

Section II

Budget Introduction

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Budget Book Guide

Overview

To assist the reader in navigating this budget book, we are providing this guide outlining the organization of the budget document. This guide can be used along with the Table of Contents to identify the location of a particular area of interest.

Description of the Budget Book Sections

- The Town Manager's Letter of Transmittal is found in Section I. This letter is an introduction to the budget book by the Town Manager. Included in the letter is information about the Finance Committee's FY06 budget guidelines at the levy limit and at the recommended override amount for the Town Government, Concord Public Schools, and Concord – Carlisle High School. In addition, the letter highlights some of the major changes in the budget for FY06.
- Section II contains materials on how to read and understand the budget book. There are a narrative, a time-line, and a calendar describing the budget process. In addition, the Section has information on the types of accounts that are shown in the Budget Detail Section.
- The Budget Summary is Section III. Here, with tables and charts, summary information about the budget as a whole is presented. This information includes the budget summary at the override level, a list of highlighted changes to budget accounts, a table showing the Town's staffing history, and a 5-year plan for capital outlay and debt authorization.
- Sections IV, V, and VI show the budget detail for each account. An account represents a department, division, or program of the Town. For an account, the budget detail section provides a narrative page that describes the account and a numbers page that outlines the budget for the account. Section IV contains Town Government budget accounts (Accounts #1-48); Section V has the unappropriated accounts (Accounts #101-103); and Section VI includes the education accounts (Accounts #104-106)
- Organization Charts and Organizational Support Statements are included in Section VII. This section is organized by Town departments.
- The Appendix contains the following information: a Community Profile of Concord; the Financial Policies of the Town; and a glossary of terms.

Budget Process

Introduction

The Town of Concord operates under state statutes in general, and under the Town Charter as amended, which established the present Selectmen-Town Manager form of government. The legislative body of Concord is an open Town Meeting, in which all voters registered in Concord are permitted to participate. Town Meeting has the sole authority to appropriate funds for the operating budget and capital projects. Under the Town Charter, the Town Manager is required to submit a proposed budget to the Board of Selectmen. The Board of Selectmen in turn is required to transmit to the Finance Committee a copy of the Town Manager's Proposed Budget, together with its recommendations. Finally, the Finance Committee must make budget recommendations to Town Meeting.

Like prior budgets, this FY06 budget has been developed based upon projected assumptions of available revenue. The budget is based upon a budget ceiling or levy limit of revenue derived from local property taxes in accordance with Proposition 2½. Added to these revenues are projections for state aid; miscellaneous revenues, such as fees, permits, and interest earned; and available funds, such as free cash and special revenues. This levy limit may be increased if the Town Meeting adopts a budget requiring an override and the override amount is approved by a majority of voters at the polls.

While the projection of available revenues creates a budget ceiling for the Town, an expenditure floor is created by calculating certain fixed or semi-fixed costs such as debt payments, employee benefits, and various assessments. These costs subtracted from projected revenues leave remaining funds that are available for discretionary spending, such as education, public safety, infrastructure maintenance, municipal administration, and community services.

For the past several fiscal years this budget development framework has been altered to meet expected fiscal reductions. Departments have been instructed to provide budget requests that equaled the prior year's appropriation. These requests were then further adjusted to meet revenue estimates while avoiding major service or personnel reductions.

Budget Schedule

Beginning in September each fiscal year, the key boards and committees discuss budget issues and provide policy guidance to the Town and School staff at a series of working meetings. The Finance Committee issues its budget guidelines to the Board of Selectmen and School Committees by November 30th. With input from these groups, the Town Manager submits the recommended budget to the Board of Selectmen at least 90 days prior to the beginning of the Annual Town Meeting, which begins in late April.

