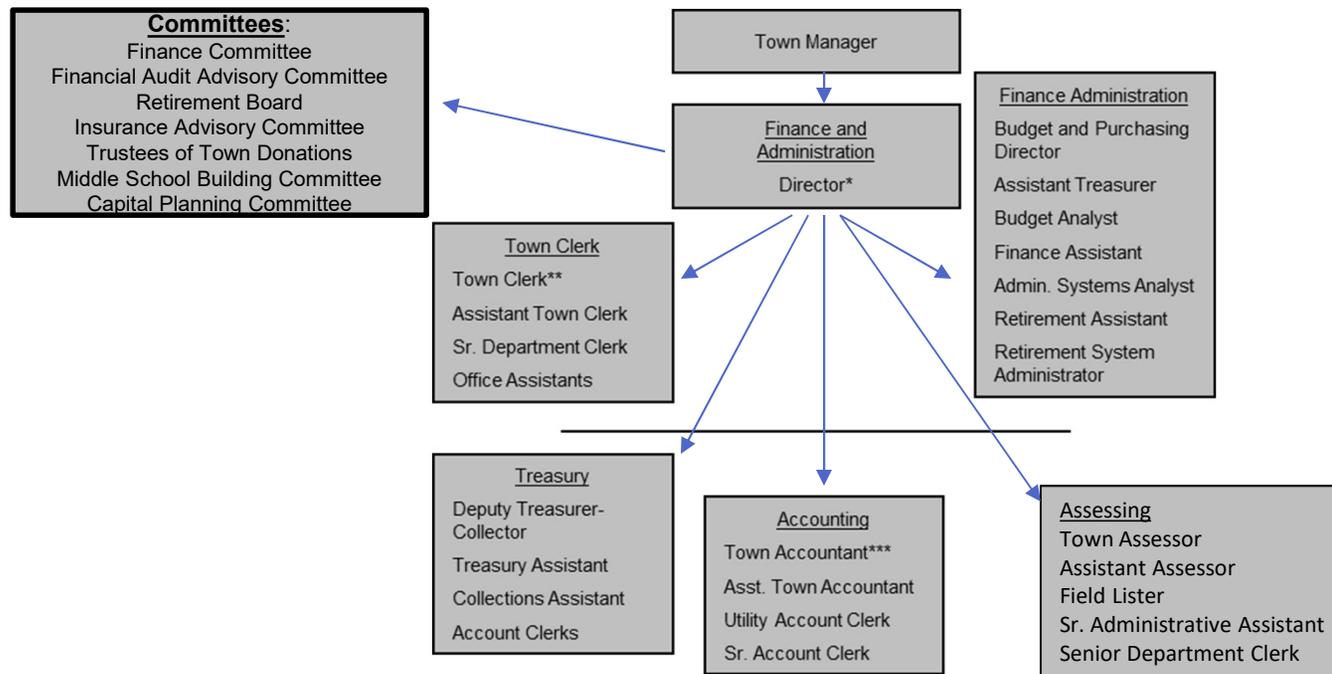
- **Town Budget & Finances**

- **Guidelines Process:** Receive from the SB the budgets of the various departments, boards & committees as submitted to the SB by the Town Manager and School Committee; analyze the budgets and all recommendations & confer with the Town Manager as necessary; Receive the proposed budget from CCRSD; analyze the budget; conduct a public hearing; submit recommendation as part of the annual report to Town Meeting
- **Make recommendations on Financial Articles:** Consider all warrant articles under which an appropriation of expenditure of money or disposition of any Town property may be made; conduct a public hearing; Consider and report on any other article of the warrant whenever, in the opinion of a majority of the Committee, such consideration and report seem advisable for the best interests of the Town;
- **Issue Finance Committee Report:**
 - Schedule of charges to the Town for State & County Services and controls
 - Schedule of estimated Town receipts
 - Estimated total to be raised in taxation
 - The assessed valuation and estimated tax rate
 - Table of Town Debt
 - Table of Tax Rate Comparisons
 - Table of Transfers from the Reserve Fund
 - Report on the status of the Surplus Revenue Account (Free Cash)
 - Five-Year Project of Real Estate Taxes likely to be levied upon citizens (03-STM-11)

How are duties discharged?

- One Regular Meeting per month
 - Last Thursday at 7PM
- Guidelines Subcommittee Process
- Observer Assignments- attend meetings of other boards & committees
- With the assistance of the Finance Department

Finance Department Structure



General Duties—

Reserve Fund & Year End Transfers

- **MGL Ch. 44, Sect. 6** allows for the establishment of a (FinCom) Reserve Fund to provide for **extraordinary** or **unforeseen** expenditures
- Must be appropriated by Town Meeting; may not exceed 5% of the prior year's levy (FY20 max is \$4.5M)
- FY20 appropriation is \$225k; funded as part of Town's Guidelines budget (sample form in supp.)

- **MGL Ch. 44, Sect. 33B** allows for the transfer of appropriation between line items within the last 2 months of the FY or the first 15 days of the following FY, with the approval of the Select Board & Finance Committee.
Previously, transfers between appropriated line items could only occur at Town Meeting. (next slide to review legal difference between budget appropriations; handout)

Legal Difference Between Town & School Budgets

- School Committee has bottom-line budget authority as provided for in MGL- 1 legal appropriation

CONCORD PUBLIC SCHOOLS BUDGET

ARTICLE 13. To determine whether the Town will vote to raise and appropriate the sum of \$37,046,694, or any other sum, for the following necessary and expedient purposes of the public schools of the Town for the fiscal year ending June 30, 2018, or take any other action relative thereto:

SCHEDULE A - PUBLIC SCHOOL BUDGET				
	Department	Fiscal 2016 Adopted	Fiscal 2017 Adopted	Fiscal 2018 School Committee Vote of Dec. 20, 2016
1	Concord Public Schools Budget/Appropriation	\$34,542,735	\$35,660,111	\$37,046,694

- Town budget has 39 legal appropriations (handout)

Legal Difference Between Town & School Budgets

TOWN BUDGET

ARTICLE 7. To determine whether the Town will vote to raise and appropriate the sum of \$40,943,520, or any other sum, for the following necessary and expedient purposes of the Town for the fiscal year ending June 30, 2018:

<u>General Fund Operating Budget</u>				
Item No.	Department	Fiscal 2016 Expenses	Fiscal 2017 Appropriation	Fiscal 2018 Proposal
General Government \$2,885,019 is 7.0% of Total				
1	Town Manager's Office			
	A. Town Manager	\$ 376,107	\$ 385,112	\$ 384,873
	B. Human Resources	226,464	236,342	250,054
	C. Facilities Management	224,962	238,348	290,000
	D. Resource Sustainability Fund	75,000	118,433	126,000
	E. Visitor's Center and Restroom	26,974	32,635	44,028
	F. 37 Knox Trail	-	8,334	17,762
	Subtotal	929,507	1,019,204	1,112,717
2	Legal Services	178,151	225,000	225,000
3	Elections and Registrars			
	A. Elections	52,164	34,815	13,627
	B. Registrars	8,103	7,967	8,476
	Subtotal	60,267	42,782	22,103

Duties related to Budget:

Annual Budgets

- **General Fund Operating Budget – [Guidelines applies to this category](#)**
 - Town
 - Concord Public Schools
 - CCRSD Assessment
 - Minuteman Assessments
 - Capital Improvement Plan – equipment & projects under \$100k
- **Debt (Capital) Plan – equipment & projects over \$100k – financial policy guides development**
- **Enterprise Fund Budgets – business need guides development**
 - Light Fund (CMLP)
 - Water Fund
 - Sewer Fund
 - Solid Waste Fund
 - Swim & Fitness Fund (Beede)
 - Recreation Fund

Guidelines Process

- Sub-committee of the Finance Committee required by Bylaw
- Comprised of a minimum of 5 members, but all members are welcome & most participate in the process on a regular basis
- Process focuses on setting budgetary increase or decrease guidelines for Town, CPS and CCRSD
- May be thought of in terms of an absolute dollar increase/ decrease or a percentage increase/ decrease in property tax (Primer Handout)
- Bylaw requires that the sub-committee recommend a set of written budget guidelines to the (Finance) Committee
 - Committee to adopt Tentative by 10/31; and
 - Final by 11/30
 - Weekly meeting schedule; model

