

Mission Statement:

The purpose of this funding is to provide for various miscellaneous benefit costs arising from the provisions of the Town's Personnel Bylaws, state statute, and collective bargaining agreements.

Budget Highlights:

- This budget represents no increase over the FY12 budget.
- As of June 30, 2011, the General Fund accrued liability for sick leave buyback payable at retirement was \$1,308,954 (-6.9%) for 101 eligible active Town employees. 62% of this liability is on account of uniformed Police and Fire personnel.
- At FY11 year-end, \$90,000 of the current appropriation was encumbered and reserved toward meeting this long-term liability.
- The accumulated reserve balance at June 30, 2011 was \$199,783

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 71,856	\$ 89,991	\$ 100,000	\$ 100,000
Other Funds	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 71,856	\$ 89,991	\$ 100,000	\$ 100,000

Description:

The specific components of this budget are as follows:

Unused Sick Leave:

This benefit is received only upon retirement in accordance with collective bargaining agreements and the provisions of the Personnel Bylaw, section 11.3. Action at the 1992 Annual Town Meeting restricted this payment for non-union employees to those hired prior to July 1, 1992. The collective bargaining agreement with the Public Safety Dispatchers contains this identical provision. Agreements with Police and Fire Unions restrict eligibility to police officers hired prior to January 1, 2011 and to Firefighters hired prior to July 1, 2011.. For eligible employees terminating by reason of retirement, the maximum payoff is 62 days of pay. In the Fire Union contract, the maximum payoff is established as 65 days.

While the annual expenditure for this benefit is erratic and unpredictable, the Town's financial statements measure the expected future liability and the budget provision seeks to allow for probable eligible retirements. Analyzing the overall liability with the age and length of service of eligible staff members indicates that this appropriation account should be maintained for the next five budget years at \$90,000.

Public Safety Medical Disability:

Chapter 41, section 100B of the Mass. General Laws, accepted by Article 10 of the 1976 Annual Town Meeting, permits the Town to indemnify police officers and firefighters who are retired on accidental disability for medical expenses incurred during their retirement. Such expenses must be "the natural and proximate result of the disability for which the police officer or firefighter was retired." Normally, these expenses are items not reimbursable by the Town's Health insurance plans or co-insurance payments.

There are presently 16 retirees eligible for this benefit. The statute does not require the Town to make payments in excess of funds appropriated for the purpose, but the Town's past practice suggests that it makes every practical effort to cover eligible expenses. At present, this account is projected to cover only minor expenses such as office visits and prescriptions not covered by the retiree's health insurance plan.

Employee Assistance Program:

The proposed budget funds an annual contract with Corporate EAP Resources, Inc. This agreement provides services such as orientation and training sessions, workshops to improve communication and team-building, personal development seminars, and one-on-one confidential counseling services.

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Unused Sick Leave	13,161	84,135	90,000	90,000	90,000
Public Safety	185	190	2,500	2,500	2,500
Employee Assistance Program	3,510	5,666	7,500	7,500	7,500
Sick Leave Buyback Res.	55,000	-	-	-	-
Totals	\$ 71,856	\$ 89,991	\$ 100,000	\$ 100,000	\$ 100,000

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 100,000	100.00%	\$ 100,000	100.00%	0.00%
Totals	\$ 100,000	100.00%	\$ 100,000	100.00%	0.00%

Sick Leave Buy-Back Liability at June 30			
	FY09	FY10	FY11
Police Union*	\$ 340,305	\$ 362,214	\$ 308,956
Fire Union	573,734	540,478	500,869
All Other Town Gov't	572,410	480,866	499,129
Total Liability Payable From this Account**	\$ 1,486,449	\$ 1,383,558	\$ 1,308,954
Concord Public Schools***	\$ 1,843,289	\$ 1,702,435	\$ 1,721,757
Total General Fund Liability	\$ 3,329,738	\$ 3,085,993	\$ 3,030,711

*The contract with the Concord Police Association effective July 1, 2011 establishes the following maximum payoff

Service Date	%	Max. Payable
Prior to 1/1/92	50%	62.0 days
1/1/92-12/31/96	40%	49.6 days
1/1/97-12/31/01	30%	37.2 days
1/1/02-12/31/10	20%	31.0 days

**Payout FY12-FY17 from this account is expected to exceed \$630,000.

***Payout charged to CPS budget.

Mission Statement:

The purpose of this contingency account is to allow the Finance Committee to meet extraordinary or unforeseen expenditures that may arise during the year.