In late February and early March, the Finance Committee holds public hearings on the Town Manager's recommended budget, and on the recommended School budgets. Prior to the first public hearing, all Concord households are mailed a copy of the Town Warrant containing all the financial and non-financial articles to be considered by Town Meeting. A Report from the Finance Committee is mailed to every Concord household prior to the first session of Town Meeting, with specific recommendations and background information. Town Meeting considers the recommended budget and the recommendations of the Selectmen, Finance Committee and School Committees, and votes on final appropriation amounts after making any amendments it deems appropriate, within the constraints of Proposition 2½ and balanced budget requirements. The precise timing of the process varies somewhat from year-to-year. Shown on the following pages are a chart of the budget schedule and a calendar of important dates for developing and acting on the FY06 budget.

Town of Concord FY2006 Budget Schedule

July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
Implement Adopted FY2005 Budget (Ongoing)											
	Establish goals; hold planning meeting										
		Depts develop operating & CIP budget requests									
			Depts present budget requests; Finance Comm presents budget guidelines								
					Warrant is open						
					Town Manager reviews budgets & submits them to Board of Selectmen						
					Depts develop & submit Enterp Fund budgets to Town Mgr						
						Finance Comm holds hearings & completes final recommendations on Town Mgr & education budgets & all articles					
						Town Mgr reviews, publishes & holds hearing on Enterprise Fund budgets					
								Town Meeting discusses & adopts Town, education, & CIP budgets			
July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June

Town of Concord FY2006 Budget Calendar

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

Note: "FY " is "fiscal year" ending on June 30 of the designated year

2004

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| September 23 | FY2006 fiscal planning meeting; Board of Selectmen, School Committee, Finance Committee |
| September 27 | Budget Instructions issued to all departments, boards and committees |
| October 15 | Capital Improvement Program FY06-10 requests due |
| November 1 | FY2006 Operating Budget Requests due |
| November 2 - Dec. 3 | Operating and Capital Budget Request review: meetings with Town department heads, Budget Review Team |
| November 18 | Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees |
| November 29 | Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2005 property tax rate or rates) |
| December 4 (Sat.) | Selectmen/Committees Coordination Meeting; planning session for April 2005 Annual Town Meeting |
| December 6 | Public Hearing ("Classification Hearing"), proposed property tax rates for FY2005 (based on FY2005 appropriations voted at April 2004 Town Meeting). |
| December 6 | Warrant opened for 2005 Annual Town Meeting |
| December 13 | Board of Selectmen adopts FY2005 property tax rates |
| December 17 | Preliminary FY2006 Operating Budget recommendations and final recommendations for FY06-10 CIP compiled by Budget Review Team for Town Manager's review and decisions |

FY2006 Budget Calendar (continued)

2005

- January 3 Preliminary draft of Town Manager's expenditure/appropriation recommendations for FY2006 Operating Budget submitted to Board of Selectmen
- January 3 Warrant for Town Meeting closes at 4:00 PM
- January 25 90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2006 (General Fund operations and proposed appropriations) is published and submitted to Selectmen. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees). Through February, these committees and Finance Committee conduct review.
- February 2 Proposed budgets for FY2006 operations of Enterprise Funds submitted by departments to Town Manager
- February 17 Public Hearings advertised (for General Fund operations of FY2006)
- February 18 Target date for mailing of Town Meeting Warrant to residents (10 days prior to Public Hearing)
- February 28 Finance Committee's Public Hearing on Town Manager's General Fund operating budget proposals for FY2006 and all other non-school financial articles on the Town Meeting Warrant
- March 1 Finance Committee's Public Hearing on Education budget proposals for FY2006 (CPS and CCRSD School Committees, and Minuteman Science & Technology High School)
- March 10 Finance Committee completes its recommendations for Town Meeting
- March 18 Town Manager's Proposed Budget for FY2006 Enterprise Operations published (10 days prior to Public Hearing)
- March 25 Finance Committee Report to printer
- March 28 Public Hearing on Enterprise Fund budgets and Articles
- April 15 Finance Committee Report mailed to residents (at least 7 days prior to Town Meeting)
- April 25 Town Meeting - consideration of budget; enactment of appropriations (first session)