Guidelines Process Schedule for FY21

Regular FinCom Meetings indicated by ✓ and shading			Meeting/ Item	Topic/Event
✓	Thursday	Sept. 19, 2019	Joint Meeting	FY20 status and FY21 Initial Projections
✓	Thursday	Sept. 26, 2019	Regular Meeting	Projections Review
	Thursday	October 3, 2019	Guidelines subcommittee	Minuteman Tech Response to Information Letter
	Thursday	October 10, 2019	Guidelines subcommittee	Town Manager's Response to Information Letter
✓	Thursday	October 17, 2019	Regular Meeting	
	Thursday	October 24, 2019	Guidelines subcommittee	Superintendent's Response to Information Letter
				Adopt Tentative Guidelines Recommendation
✓	Thursday	October 24, 2019	Regular Meeting	Vote Tentative Guidelines, FY21
	Thursday	November 7, 2019	Guidelines subcommittee	Town Manager's Response to Tentative Guidelines
✓	Thursday	November 14, 2019	Regular Meeting	
	Thursday	November 21, 2019	Guidelines subcommittee	Superintendent Response to Tentative Guidelines
				Adopt Tentative Guideline Recommendation
	Saturday	November 30, 2019		Bylaw required deadline to issue Guidelines
✓	Thursday	December 5, 2019	Regular Meeting	Vote Final Guidelines, FY21
	Saturday	December 7, 2019	Town Meeting Preview	Review of known Annual Town Meeting Articles
				Warrant is officially opened at this meeting
	Monday	December 16, 2019	Draft Warrant Articles due	
✓	Thursday	December 19, 2019	Regular Meeting	

Guidelines Model

Final FY20 GUIDELINE WORKSHEET				Prelim. 10/25/18			
	FY19 Budget	FY20 Preliminary Guideline		FY20 Final Guideline			
		FY20 Guideline Increment	% change	FY20 Guideline	FY20 Final Guideline Increment		
Town Government	\$24,228,513	\$1,000,000	4.13%	\$25,228,513	\$1,071,000	4.42%	\$25,299,513
CPS (K - 8)	\$38,246,895	\$1,000,000	2.61%	\$39,246,895	\$1,143,268	2.99%	\$39,390,163
CCRSD Op Assessment	\$19,146,874	\$817,500	4.27%	\$19,964,374	\$850,000	4.44%	\$19,996,874
	\$81,622,282	\$2,817,500	3.45%	\$84,439,782	\$3,064,268	3.75%	\$84,686,550
	Total Property Tax Increment, exclusive of debt (inc. New Growth) Available for Guidelines	Unused Levy Capacity Consumed	Tax increase % impact to base	budget % change to Guidelines	Other Sources	total to allocate to Guidelines	total budget % change to
Balance of Unused Levy Capacity							
4.54%	\$ 4,185,238	-\$693,955	\$0	2.42%	-0.85%	-\$693,955	-0.85%
1.37%	1,261,283	\$2,230,000	\$2,923,955	5.86%	2.73%	\$2,230,000	2.73%
1.29%	1,191,283	\$2,300,000	\$2,993,955	5.95%	2.82%	\$2,300,000	2.82%
1.24%	1,141,283	\$2,350,000	\$3,043,955	6.01%	2.88%	\$2,350,000	2.88%
1.18%	1,091,283	\$2,400,000	\$3,093,955	6.06%	2.94%	\$2,400,000	2.94%
1.13%	1,041,283	\$2,450,000	\$3,143,955	6.12%	3.00%	\$2,450,000	3.00%
1.08%	991,283	\$2,500,000	\$3,193,955	6.18%	3.06%	\$2,500,000	3.06%
1.02%	941,283	\$2,550,000	\$3,243,955	6.24%	3.12%	\$2,550,000	3.12%
0.97%	891,283	\$2,600,000	\$3,293,955	6.30%	3.19%	\$2,600,000	3.19%
0.86%	791,283	\$2,700,000	\$3,393,955	6.42%	3.31%	\$2,700,000	3.31%
0.75%	691,283	\$2,800,000	\$3,493,955	6.54%	3.43%	\$2,800,000	3.43%
0.73%	673,783	\$2,817,500	\$3,511,455	6.56%	3.45%	\$2,817,500	3.45%
0.64%	591,283	\$2,900,000	\$3,593,955	6.65%	3.55%	\$2,900,000	3.55%
0.62%	570,283	\$2,921,000	\$3,614,955	6.68%	3.58%	\$2,921,000	3.58%
0.53%	491,283	\$3,000,000	\$3,693,955	6.77%	3.68%	\$3,000,000	3.68%

Preliminary Guideline
October 25, 2018

Final Guideline
November 29, 2018

Beginning the process- General Fund Budget

- **Estimate Revenues – Finance Director**
 - Property Tax
 - State Aid
 - Local Receipts
 - Available Funds
- **Estimate Non-Guideline (fixed) costs- Finance Director**
 - Appropriated
 - Minuteman Regional Vocational Assessment
 - Health Insurance
 - OPEB
 - Retirement Assessment
 - Payroll Taxes
 - Property & Liability Insurance
 - Debt Service
 - Non-Appropriated
 - State Assessments
 - Snow & Ice Deficit Reserve
 - Overlay Account

Estimated Revenue – Estimated Fixed Costs = Available for Guidelines

Revenue

- **Property Tax**

- Prop. 2 ½ - can't increase the base more than 2.5% per year without specific vote authorization
- Override, debt exemption, capital exclusion

- **State Aid**

- Cherry Sheet
- Chapter 70, UGGA

- **Local Receipts**

- MVX, Departmental Fees, Permits, Meals Tax, Investment Income

- **Available Funds**

- Free Cash, Recaptured Funds, Enterprise PILOT, Stabilization Funds, Enterprise contribution to General Fund

Property Tax Calculation- projected based upon formulas

	Est. 10/20/16 FY2017	revised 12/27/16 FY2018
A. Property Tax		
Prior Year Levy Limit	\$ 78,712,008	\$ 82,116,773
New Growth Adjustment	\$ 23,518	\$ -
Proposition 2 1/2 Increase	\$ 1,968,388	\$ 2,052,919
	\$ 80,703,914	\$ 84,169,692
 New Growth	 \$ 1,412,859	 \$ 1,150,000
	<i>within the levy limit</i> \$ 82,116,773	\$ 85,319,692
Override	\$ -	
Debt Exclusions	\$ 6,266,168	\$ 6,381,790
	<i>additions to levy limit</i> \$ 6,266,168	\$ 6,381,790
	maximum allowable levy: \$ 88,382,941	\$ 91,701,482
	<i>projected use of property tax: \$ 84,050,189</i>	\$ 87,924,072
	<i>base</i> \$ 77,784,021	\$ 81,542,282
	<i>debt exclusion</i> \$ 6,266,168	\$ 6,381,790
	\$ 84,050,189	\$ 87,924,072
	 <i>Unused Levy Capacity</i> \$ 4,332,752	 \$ 3,777,410
	5.28%	4.43%

State Aid-

projected based upon trend analysis & updated when House 1 is issued

	Est. 10/20/16 FY2017	Projected FY2018 revised 12/27/16 FY2018	
B. State Aid			
Chapter 70 (Education Aid)	\$ 3,030,314	\$ 3,039,192	\$ 3,039,192
Charter Tuition Reimbursement	\$ 893	\$ -	\$ -
Smart Growth 40S	\$ -	\$ -	\$ -
School Lunch, offset item	\$ -	\$ -	\$ -
School Choice Receiving Tuition	\$ -	\$ -	\$ -
Unrestricted General Government Aid (Lottery)	\$ 1,115,436	\$ 1,115,436	\$ 1,115,436
Veteran's Benefits	\$ 36,274	\$ 36,274	\$ 36,274
Exemptions: Vets, Elderly, Surviving Spouse & Blind	\$ 39,627	\$ 39,627	\$ 39,627
State Owned Land	\$ 419,471	\$ 419,471	\$ 419,471
Libraries, offset item	\$ -	\$ -	\$ -
total: State Aid	\$ 4,642,015	\$ 4,650,000	\$ 4,650,000