Budget Highlights:

- This budget represents no change from that of the FY12 budget.
- This account is less than 1% of Article 6, the accounts under the jurisdiction of the Town Manager.
- No Reserve Fund requests were submitted to the Finance Committee during FY11.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Transfer to Other Accts.	\$ (76,582)	\$ -	N/A	N/A
Return to Revenue	\$ 148,418	\$ 225,000	N/A	N/A

Description:

The Reserve Fund is an appropriated contingency account that is allocated during the year by vote of the Finance Committee pursuant to petition of the Town Manager on behalf of departments. In accordance with the provisions of Massachusetts General Laws Chapter 40, section 6, it is intended to meet “extraordinary or unforeseen expenditures.”

While the Reserve Fund may be allocated for any Town purpose, the original Reserve Fund budget of each year has not been used for Education operating budgets (except through supplemental appropriations specifically earmarked by Town Meeting vote). This is because the Concord Public School Committee has the legal authority to transfer appropriations within the overall amount appropriated to it by Town Meeting. The Town Manager has no similar authority to make transfers among the 41 separate appropriation accounts that constitute the Town Budget Article to be voted by the 2012 Annual Town Meeting (Article 6).

Requests from Town departments are first reviewed by the Finance Director and approved by the Town Manager before being submitted to the Finance Committee for its consideration. During FY11, the Finance Committee did not make any reserve fund transfers.

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Total Transferred	(76,582)	-	N/A	N/A	N/A
Balance Unexpended (Return to Revenue)	148,418	225,000	N/A	N/A	N/A

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 225,000	100.00%	\$ 225,000	100.00%	0.00%
Totals	<u>\$ 225,000</u>	100.00%	<u>\$ 225,000</u>	100.00%	0.00%

Mission Statement:

The purpose of this funding is to allow the Town to pay for salary adjustments occurring in each of the Town’s 32 separate appropriation accounts and sub-accounts that include salary funds.

Budget Highlights:

- This budget represents a 2.1% decrease in operating cost over that of the FY12 budget.
- A new Classification and Compensation Plan was implemented as of July 1, 2009– the first comprehensive update of job classifications and pay scales in seven years.
- Proposed funding is intended to provide scale adjustment, step, merit, and collective bargaining costs as well as reclassification and market adjustments pursuant to the new plan.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
Appropriation	\$ 300,000	\$ 350,000	\$ 470,000	\$ 460,000
Less Transfers & Encumbrances	\$ (295,750)	\$ (339,052)	\$ (372,217)	N/A
Balance Unexpended	\$ 4,250	\$ 10,948	\$ 97,783	N/A

Description:

Funding for salary adjustments is appropriated to a single reserve account and then, pursuant to the authorization of Town Meeting, is transferred (after the July 1 start of the fiscal year) to the various operating accounts based upon actual requirements. In accordance with the Town Meeting vote, the Town Manager reports all transfers to both the Board of Selectmen and the Finance Committee. This procedure avoids the need to estimate salary adjustment amounts in each of the 32 separate accounts and sub-accounts that include salary funds.

The FY13 recommendation is projected to be sufficient for approximately a 4.0% overall pay adjustment for non-union staff and for the funding of existing collective bargaining agreements with uniformed police and fire and with public safety dispatchers. In accordance with Section 10.2 of the Personnel Bylaw, the Town Manager and Personnel Board will jointly establish the FY13 step increase and merit pay plan prior to July 1, 2012.

A comprehensive Classification and Compensation Study was completed in 2008 covering all pay scales.