Budget Organization

What is Included

This budget includes the General Fund accounts that will be submitted to the Town Meeting for enactment, as well as accounts not appropriated by Town Meeting. These unappropriated accounts, incorporated in the setting of the property tax rate, are:

Account #101: State Assessments

Account #102: Snow/Ice and Other Deficits

Account #103: the Overlay account, which is an amount added to the tax levy by the Board of Assessors to meet the anticipated cost of exemptions and abatements (but counted within the levy limit)

Appropriation Level

Each numbered account is a separate appropriation. Accounts designated with a letter are sub-accounts within an appropriation grouping (as is the case for the divisions of the Finance Department and the Planning & Land Management Department). The sub-accounts are shown in this budget to provide more detailed information for review.

Transfer of Appropriations

Only the Town Meeting can authorize the transfer of funds between appropriation accounts within the Town Government budget (Article 9, Accounts 1-48 on the 2005 Annual Town Meeting Warrant). During the year, only the Finance Committee can authorize additions to appropriation accounts by transfer from the appropriated Reserve Fund (Article 9, Account # 40, proposed at \$200,000). For the Concord Public Schools budget, state law gives the School Committee the power to authorize transfers **within** the appropriation total voted by Town Meeting. The Regional High Schools both are separate political jurisdictions of the Commonwealth that can assess member municipalities but do not have separate taxing powers. The Regional School Committees have the power to authorize transfers within their adopted budgets.

Total Expenditure Plan (Budget vs. Appropriation)

For each General Fund account in this budget document, all other fund resources are also shown in order to provide a complete picture of each department's total expenditure plan. In most cases, this involves the allocation of resources from the Town's enterprise operations (Water, Sewer, Light) or Special Revenue Funds for management services provided (such as accounting and treasury services) or direct expenditures incurred and allocated from a central account (such as group insurance and debt service). The total of all resources is termed the "BUDGET" as shown on the ACCOUNT SUMMARY pages and in each account's EXPENDITURE DETAIL.

In those instances where the allocation of overhead costs among funds has been changed materially, this was done only after a review by the responsible department head and

the concurrence of the fund manager proposed to be charged. This procedure was set forth in the Town Manager's budget instructions.

The General fund portion of the BUDGET, as shown in each account's FUNDING PLAN, is the APPROPRIATION. Only the Appropriation amount is voted by the Town Meeting.

The budgets of the enterprises are not included in full here, however. In accordance with Town Bylaw, the budgets of the enterprises and certain Special Revenue funds (such as Recreation and Cemetery) are not appropriated by Town Meeting but rather are adopted by designated boards and committees. Under the Town Charter, the Town Manager serves as Manager of all Town enterprises and Special Revenue funds. The Town Manager supervises all personnel and expenditures, exclusive of the schools, regardless of the funding source. The enterprise budgets are presented to Town Meeting for information purposes, and the Warrant for the Town Meeting provides for a series of votes authorizing the Town Manager to operate the enterprises for the ensuing year. A separate document including the Town Manager's Proposed FY06 Budgets for **enterprise operations** is scheduled for publication on March 18, 2005 and a public hearing is scheduled for March 28, 2005.

Salary Changes

Only those salary changes that are already known are incorporated into the departmental budget recommendations shown in this document. Thus, scheduled step increases for existing staff are included in the appropriate department totals. The Salary Reserve Account, #41, includes all other funding estimated to be required for salary revisions on and after July 1, 2005, including the FY06 cost of multi-year collective bargaining agreements already negotiated. The Town Meeting vote adopting the annual budget also authorizes the Town Manager to initiate transfers from this line item to the various department accounts as needed pursuant to salary levels established at July 1 and thereafter. Salary levels are set by the salary schedules adopted by Town Meeting, a merit pay plan established in accordance with the Personnel Bylaws, and various collective bargaining agreements.

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