- Joint (Legislative) Revenue Committee meets in December
- Governor issues House 1 in January
- House typically passes its version of the budget by April 30
- Senate typically passes its version of the budget by May 31
- Conference Committee reconciles budgets in June
- State budget is typically signed by Governor before June 30

Local Receipts- projected based upon trend analysis

	Est. 10/20/16 FY2017	Projected revised 12/27/16 FY2018	Projected revised 12/27/16 FY2018	Increase over FY17	% Increase
C. Local Receipts					
<i>Local Excise Taxes</i>					
sub-total: Local Excise Taxes \$	3,700,000	\$ 3,750,000	\$ 3,892,586	\$ 192,586	5.21%
<i>Fines and Forfeitures</i>					
sub-total: Fines and Forfeitures \$	215,000	\$ 215,000	\$ 225,000	\$ 10,000	0.00%
<i>Uses of Money (Investment Income) & Property</i>					
sub-total: Uses of Money & Property \$	452,000	\$ 457,000	\$ 426,000	\$ (26,000)	-5.75%
<i>Licenses & Permits</i>					
sub-total: Licenses & Permits \$	1,000,000	\$ 1,000,000	\$ 1,255,000	\$ 255,000	25.50%
<i>Departmental Fees</i>					
sub-total: Departmental Fees \$	1,170,000	\$ 1,170,000	\$ 1,190,000	\$ 20,000	1.71%
<i>All Other Revenue</i>					
sub-total: All Other Revenue \$	95,000	\$ 95,000	\$ 145,000	\$ 50,000	0.00%
total: Local Receipts \$	6,632,000	\$ 6,687,000	\$ 7,133,586	\$ 501,586	7.56%

Available Funds- included based upon agreements

	Est. 10/20/16 FY2017	Projected FY2018	revised 12/27/16 FY2018	Increase over FY17	% Increase
D. Available Funds					
Municipal Light Plant (Electric Fund) PILOT	\$ 465,500	\$ 474,000	\$ 474,000	\$ 8,500	1.83%
Thoreau School MSBA Grant	\$ 409,878	\$ -	\$ -	\$ (409,878)	-100.00%
Free Cash, Appropriated to Reduce Tax Rate	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	0.00%
Free Cash, Appropriated for Expenditures	\$ -	\$ -	\$ -	\$ -	
CCRSD Prior Year Debt Reserve		\$	\$ 119		
Bond Premium Amortization		\$	\$ 2,082		
Elementary School Debt Stabilization Fund	\$ -	\$ -	\$ -	\$ -	
High School Debt Stabilization Fund	\$ 1,000,000	\$ 785,000	\$ 785,000	\$ (215,000)	-21.50%
Emergency Services Stabilization Fund	\$ 50,000	\$ -	\$ -	\$ (50,000)	-100.00%
total: Available Funds	\$ 2,925,378	\$ 2,259,000	\$ 2,261,201	\$ (664,177)	-22.70%

Free Cash

- What is Free Cash?
- Town's Undesignated/ Unassigned Fund Balance
- Accumulation of:
 - actual revenue collections in excess of estimates; and/ or
 - actual expenditures are less than appropriations
- Available for appropriation at an annual or special town meeting for any lawful purpose, upon certification
- Certified each year by the Department of Revenue- typically in Oct/ Nov/ Dec
 - Certification is good only for the fiscal year
 - There is **no** Free Cash to appropriate until it has been certified

Free Cash Policy

Town's Adopted Free Cash Policy

- Maintained at a level of 5 – 10% of General Fund Budget
- It can be used to provide property tax relief
- It should only be used to the extent that it can be replenished in the ensuing year
- If it rises above 10%, Town Management shall consider recommending using excess in the following ways:
 - For a capital item
 - For a General Fund Stabilization Fund

Free Cash: available for 2019 ATM/ FY20 Budget Process

			Percent of Next Year's Budget (from Certification Date)
As of July 1, 2018			
Policy Requirements:	\$	11,683,672	10.70%
5% Minimum	\$	5,322,545	
10% Maximum	\$	10,644,849	
Current Balance above Maximum	\$	1,038,823	
Approved Uses:			
17-ATM-2019, to reduce property taxes	\$	1,000,000	
23-ATM-2019, Affordable Housing	\$	<u>500,000</u>	
	\$	1,500,000	
Balance of 7/1/18 Free Cash after Appropriations	\$	10,183,672	9.32%

Free Cash

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 ⁽¹⁾		634,430
2010	8,635,340	11.1%	2012	850,000		24,822 ⁽²⁾		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 ⁽³⁾		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		1,000,000 ⁽⁴⁾		2,000,000
2017	10,798,936	10.4%	2019	1,000,000				1,000,000
				<i>proposed</i>				
2018	11,683,672	10.7%	2020	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) 375th Celebration (\$20,000, 57ATM2010) and Old Calf Pasture Restoration (\$14,430, 58ATM2010)

(2) FY 12 Supplemental Assessment for MMRSD (\$24,822, 10ATM2011)

(3) CPS Busses (\$600,000, 24ATM2015) and White Pond Management (\$25,000, 29ATM2015)

(4) Junction Village (\$1,000,000, 30ATM2017)

Expenditures, Non-Guidelines

Expenditures	Year	FY2018 - revised				
		over PY Dollar Change	as of 09/20/16		over PY Dollar Change	Percent Change
			Projected FY2018	revised 12/27/16 FY2018		
Non-Guidelines, within General Operating Budget						
Group Insurance	\$ -	\$ 4,800,000	\$ 4,800,000	\$ 150,000	3.23%	
OPEB Trust Fund	\$ 250,000	\$ 1,470,000	\$ 1,470,000	\$ 70,000	5.00%	
Retirement Assessment	\$ 97,000	\$ 3,667,000	\$ 3,667,000	\$ 350,000	10.55%	
Payroll Tax (Social Security & Medicare)	\$ 25,000	\$ 810,000	\$ 810,000	\$ 45,000	5.88%	
Other Fixed & Mandated	\$ (425,000)	\$ -	\$ -	\$ -	-	
Unemployment Comp & Workers Comp	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	0.00%	
Property & Liability Insurance	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	0.00%	
Refunding Savings, Required Levy	\$ (114,217)	\$ -	\$ -	\$ -	-	
Minuteman Regional High School Assessment	\$ 16,403	\$ 500,000	\$ 602,000	\$ 178,556	42.17%	
Appropriations from Free Cash	\$ (625,000)	\$ -	\$ -	\$ -	-	
Debt Service	\$ (3,605,000)	\$ -	\$ -	\$ -	-	
Debt Service, Non-Excluded, Town	\$ 3,730,000	\$ 3,860,000	\$ 3,860,000	\$ 130,000	3.49%	
Debt Service, Non-Excluded, CCRSD Assessed	\$ 80,753	\$ 97,764	\$ 102,583	\$ 21,830	27.03%	
Debt Service, Excluded, Town	\$ (198,455)	\$ 3,607,507	\$ 3,607,507	\$ (400,321)	-9.99%	
Debt Service, Excluded, CCRSD Assessed	\$ 153,789	\$ 3,600,140	\$ 3,561,484	\$ (106,734)	-2.91%	
sub-total: Non-Guidelines within Budget	\$ (164,727)	\$ 22,862,411	\$ 22,930,574	\$ 438,331	1.95%	
Non-Guidelines, Non-Appropriated						
State Assessments	\$ (2,533)	\$ 500,500	\$ 500,500	\$ 5,190	1.05%	
Snow & Ice Deficit (from Prior Year)	\$ (310,772)	\$ 140,000	\$ 178,656	\$ 178,656	100.00%	
Overlay for Abatements & Exemptions	\$ 9,237	\$ 550,000	\$ 550,000	\$ (2,900)	-0.52%	
sub-total: Non-Guidelines, not appropriated	\$ (304,068)	\$ 1,190,500	\$ 1,229,156	\$ 180,946	17.26%	
Total: Non-Guideline Accounts	\$ (468,795)	\$ 24,052,911	\$ 24,159,730	\$ 619,277	2.63%	