For each of the prior two years (FY10 and FY11), the enacted budget allowed uniform 2% salary adjustments for all non-union staff under the Town Manager’s jurisdiction, with no allowance for step increases or merit pay adjustments. The current year (FY12) compensation plan allowed for an average 4.5% pay adjustment. For FY13, effective July 1, 2012, the Town Manager is proposing a 1.5% market adjustment to pay scales and an average 2.5% allowance for step and merit adjustments.

Only longevity increments scheduled for existing staff are included in the proposed departmental budgets. All other salary changes for FY13 are proposed for funding from this account.

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 300,000	\$ 350,000	\$ 470,000	\$ 460,000	\$ 460,000
Total Transfers	(295,750)	(320,328)	(372,217)	N/A	N/A
Encumbered		(18,724)	-	N/A	N/A
Balance Unexpended (Return to Revenue)	\$ 4,250	\$ 10,948	\$ 97,783*	N/A	N/A

*Balance not distributed to operating department accounts as of Dec. 31, 2011.

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 470,000	100.00%	\$ 460,000	100.00%	-2.13%
Totals	<u>\$ 470,000</u>	100.00%	<u>\$ 460,000</u>	100.00%	-2.13%

Mission Statement:

This account exists to acquire land for Town use.

Budget Highlights:

- General Fund support is proposed in FY13.
- The balance of the fund is available for costs related to appraisals, surveys, and deposits in connection with land acquisition.
- This fund can accept gifts from private sources.

Appropriation Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 15,000	\$ -	\$ -	\$ 10,000

Description:

The Land Fund was established by Town Meeting vote on April 7, 1986 (Article 12). The Bylaw states that the Fund receives:

1. Appropriations voted at any Annual or Special Town Meeting;
2. Interest income on any available cash balance in the fund;
3. Gifts from private sources.

This budget account shows the appropriations voted by the Town, supported either by the property tax levy or by transfer from the available fund balance. An appropriation of \$10,000 is proposed for FY13. The balance of the fund as of June 30, 2011 was \$13,448.

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Purchased Services	\$ 5,200	\$ 19,667	\$ -	\$ 10,000	\$ 10,000
Other Charges & Expenses	\$ -	\$ 2,942	\$ -	\$ -	\$ -
Total Expenditure	\$ 5,200	\$ 22,609	\$ -	\$ 10,000	\$ 10,000

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ -	N/A	\$ 10,000	N/A	N/A
Totals	\$ -	N/A	\$ 10,000	N/A	N/A

Land Fund History

	FY07	FY08	FY09	FY10	FY11	FY12 Budgeted	FY13 Proposed
<u>Fund Source</u>							
Beginning Balance	\$ 19,691	\$ 20,738	\$ 16,170	\$ 24,010	\$ 36,057	\$ 13,448	\$ 13,498
Return to Fund	-	-	12,700 (b)	-	-	-	-
Sale of Land	-	-	-	-	-	-	-
Tax Levy	-	-	-	15,000	-	-	10,000
Gifts	-	-	-	-	-	-	-
Interest Earned	1,047	812	340	197	-	50	50
Total Available	\$ 20,738	\$ 21,550	\$ 29,210	\$ 39,207	\$ 36,057	\$ 13,498	\$ 23,548
<u>Fund Uses</u>							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Purchase	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-
Appraisal, Legal, Surveying, etc.	-	5,380 (a)	5,200 (a)	3,150	22,609	-	-
Total Used	\$ -	\$ 5,380	\$ 5,200	\$ 3,150	\$ 22,609	\$ -	\$ -
Ending Balance	\$ 20,738	\$ 16,170	\$ 24,010	\$ 36,057	\$ 13,448	\$ 13,498	\$ 23,548

Notes:

(a) Costs related to acquisition of Emerson Annex Unit 4.

(b) Unexpended balance of Article 49 of 2001 ATM returned to Land Fund fund balance.

Mission Statement:

The purpose of this funding is to provide for the cost of employee group insurance programs.

Budget Highlights:

- This budget covers the employer share of group insurance costs for all town and Concord Public School (CPS) employees.
- The General Fund share of this account is level-funded for FY13.
- About 70% of active Town and CPS employees select Town health insurance coverage.
- Pursuant to a new state law, a revised health plan design will be implemented on June 1, 2012; the resulting lower premium cost will be partially offset in the first year by the cost of the required Mitigation Plan funding.. The adopted Plan provides for reduced mitigation funding in years 2 and 3.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$3,768,552	\$3,996,166	\$ 4,650,000	\$ 4,650,000
Transfer to Insurance Reserve	\$ 384,049	\$ 68,835	\$ -	\$ -
Other Funds	\$ 402,603	\$ 431,185	\$ 483,000	\$ 483,000
Total Expenditures	\$4,555,204	\$4,496,186	\$ 5,133,000	\$ 5,133,000

Description:

This budget provides for the Town's share of the cost of employee group insurance programs. It covers both Town government **and** Concord Public School employees. The Town offers health, dental and basic life insurance programs on a contributory basis. State law requires that the Town's contribution rate can be **no less than 50%**. This is the rate the Town contributes for retirees, but the contribution rate for active employees is slightly higher depending on the plan option. Overall, the Town contributes approximately 55% of the cost for active employees. The Town also provides supplemental life insurance and a disability income protection plan on a group basis but, in accordance with state law, no Town contribution is paid for these programs.

New Health Plan Design effective June 1, 2012

Legislation passed by the state legislature and signed by the Governor on July 12, 2011, Chapter 69 of the Acts of 2011, accompanied by detailed procedural regulations (801 CMR 52.00) provided a new process enabling changes in the design of municipal employee group health insurance plans outside of collective bargaining requirements. Local government was given the authority to design health plans with provisions for deductibles and co-pays of a dollar value no greater than those in the Tufts Navigator Plan offered through the state's Group Insurance Commission (GIC). Local governments were also given an expedited path to join the state GIC if local analysis of that option was the choice of local authorities and met certain savings thresholds.

Analysis of a plan design similar to the Tufts Navigator Plan indicated potential savings of more than 10% from current plan rates. The state law further required that a Mitigation Plan valued at least at 25% of the first-year projected savings must be funded by the employer as a condition of implementation. The state Secretary of A&F issued detailed procedural regulations.

The Town and Schools (CPS and CCRSD) have successfully worked with our joint Town of Concord and Concord-Carlisle Regional School District Insurance Advisory Committee and through voluntary collective bargaining with the eleven town and school collective bargaining units. Pursuant to the objectives of the new state law, we will implement a new set of group health insurance plans on June 1, 2012 along with a Mitigation Plan to address the impacts of higher out-of-pocket expenses that will be incurred by subscribers. As a result, the FY13 group insurance budget is being funded at the same level as in FY12.