Health Insurance

- MGL requires Towns to offer health insurance to any employee who regularly works 20 or more hours per week & to retirees
- MGL requires health insurance to be negotiated, though some relief was provided under 2011 Health Insurance Reform
- Town offers a variety of insurance plans through Minuteman Nashoba Health Group, including HDHP
- Employer Contribution
 - Individual = 60 – 63% depending upon plan chosen
 - Family = 52 – 55% depending upon plan chosen

Other Post Employment Benefits

- **OPEB** refers to the benefits, other than pensions, that a local government employee receives as part of his or her package of retirement benefits
- Typically **retiree medical insurance** is the most significant OPEB offering, though other benefits such as life insurance are also covered by this umbrella term
- Town is required to prepare an actuarial valuation of this liability on an annual basis and to report on its annual financial statements the net OPEB Liability
- As of 6/30/18:
 - AAL = \$50.7M
 - UAAL = \$34.6M
 - Funded Level = 31.8%
 - Fully Funded by 2038
 - Current discount rate = 7.25%

Retirement

- Pension benefit offered through Concord Retirement System for any employee (not eligible for MTRS) regularly employed 25 or more hours per week
- Benefit is determined by age, years of service and average salary at retirement
- There is no set employer match; on an actuarial basis, Group 1 employees hired after 1996 fund 110.01% of benefit, Group 4 funds 50% of benefit
- Employee contributions:

If you joined a system & remained a member	Contribution Rate
Prior to 1/1/75	5%
1/1/75 - 12/31/83	7%
1/1/84 - 6/30/96	8%
7/1/96 to present	9%
Group 3, 7/1/96 to present	12%
after 1/1/79, anything over \$30k	+2%

Retirement – as of 1/1/19

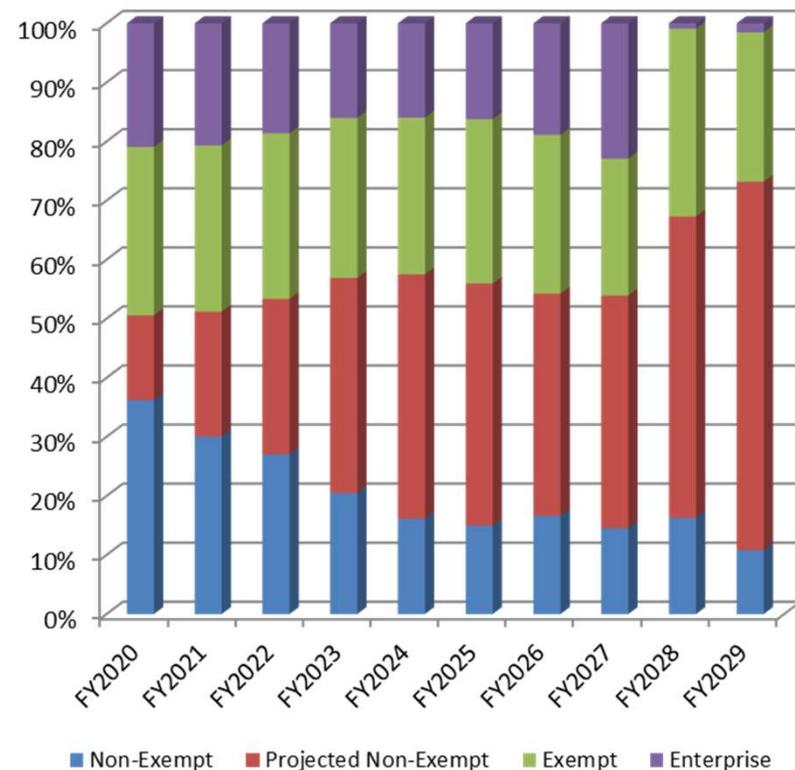
- Annual actuarial valuation required as of 1/1/19
- Market Value of Assets = \$159.2M
- Actuarial Value of Assets = \$167.1M
- Current discount rate = 7%
- Funding Ratio, Actuarial Value = 86.08%
- Funding Ratio, Market Value = 82.01%
- Fully Funded by 2029

Debt Service-

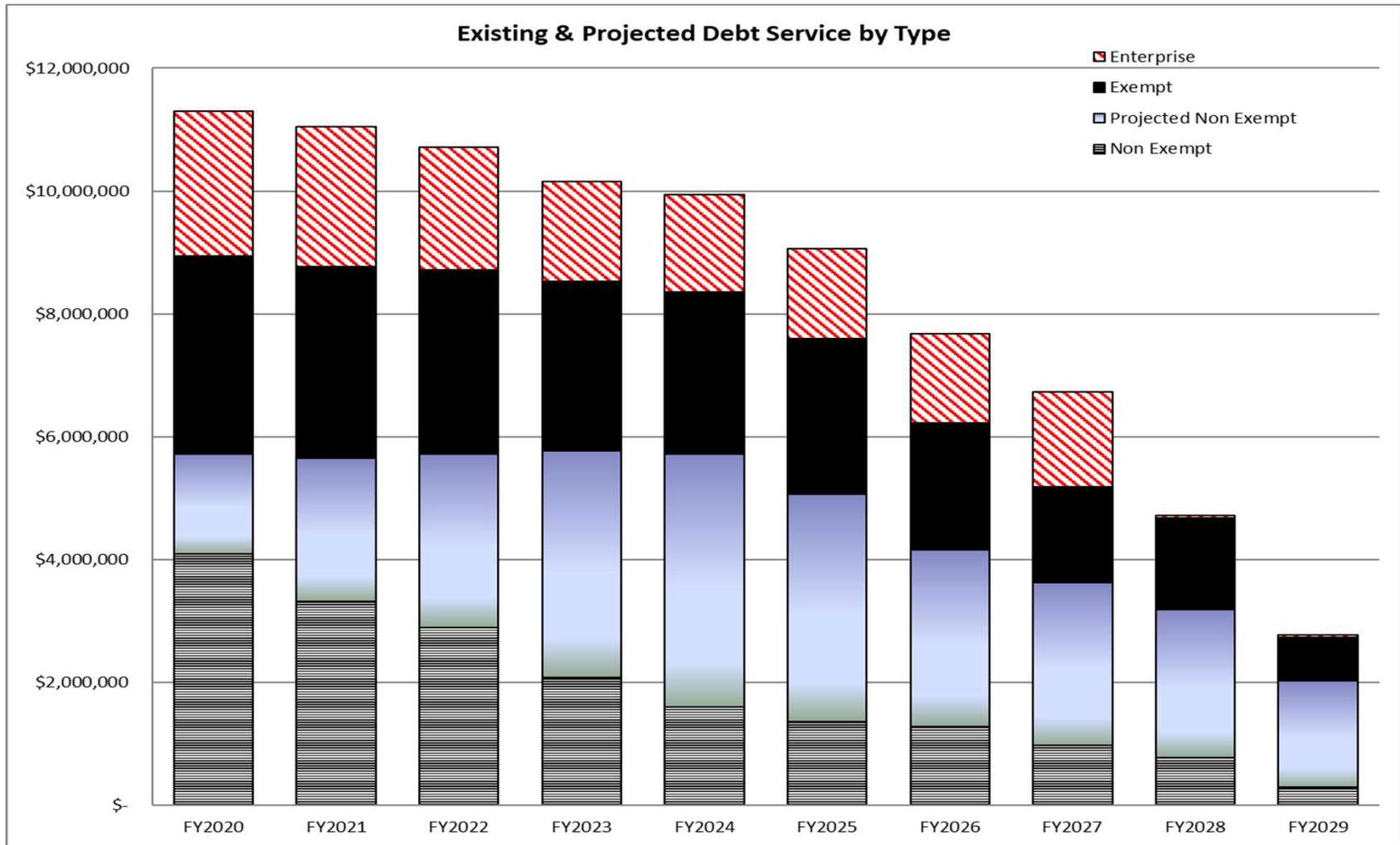
Highlights

- Tax Supported outstanding as of 6/30/18 = \$42,886,465
- Tax Supported Debt is 0.665% of the Town's Total AV
- \$2,427 per capita rapid repayment policy 60% over 5; 90% over 10
- Does not include CCRSD debt