JOINT (TOWN-CPS): Group Insurance

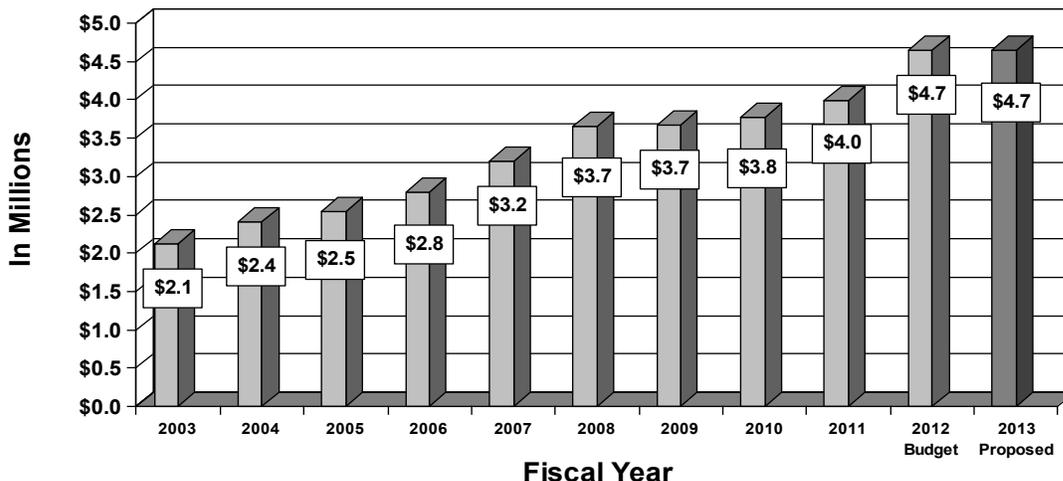
Item 37A

Expenditure Detail					
	Previous Fiscal Years			FY13	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Health Insurance -Active	\$ 2,826,059	\$ 2,993,576	\$ 3,500,000	\$ 3,422,000	\$ 3,422,000
Health Insurance - Retired	\$ 1,086,805	\$ 1,752,412	\$ 1,300,000	\$ 1,200,000	\$ 1,200,000
Life Insurance	16,068	15,744	18,000	18,000	18,000
Dental Insurance	236,335	236,286	250,000	260,000	260,000
Other Prof. Services	1,200	-	15,000	15,000	15,000
Medicare Part B Penalty Reimbursement	4,629	9,333	50,000	50,000	50,000
Health Plan Mitigation Fund	-	-	-	168,000	168,000
Transfer to Insurance Reserve Fund	384,049	68,835	-	-	-
Total Expenditure	\$ 4,555,144	\$ 5,076,186	\$ 5,133,000	\$ 5,133,000	\$ 5,133,000

Note: OPEB information is presented in Item 37B on pages III-155 to 156

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 4,650,000	90.59%	\$ 4,650,000	90.59%	0.00%
Light Fund	227,918	4.44%	227,918	4.44%	0.00%
Water Fund	76,582	1.49%	76,582	1.49%	0.00%
Sewer Fund	19,145	0.37%	19,145	0.37%	0.00%
Recreation Fund	73,298	1.43%	73,298	1.43%	0.00%
Swim & Fitness Center Fund	72,597	1.41%	72,597	1.41%	0.00%
Retirement	13,460	0.26%	13,460	0.26%	0.00%
Totals	\$ 5,133,000	100.00%	\$ 5,133,000	100.00%	0.00%

Group Insurance Costs
(General Fund Only)



JOINT (TOWN-CPS): Other Post Employment Benefits

Item 37B

Mission Statement:

The purpose of this funding is to provide resources to cover the Net OPEB Obligation (NOO) associated with Other Post-Employment Benefits (OPEB). The NOO is the Annual Required Contribution (ARC) after subtracting current contributions and factoring in several adjustments.

Budget Highlights:

- This budget represents a \$250,000 increase in General Fund allocation over the amount planned in the FY12 budget.
- Although \$400,000 has been proposed to partially fund the General Fund's portion of the Annual Net OPEB Obligation (NOO), the total FY13 liability is approximately \$2.7 million.
- The Enterprises (Light Plant, Water & Sewer Divisions, and Beede Center) will continue to fully fund their portion of the NOO.

Funding Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ -	\$ 400,000	\$ 150,000	\$ 400,000
Transfer from Insurance Reserve	\$ -	\$ 700,000	\$ -	\$ -
Other Funds	\$ 480,680	\$ 263,192	\$ 287,932	\$ 314,481
Total Funding	\$ 480,680	\$1,363,192	\$ 437,932	\$ 714,481

Description:

During the last decade, health care costs have risen at a much greater pace than inflation. As a result, the amount of the Town's liability for its retirees' health insurance benefits has correspondingly increased. Prior to FY10, the Town budgeted funds to pay only for the annual benefits for current retirees, spouses, and survivors. However, these "pay-as-you-go" contributions did not take into account the accrued liability associated with future health care benefits for active employees or the funded past liability for current retirees, spouses, and survivors.

Since this liability is a nationwide issue, the Governmental Accounting Standards Board (GASB) issued Statement No.45, in June 2004, to provide accounting guidance and financial statement standards. The actuarial costs of health care benefits received or to be received by the Town's active employees and the Town's retirees, spouses, and survivors.