All Existing, plus projected Non-exempt



Dollar Value



Debt (Capital) Plan

FY20-24 Capital Program DEBT AUTHORIZATION PLAN

FINAL PLAN- November 30, 2018

Fiscal Year of Planned Long-term Debt Issuance Annual Town Meeting Year	adopted	plan					FY20-24 Total
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
	2018	2019	2020	2021	2022	2023	
Projected Amount Available for Authorization							
General Fund - Financing within Levy Limit	\$6,000,000	\$4,850,000	\$4,160,000	\$5,025,000	\$4,600,000	\$4,235,000	\$22,870,000
<i>Town Manager</i>							
Renovation/Construction/Acquisition of Town Buildings	510,000	500,000	500,000	500,000	500,000	500,000	2,500,000
Land acquisition for municipal purposes	2,500,000				1,000,000	500,000	\$1,500,000
Park Improvements (White Pond, Rideout, Emerson, Gerow etc.)		1,400,000	375,000	230,000	350,000	310,000	\$2,665,000
Town House Chiller Replacement				345,000			\$345,000
<i>Planning</i>							
Land Acquisition for open space		100,000	460,000	0	350,000	350,000	\$1,260,000
Trail Improvements	75,000						\$0
Pedestrian Bridge Over Assebet River in W. Concord				750,000			\$750,000
West Concord Visitors Center, Acquisition & Renovation				500,000			\$500,000
<i>Public Safety</i>							
Engine #3 (2008) & Engine #5 (1989) to be replaced w/ one truck	365,000						\$0
Engine #3 Refurbishment (2016) Pumper						175,000	\$175,000
Engine #4 Replacement (2017) Pumper							\$0
Engine #5 Replacement (1989) Brush Truck							\$0
Engine #6 Replacement (2006) Brush and Utility Vehicle							\$0
Engine #8 Replacement (1988)							\$0
Ambulance #1 Replacement (2008)							\$0
Ambulance #2 Replacement (2011)			275,000				\$275,000
Ladder #1 Refurbishment (2012)			250,000				\$250,000
Police & Fire Radios							\$0
							\$0
<i>Public Works</i>							
Road and Parking lot Reconstruction	1,400,000	1,400,000	1,400,000	1,300,000	1,500,000	1,500,000	\$7,100,000
Sidewalk extensions - phase 1							\$0
Sidewalk extensions - phase 2				500,000			\$500,000
Cemetery Roads Improvements							\$0
							\$0
<i>Human Services</i>							
Library - Efficient Energy Systems	150,000						\$0
Library - Furniture, Fixtures, and Equipment		550,000					\$550,000
Harvey Wheeler Parking Lot	100,000						\$0
							\$0
							\$0
Subtotal - Town Projects	5,100,000	3,950,000	3,260,000	4,125,000	3,700,000	3,335,000	\$18,370,000

Debt (Capital) Plan

Placeholders pending outcome of Muni Needs Assessment study

Funded in separate warrant article

FY20-24 Capital Program DEBT AUTHORIZATION PLAN

Fiscal Year of Issuance Annual Town Meeting Year	adopted	plan					FY20-24 Total
	FY2019 2018	FY2020 2019	FY2021 2020	FY2022 2021	FY2023 2022	FY2024 2023	
CMS Middle School feasibility assessment study							\$0
Peabody		223,000	50,000	50,000	50,000	50,000	\$423,000
Sanborn		447,000	68,000	50,000	50,000	50,000	\$665,000
Alcott				475,000		25,000	\$500,000
Thoreau		15,000	55,000				\$70,000
Willard		15,000	118,000	55,000	80,000	20,000	\$288,000
District-wide		200,000					\$200,000
Ripley Administration Building		0	580,000	375,000	571,000	721,000	\$2,247,000
Green Initiatives, District-wide			1,050,000	550,000	600,000	850,000	\$3,050,000
Gross subtotal, CPS buildings	0	900,000	1,921,000	1,555,000	1,351,000	1,716,000	\$7,443,000
less: Unfunded			1,021,000	655,000	451,000	816,000	\$2,943,000
Subtotal - School Projects allocation	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$4,500,000
General Fund Total debt supported within levy limit	\$6,000,000	\$4,850,000	\$4,160,000	\$5,025,000	\$4,600,000	\$4,235,000	\$22,870,000
General Fund - Financing subject to Debt Exclusion Ballot							
Keyes Road Campus - Site Reconstruction			20,000,000				\$20,000,000
Public Safety Complex			20,000,000				\$20,000,000
Municipal Offices			20,000,000				\$20,000,000
Concord Public School - Middle School renovations							\$0
Debt Exclusion Total	\$0	\$0	\$60,000,000	\$0	\$0	\$0	\$60,000,000
Water Enterprise Fund							
Keyes Road site & covered storage (Water & Sewer)			\$500,000				500,000
Water Main Replacement		3,500,000					
Sewer Enterprise Fund							
Keyes Road site & covered storage			\$100,000				100,000
Beede Enterprise Fund							
Cogeneration System		400,000	\$100,000				500,000
Enterprise Funds Total	\$0	\$3,900,000	\$700,000	\$0	\$0	\$0	\$4,600,000
GRAND TOTAL	\$6,000,000	\$8,750,000	\$64,860,000	\$5,025,000	\$4,600,000	\$4,235,000	\$87,470,000

Future Debt

- Debt Policy:
 - 7 to 8% of operating budget on capital
 - No more than 5% on debt service payments
 - 2 – 3% on cash outlay
- 2 – 3% cash outlay portion of capital plan is funded in Town's Guidelines budget
- 5% debt service payments funded in Non-Guidelines Budget
- New debt-financed capital projects are funded in stand-alone warrant articles

Expenditures, Guidelines

Guideline Accounts	Budget		Current2018 - revised Adoped Guideline revised 12/27/16	
	FY2015	FY2016	FY2017	FY2018
Town Government				
Personal Services	\$ 15,181,707	\$ 15,721,241	\$ 16,468,178	
O&M	\$ 3,332,306	\$ 3,458,772	\$ 3,470,835	
Capital Outlay	\$ 1,625,000	\$ 1,709,000	\$ 1,800,000	
Reserve Fund	\$ 225,000	\$ 225,000	\$ 225,000	
sub-total: General Fund	\$ 20,364,013	\$ 21,114,013	\$ 21,964,013	
Emergency Services Stabilization Fund	\$ 200,000	\$ 100,000	\$ 50,000	\$ -
total: Town Government	\$ 20,564,013	\$ 21,214,013	\$ 22,014,013	\$ 23,064,013
Concord Public Schools	\$ 32,440,538	\$ 34,542,735	\$ 35,660,111	\$ 36,810,111
Concord-Carlisle Regional School District	\$ 15,856,221	\$ 16,556,221	\$ 17,035,005	\$ 17,935,005
Total: Operating Budgets	\$ 68,860,772	\$ 72,312,969	\$ 74,709,129	\$ 77,809,129
Total Budget Plan:	\$ 90,044,193	\$ 96,322,217	\$ 98,249,582	\$ 101,968,859

Enterprise Budgets

- Outside of Guidelines process & prepared on a different timetable
- Represents the Town's Business-Type Operations, and are supported by **User Fees**, not Property Taxes
- Departments of the Town, organized under the Town Manager and are required to follow all financial rules & regulations of the Town, unless there is a specific legal exemption
- Enterprise Funds are charged by Town for cost of services provided. Payment for these services is brought into General Fund as an **Available Fund**
- No specific annual appropriation for Water, Sewer, Light & Solid Waste Enterprises
 - *"...vote that the income from sales of electricity...together with the balance of operating cash....be expended without further appropriation...."*
- CMLP prepares a FY budget, but all required financial reporting is done on a calendar year basis, to meet State and Federal requirements



Other Warrant Articles

with a financial impact

- See supplemental PPT, page 8

Finance Committee Report

– Issue Finance Committee Report:

- Schedule of charges to the Town for State & County Services and controls
 - Schedule of estimated Town receipts
 - Estimated total to be raised in taxation
 - The assessed valuation and estimated tax rate
 - Table of Town Debt
 - Table of Tax Rate Comparisons
 - Table of Transfers from the Reserve Fund
 - Report on the status of the Surplus Revenue Account (Free Cash)
 - Five-Year Project of Real Estate Taxes likely to be levied upon citizens (03-STM-11)
- Refer to report
 - Observer Reports

Other Financial

- **Financial Policies**

- Budget
- Revenue Assessment
- Revenue Collection
- Other Revenue
- Capital Expenditures
- Other Liabilities
- Risk Mitigation

Operating Expenditures

Cash Management

Reserves

Investments

Debt

Accounting & Financial Reporting

Procurement

- **Bond Rating – Aaa** – refer to supplemental PPT

- **Audit**

- Town is required to have an Independent Audit on an annual basis
- Financial Audit Advisory Committee
- Role of the Town Accountant

Other Considerations

- Open Meetings Law – email exchange/ serial deliberations
- Public Records Law
 - Town Clerk is the Records Access Officer for the Town
 - Finance Director is the Department RAO for the Finance Department
- Conflict of Interest Law – contact State Ethics Commission <http://www.mass.gov/ethics/>
- Effective Governance Workshop for Concord's Committee & Board Volunteers – TBD

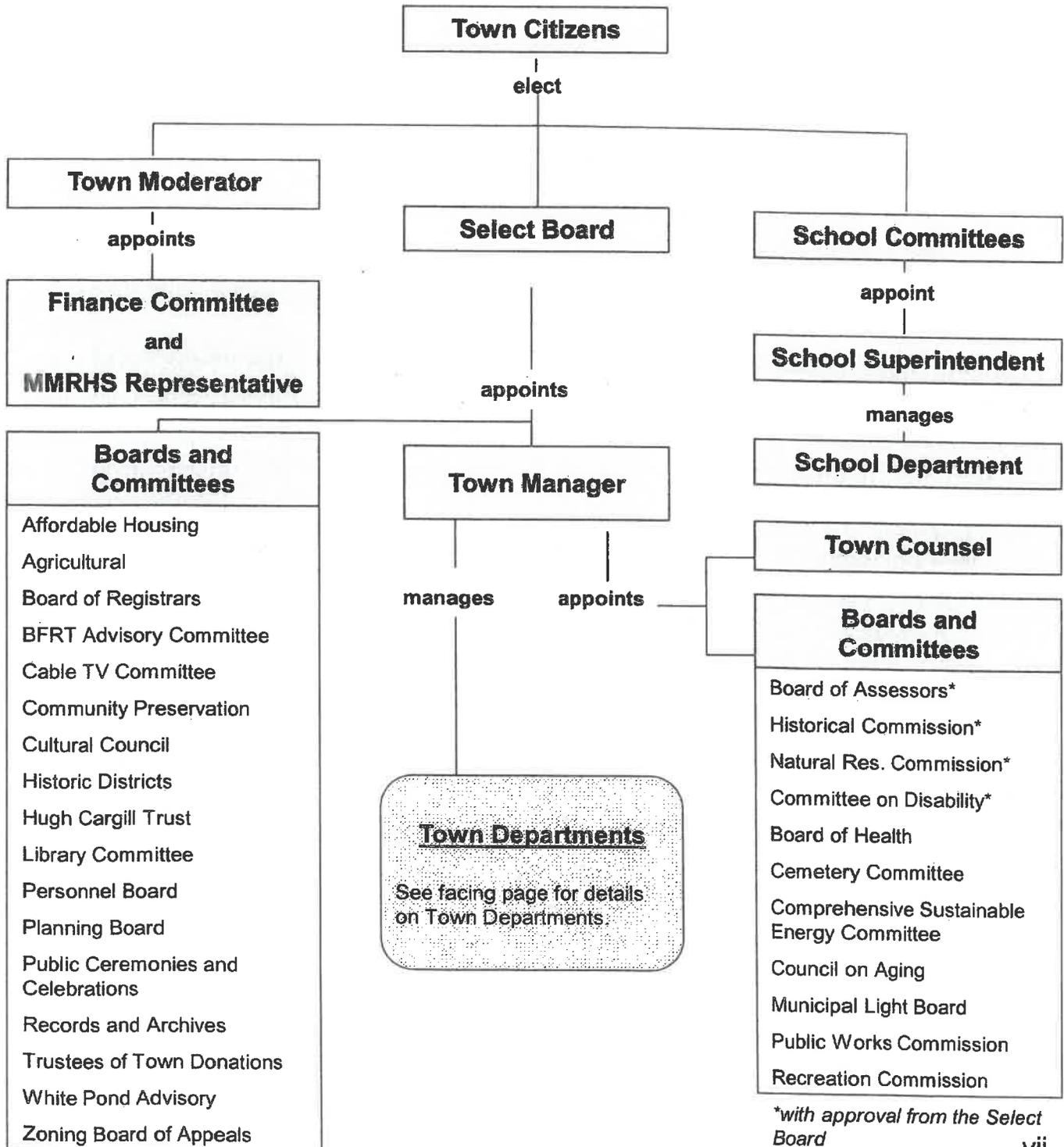
Organizational Charts **Committee Detail**

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

The chart below outlines how Concord citizens, either through elections or by sitting on boards and committees, influence the operations of their government.

On the facing page, the chart shows how Town Government is structured to carry out the wishes of its citizens.



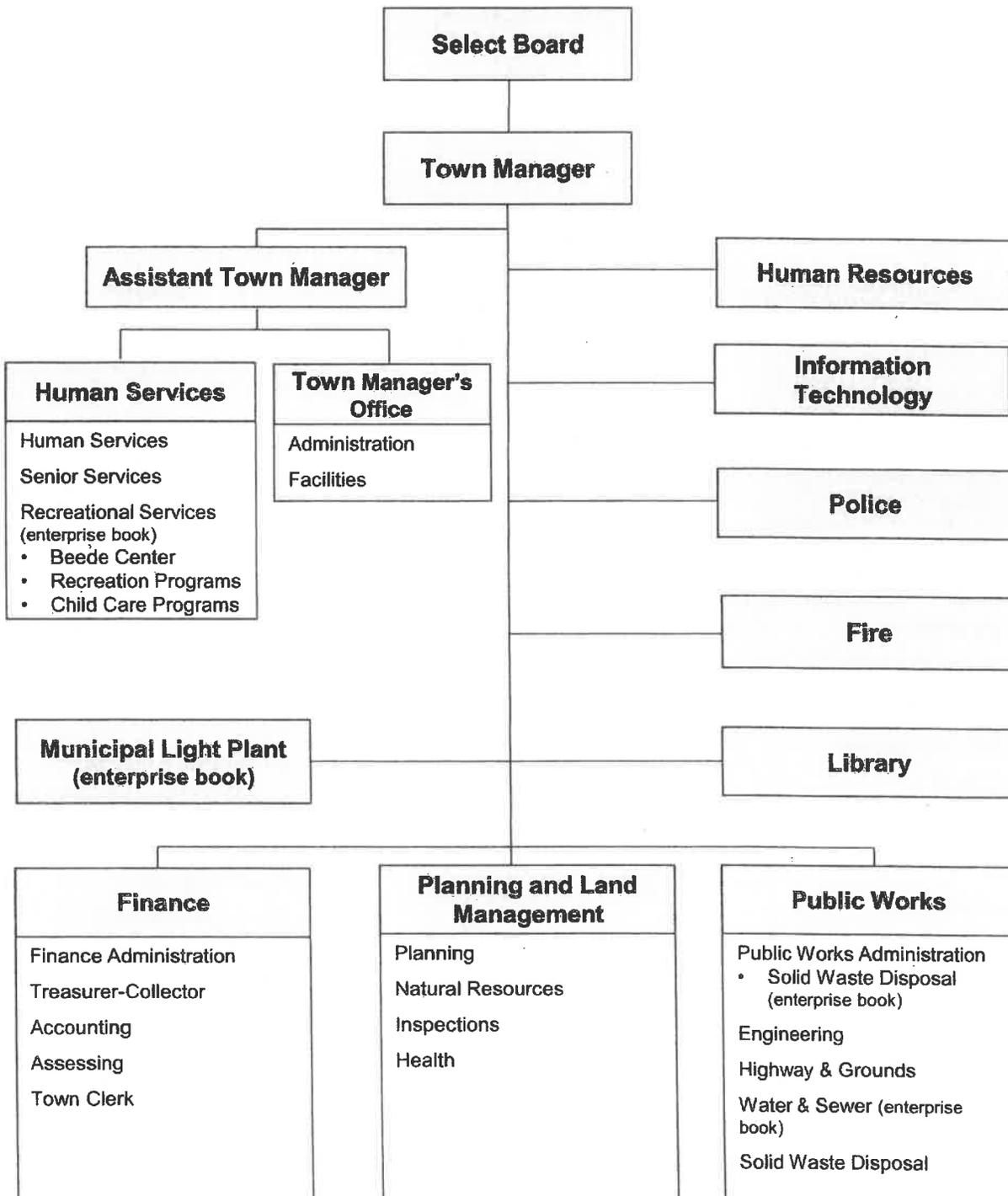
*with approval from the Select Board

The Town Manager oversees Town Departments, including the enterprise, revolving, and special revenue funds. These other funds include the Concord Municipal Light Plant, the Water Division, the Sewer Division, the Beede Swim & Fitness Center, Solid Waste Disposal, and the Recreation Fund.

More detail on the above departments is available in the Enterprise Budget Book, which will be printed in the spring of 2016.

Town of Concord, Massachusetts

Organization Chart



RESERVE FUND REQUEST FORM

No. 19-1

Slide 8A

TO: Dean Banfield, Chair
Concord Finance Committee

Date: June 27, 2019

The Town Manager respectfully requests a transfer from the FY19 RESERVE FUND to the FY19 Legal Services Account in the amount of \$225,000.00. The account number is 0001-151-151-0000-5302-0000.

Original appropriation:	\$ <u>250,000.00</u>
Salary reserve transfers in:	\$ <u>0</u>
Budgeted transfers in:	\$ <u>100,000.00</u>
Sub-total:	\$ <u>350,000.00</u>
Reserve fund transfers in:	\$ <u>225,000.00</u>
Expenditures to date:	\$ <u>578,617.08</u>
Account balance:	\$ <u>-3,617.08 (remainder funded via line item transfer)</u>

A complete and detailed explanation and statistical breakdown for this request is given on the back of this form.

Kate Hodges, Acting Town Manager

I certify that the balance in the Legal Services Account is \$(-228,617.08) as of June 27, 2018.

Mary Barrett, Town Accountant

By vote of the Finance Committee at a meeting held on _____, the above transfer in the amount of \$ _____ was: _____ APPROVED.

NOT APPROVED.

CONCORD FINANCE COMMITTEE

by: _____
Dean Banfield, Chair

FY19 MGL Chapter 44, Section 33B Transfers (Line-Item Transfers)					
Item	Department	To	From	Description:	
1	2	\$ (54,462.47)		to cover existing deficit after Reserve Fund Transfer	
	8	\$	54,462.47		
4	38	\$ (1,962.35)		to cover deficit in Social Security expense	
	31	\$	1,962.35		
	Chair, Finance Committee	date			
	Chair, Select Board	date			

TOWN BUDGET

ARTICLE 7. To determine whether the Town will vote to raise and appropriate, or transfer from available funds, the sum of \$43,374,850, or any other sum, for the following necessary and expedient purposes of the Town for the fiscal year ending June 30, 2019, or take any other action relative thereto:

General Fund Operating Budget				
Item No.	Department	Fiscal 2017 Expenses	Fiscal 2018 Appropriation	Fiscal 2019 Proposal
General Government				
\$3,074,735 is 7.1% of Total				
1	Town Manager's Office			
	A. Town Manager	382,774	397,167	398,394
	B. Human Resources	235,583	266,710	281,426
	C. Facilities Management	235,108	290,000	290,000
	D. Resource Sustainability Fund	118,276	126,000	151,000
	E. Visitor's Center and Restrooms	32,286	44,028	19,292
	F. 37 Knox Trail	8,187	17,762	13,943
	G. 55 Church Street	-	-	40,796
	Subtotal	1,012,214	1,141,667	1,194,851
2	Legal Services	265,215	225,000	250,000
3	Elections and Registrars			
	A. Elections	45,619	13,627	48,412
	B. Registrars	6,896	8,476	8,666
	Subtotal	52,515	22,103	57,078
4	Town Meeting and Reports	61,156	44,900	100,250
5	Planning			
	A. Planning Administration	476,439	389,012	380,998
	B. Natural Resources	233,392	229,899	219,641
	C. Inspections	467,076	464,669	467,145
	D. Health	323,967	325,905	331,778
	Subtotal	1,500,873	1,409,485	1,399,562
6	141 Keyes Road	50,209	71,027	72,994
	Total General Government	2,942,182	2,914,181	3,074,735
Finance and Administration				
\$2,531,292 is 5.8% of Total				
7	Finance Committee	1,189	3,410	3,410
8	Finance			
	A. Finance Administration	302,629	293,041	337,252
	B. Treasurer-Collector	289,121	297,639	289,615
	C. Town Accountant	162,946	169,270	162,291
	D. Assessors	423,249	439,328	420,468
	E. Town Clerk	243,942	245,912	245,750
	Subtotal	1,421,886	1,445,190	1,455,376
9	Information Systems	898,055	940,718	951,192
10	Town House	108,426	115,150	121,314
	Total Finance and Administration	2,429,556	2,504,469	2,531,292

Item No.	Department	Fiscal 2017 Expenses	Fiscal 2018 Appropriation	Fiscal 2019 Proposal
Public Safety \$9,317,901 is 21.5% of Total				
11	Police Department	4,442,491	4,518,636	4,508,392
12	Fire Department	4,311,316	4,462,853	4,445,434
13	West Concord Fire Station	40,040	39,664	36,323
14	Police-Fire Station	274,880	284,816	284,816
15	Emergency Management	13,859	16,937	16,937
16	Animal Control Officer	24,010	26,000	26,000
	Total Public Safety	9,106,596	9,348,906	9,317,901
Public Works and Facilities \$4,249,152 is 9.8% of Total				
17	Public Works			
	A. CPW Administration	195,255	200,636	201,321
	B. Engineering	385,308	408,966	399,107
	C. Highway Maintenance	1,423,784	1,412,870	1,380,563
	D. Parks and Trees	677,285	699,254	702,841
	E. Cemetery	66,561	66,689	70,351
	Subtotal	2,748,193	2,788,414	2,754,182
18	Snow and Ice Removal	587,447	610,000	610,001
19	Street Lighting	60,840	73,463	56,863
20	CPW Equipment	300,000	325,000	325,000
21	Drainage Program	205,000	205,000	205,000
22	Sidewalk Management	100,000	110,000	115,000
23	Road Improvements	90,000	100,000	100,000
24	133/135 Keyes Road	102,237	83,875	83,106
	Total Public Works and Facilities	4,193,717	4,295,753	4,249,152
Human Services \$3,134,538 is 7.2% of Total				
25	Library	1,951,574	2,153,361	2,141,097
26	Human Services			
	A. Human Services	27,149	39,152	53,516
	B. Senior Services	350,759	394,414	483,791
	C. Recreation Services	70,093	76,678	101,761
	Subtotal	448,001	510,244	639,068
27	Harvey Wheeler Community Center	120,424	121,905	124,342
28	Hunt Recreation Center	105,574	111,701	99,438
29	Veterans	99,958	125,310	107,970
30	Ceremonies and Celebrations	24,307	19,228	22,624
	Total Human Services	2,749,838	3,041,749	3,134,538