To comply with GASB 45, the Town conducted an Actuarial Study based on data as of January 1, 2009. From the study, it was determined that the Town, which includes individuals associated with the Town Government and Concord Public Schools, has 611 active employees and 375 retirees, spouses, and survivors. The Actuarial Accrued Liability (AAL), which is the cost attributed to post-employment health care benefits, is approximately \$23 million for active employees and \$20 million for retirees, spouses, and survivors must now be presented beginning with the Town's annual financial statements as of June 30, 2009.

The Annual Required Contribution (ARC) is the yearly amount that the Town would need to set aside to cover Actuarial Accrued Liability. In further refining the ARC, the Annual Net OPEB Obligation (NOO) is then calculated by factoring several adjustments and subtracting the "pay-as-you-go" amount already contributed by the Town for the health care benefits for current retirees, spouse, and survivors.

The charts on the opposite page show the Annual Net OPEB Obligation, Annual Funding Plan, and the Cumulative Unfunded Liability. For FY13, the Annual NOO is projected to be \$3,006,616, which is comprised of the liability associated with the various funds. As presented in the Annual Funding Plan for FY13, the General Fund budget proposes \$400,000 to partially cover its obligation and the Enterprise Funds plan to fully pay for their obligations totaling \$314,481.

The FY13 Cumulative Unfunded OPEB Obligation equals the FY12 Unfunded Obligation (\$7,602,433) plus the FY13 NOO (\$3,006,616) minus the FY13 Funding Plan amount (\$714,481) to arrive at \$9,894,568.

JOINT (TOWN-CPS): Other Post Employment Benefits

Item 37B

The table below shows the change in Annual Net OPEB Obligation (NOO) . This liability equals the adjusted Annual Required Contribution (ARC) after subtracting “pay-as-you-go” contributions that covers the existing health care benefits for current retirees. The total Annual NOO is projected to be \$3.0 million in FY13.

Annual Net OPEB Obligation (Liability net of "pay as you go" Contributions)					
	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 1,926,815	\$ 2,207,520	\$ 2,253,224	\$ 2,464,852	\$ 2,692,134
Light Fund	124,449	129,915	138,424	151,436	165,400
Water Fund	59,972	63,911	68,097	74,498	81,367
Sewer Fund	14,993	15,978	17,025	18,625	20,342
Swim & Fitness Center Fund	34,253	37,209	39,646	43,373	47,372
Totals	\$ 2,160,482	\$ 2,454,533	\$ 2,516,416	\$ 2,752,784	\$ 3,006,616

The Town has begun to set funds aside to cover the OPEB liability. First, the Enterprise funds paid down the previous year and current obligation in FY10. Thereafter, the Enterprise funds have covered the annual obligation. In addition in FY11, the Town allocated \$1.1 million to partially pay down the General Fund liability.

Annual Funding Plan - Payments to OPEB Trust Fund					
	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund Total	\$ -	\$ -	\$ 400,000	\$ 150,000	\$ 400,000
Trans. From Ins. Reserve	-	-	700,000	-	-
Light Fund	-	254,364	138,424	151,436	165,400
Water Fund	-	123,883	68,097	74,498	81,367
Sewer Fund	-	30,971	17,025	18,625	20,342
Swim & Fitness Center	-	71,462	39,646	43,373	47,372
Totals	\$ -	\$ 480,680	\$ 1,363,192	\$ 437,932	\$ 714,481

The cumulative OPEB Obligation is show below. The total amount equals the previous year’s Unfunded OPEB Obligation plus the current year NOO minus the current year funding amount.

Cumulative Unfunded OPEB Obligation					
	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund Total	\$ 1,926,815	\$ 4,134,335	\$ 5,287,579	\$ 7,602,433	\$ 9,894,568
Light Fund	124,449	0	0	0	0
Water Fund	59,972	0	0	0	0
Sewer Fund	14,993	0	0	0	0
Swim & Fitness Center	34,253	0	0	0	0
Totals	\$ 2,160,482	\$ 4,134,335	\$ 5,287,579	\$ 7,602,433	\$ 9,894,568

Mission Statement:

This account funds property insurance coverage for all Town-owned property, liability coverage for Town officials, and special risk coverage for police and fire personnel. The objective is to provide affordable and comprehensive management of the Town's risks.

Budget Highlights:

- This budget is level-funded from that of FY12.
- Various MIIA discounts (of about 10%) have been received in recent years, but their continuation lacks predictability and, therefore, are not assumed in this proposed budget.
- Premium budget of \$328,000 is projected to be apportioned as follows:

Expenditure Summary				
	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 119,769	\$ 125,294	\$ 175,000	\$ 175,000
Transfer to Insurance Reserve	\$ 80,232	\$ 49,706	\$ -	\$ -
Other Funds	\$ 160,971	\$ 159,670	\$ 163,000	\$ 163,000
Total Expenditures	\$ 360,971	\$ 334,670	\$ 338,000	\$ 338,000

	\$ in thousands	% of total
Town Appropriation	\$165	50.3%
Public Schools (K-8)	50	15.2
CCRS	20	6.1
Light Fund	45	13.7
Water Fund	30	9.2
Sewer Fund	8	2.4
Swim & Fitness Ctr.	8	2.4
All Other	2	0.6
Total	\$328	100.0%

Description:

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).

The Town purchases blanket insurance coverage for all municipal and school buildings (with a current direct damage blanket limit of \$214.8 million) and approximately 260 vehicles of all kinds, from police cars to school buses to backhoes, against damage or loss. Coverage includes any construction projects that are undertaken during the year. Excess umbrella liability coverage of \$5 million is also purchased.

The Town is advised by an insurance consulting firm on an as-needed basis in order to guarantee the Town meets all insurance requirements and is able to respond to fluctuating market changes. The insurance program is managed by the Deputy Town Manager.

Property and Liability insurance is currently purchased through the Massachusetts Interlocal Insurance Association (MIIA). The total annual premium budget for the current year is \$328,000, with an expected actual cost of \$250,000. The budget estimate for FY13 (the rate adjustment in July, 2012) anticipates no change in premium rates but an increase to cover higher insured values and a drop in available "reward credits."

JOINT (TOWN-CPS): Property and Liability Insurance

Item 37C

Expenditure Detail					
	Previous Fiscal Years			FY13	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Insurance Premiums	\$ 272,360	\$ 284,964	\$ 328,000	\$ 328,000	\$ 328,000
Damages to Pers. & Prop.	8,380	-	5,000	5,000	5,000
Insurance Advisor	-	-	5,000	5,000	5,000
Transfer to Ins. Res. Fund	80,232	49,706	-	-	-
Total Expenditure	\$ 360,971	\$ 334,670	\$ 338,000	\$ 338,000	\$ 338,000

Insurance Premium Detail					
	Previous Fiscal Years			FY13	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Gross Budget	General Fund Only
Automobile	\$ 72,755	\$ 58,584	\$ 71,000	\$ 71,000	\$ 43,000
General Liability, Umbrella, Pub. Officer. School Board	79,408	118,572	120,000	110,000	45,000
Property Insurance	89,451	74,177	100,000	105,000	35,000
Police and Fire Medical	28,933	31,818	35,000	40,000	40,000
All Other	1,813	1,813	2,000	2,000	2,000
Total Expenditure	\$ 272,360	\$ 284,964	\$ 328,000	\$ 328,000	\$ 165,000

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 175,000	51.78%	\$ 175,000	51.78%	0.00%
Other Sources:					
CMLP	50,000	14.79%	45,000	13.31%	-10.00%
Water	30,000	8.88%	30,000	8.88%	0.00%
Sewer	8,000	2.37%	8,000	2.37%	0.00%
Swim and Fitness	8,000	2.37%	8,000	2.37%	0.00%
CPS	45,000	13.31%	50,000	14.79%	11.11%
CCRSD	20,000	5.92%	20,000	5.92%	0.00%
Other	2,000	0.59%	2,000	0.59%	0.00%
Totals	\$ 338,000	100.00%	\$ 338,000	100.00%	0.00%

JOINT (TOWN-CPS): Unemployment & Workers' Compensation Item 38

Mission Statement:

This account covers the cost of personnel claims for both Town and School (K-8) unemployment and workers' compensation insurance. Charges attributable to Enterprise departments are directly charged and do not appear here as allocable expenses.