Item No.	Department	Fiscal 2017 Expenses	Fiscal 2018 Appropriation	Fiscal 2019 Proposal
Unclassified \$1,742,895 is 4.0% of Total				
31	Town Employee Benefits			
	A. Unused Sick Leave	90,000	90,000	90,000
	B. Public Safety Disability	157	2,500	2,500
	C. Employee Assistance Program	7,177	7,500	7,500
	Subtotal	97,334	100,000	100,000
32	Reserve Fund*	-	225,000	225,000
*Transfers totaling \$169,117.62 were made to other accounts in FY17.				
33	Salary Reserve**	-	618,954	1,407,895
**Transfers of \$746,594 in FY17 and \$174,969 (to date) in FY18 were made to other accounts.				
34	Land Fund	10,000	15,000	10,000
	Total Unclassified	107,334	958,954	1,742,895
TOWN GOVERNMENT SUBTOTAL				
 Accounts 1-34		21,529,222	23,064,013	24,050,513
Joint (Town - CPS) \$19,324,337 is 44.6% of Total				
35	Insurance			
	A. Group Insurance	4,650,000	4,800,000	5,526,100
	B. OPEB	1,400,000	1,470,000	1,617,000
	C. Property/Liability	250,000	250,000	275,000
	Subtotal	6,300,000	6,520,000	7,418,100
36	Unemployment/Workers' Comp.			
	A. Unemployment Comp.	104,579	100,000	110,000
	B. Workers' Comp.	95,421	100,000	100,000
	Subtotal	200,000	200,000	210,000
37	Retirement	3,317,000	3,667,000	3,777,010
38	Social Security and Medicare	731,944	810,000	814,713
39	Debt Service			
	A. Long-Term Debt			
	Town Principal and Interest	2,685,973	3,015,800	3,277,862
	CPS Principal and Interest	939,386	700,350	679,283
	Subtotal	3,625,359	3,716,150	3,957,145
	Interest on Notes	-	135,000	30,000
	Other Debt Expense	1,295	8,850	7,500
	Subtotal Within Levy Limit	3,626,654	3,860,000	3,994,645
	B. Excluded Debt			
	Town Principal and Interest	99,794	99,794	392,294
	CPS Principal and Interest	2,907,470	3,507,713	2,992,575
	Less: Use of Stabilization Funds	(1,000,000)	(785,000)	(275,000)
	Subtotal Excluded Debt	2,007,264	2,822,507	3,109,869
	Total Debt Service	5,633,918	6,682,507	7,104,514
	Total Joint (Town - CPS)	16,182,862	17,879,507	19,324,337
TOTAL APPROPRIATION (Accounts 1-39)		37,712,084	40,943,520	43,374,850

And further, that the Town Manager is authorized to turn in or sell at public auction any surplus equipment, with the amount allowed or received therefore to be applied against the purchase of new equipment; and

That the sum of \$11,000, State Aid to Libraries, be transferred to the use of the Library Committee for the purchase of books, periodicals, and subscriptions; and

That the Town appropriate and transfer the sum of \$750 from the Dog Inoculation Fees Reserve Account for the cost of the Board of Health's Rabies Clinic; and

That the appropriation for Salary Reserve under Line Item 33 shall be transferred by the Town Manager to the various Salary Line Items in accordance with salary levels established on July 1, 2018 and thereafter pursuant to the salary schedules adopted under Article 5, the implementation of the merit pay plan in accordance with Section 10.2 (2) of the Personnel Bylaws, and Collective Bargaining Agreements. Any such transfer shall be reported periodically by the Town Manager to the Select Board and the Finance Committee, and a final report shall be issued when all such transfers have been completed for the fiscal year; and

That the Town authorize the following sums to be expended from the Title 5 Septic Loan Betterment Reserve Account to meet the loan payments to the Massachusetts Clean Water Trust due and payable during FY19:

Amount	Loan Number	Original Loan	Date of Issue	Final Maturity	Town Authorization
\$10,828.73	T5-97-1070	\$200,000	12/22/99	FY21	Art. 46 (1997)
\$70,317.00	T5-05-1243	\$703,170	03/18/09	FY19	Art. 50 (2004)
\$29,705.00	T5-05-1243-A	\$296,830	06/13/12	FY23	Art. 50 (2004)
\$32,471.00	T5-05-1243-B	\$324,715	05/22/13	FY23	Art. 42 (2009)
\$19,745.70	T5-05-1243-C	\$197,457	01/07/15	FY15	Art. 42 (2009)

And, that the Town appropriate the sum of \$275,000 from the High School Debt Stabilization Fund, to be expended under the direction of the Town Manager, to pay a portion of Concord's share of debt service excluded from the Property Tax Levy Limit due and payable during FY19, and that said appropriation shall be in addition to the sum contained in Line Item 39 herein; or take any other action relative thereto.

The Town Budget Article provides for all General Fund (Tax-Supported) Town operations and activities organized by Town Charter under the direction of the Town Manager. The total appropriation to be presented here for consideration for Town Meeting approval exceeds the spending guidelines set by the Finance Committee in November 2017 by \$203,196 but can still be funded without a Proposition 2-1/2 Override. The text above also makes certain other appropriations from Stabilization Funds and authorizes certain other transfers.

Finance Committee recommends affirmative action in the amount of \$43,223,587.
 Select Board recommends affirmative action in the amount of \$43,223,587.

**Preliminary Thoughts for Concord Finance Committee on Guidelines for Guideline-setting,
Or "The Alchemy of Operating Budget Guidelines Setting"**

The Concord Finance Committee Guidelines process focuses on setting budget increase/decrease guidelines for the three "budgeting entities" (Town, Concord Public Schools, and Concord-Carlisle Regional School District). The Guidelines may be thought of as the absolute amount of money recommended to be added to the operating budgets of the Town and Schools or as the percentage increase/decrease in the portion of the tax levy that covers the operating budgets, or both.

What is the method by which the Finance Committee arrives at its Guidelines recommendations? Every year the Finance Committee struggles with the process, for which no formula or specific guidance can be found in the Town Charter, Bylaws or Administrative Code. This memo proposes ideas to guide in the establishment of guidelines for setting the Guidelines for future town budgets.

Guidelines-setting involves consideration of:

1. "What do Concord citizens value and what benefits do they receive?"
 - a. Program goals expressed by both of our elected bodies (Select Board & School Committees);
 - b. Benefits received by citizens, as measured by town and school system "quality" metrics;
 - c. Efforts being made by town & schools to improve quality and productivity of services;
 - d. Trends in real estate values in Concord;
 - e. Taxpayers' "willingness to pay" for regular and extraordinary expenditures, expressed in Town Meetings as well as past debt exclusion & levy limit override votes;
 - f. Other program/budget priorities, as expressed in Town Meeting and other public fora.

2. "What is needed to maintain or expand current services?" This involves consideration of:
 - a. Proposed budgets, in context of historical trends & impact on medium-term projections;
 - b. Extraordinary factors that affect proposed budgets, such as student enrollment, SPED enrollment, population growth or population shifts between Concord & Carlisle;
 - c. Other drivers/factors that shape the budgets (e.g. labor contract commitments);
 - d. Comparison of expenditures in Concord with those in "reference" communities, and (to the extent possible) comparison with performance metrics in those communities;
 - e. Analysis of Concord's property tax rates & bills, over time and relative to "reference" communities; and,
 - f. Level of citizen satisfaction with benefits received and taxes paid, as measured biannually by town survey of Concord citizens.

3. "What is the impact of proposed budgets on existing taxpayers: what level of increase is allowed under the Prop 2 ½ levy limit and what level of increase is 'affordable'?" Here we may consider:
 - a. How will budget changes affect the total levy to be raised and thus what increases will be asked of taxpayers, given our understanding of a) other expected costs (outside of operating budgets) and b) expected new growth;
 - b. Levy limit analysis;
 - c. Affordability analysis: tax rates, tax bills relative to incomes;
 - d. Economic analysis of variables affecting households in Concord, their perceptions of economic security, and hence their "willingness to pay" property taxes, including levels, rates or trends in unemployment, inflation, incomes, income distribution, home prices, and other indicators of economic health or risk;
 - e. Rating agency criteria for municipal entities and the value of bond ratings for future financing needs of the town and schools;
 - f. Risk assessment factors including diversity and predictability of revenue sources the potential for unexpected expenses.

Finance Committee Orientation Meeting (Recorded August 1, 2019)

<https://www.youtube.com/watch?v=Kh5G23qpGyU>