Budget Highlights:

Unemployment Compensation

•The present maximum benefit is \$653 per week. Claimant is eligible for 30x the weekly benefit or 36% of base period wages (12 months prior to claim date). In recent years, there have also been period of "Extended Benefits" (13 weeks under state law) and additional benefits to 99 weeks partially supported by federal funds.

Workers Compensation

•"Administrative services" is for a claims administration service contract.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 142,436	\$ 191,235	\$ 200,000	\$ 200,000
Other Funds	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 142,436	\$ 191,235	\$ 200,000	\$ 200,000

Description:

Unemployment Compensation

This account covers the cost of claims for both Town and School (K-8) personnel involving layoff from service, layoff from subsequent employment, resignation due to a spouse's relocation, and under-employment. Employers pay a varying percent of covered payroll to the Commonwealth's Division of Unemployment Assistance. Public employers are also given the choice of paying this payroll tax or choosing the "reimbursement method." Concord has chosen this alternative method, which means that it pays for actual claims incurred. Claims costs estimated for FY13 in relation to total projected payroll of about \$46 million is less than ¼ of 1%.

The budget recommendation allows for a continuation of the level of claims experienced in recent years. While we are not foreseeing any circumstance requiring extensive staff reductions, claims can arise from a variety of situations. The most common situations are termination for performance reasons and layoff from a subsequent employer.

Workers' Compensation

This account covers medical expenses for Town and School employees injured on the job. Salary continuation costs are charged to each department's budget. Our cost experience over the years has been highly favorable. The School Department (for CPS employee coverage only, not CCRSD) and the Town administration have jointly retained consulting services, claims administration services, and stop-loss reinsurance coverage.

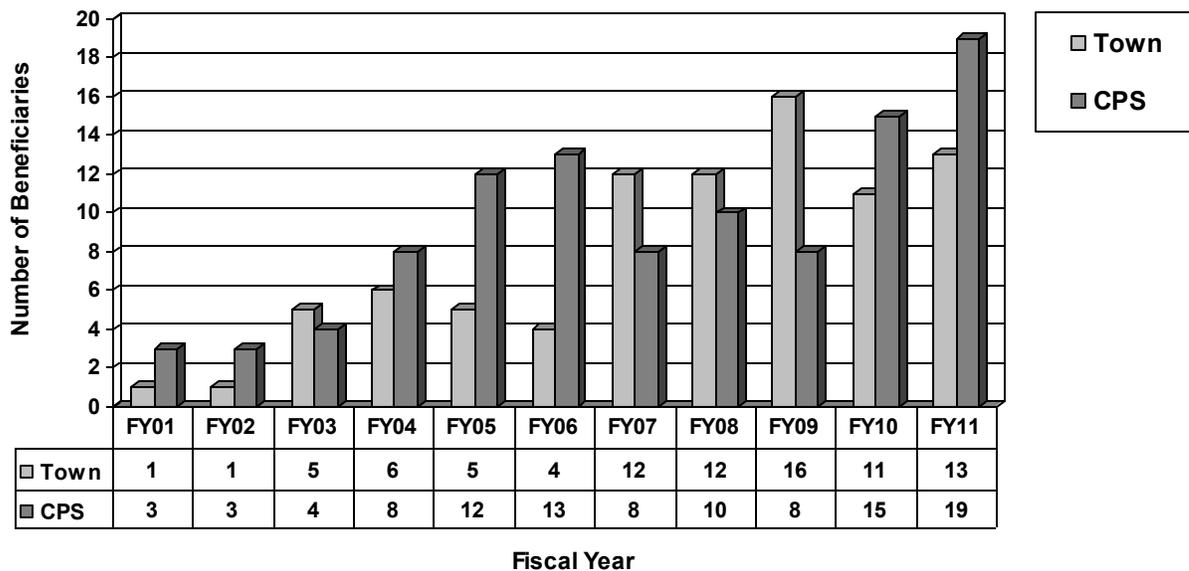
"Stop-Loss" coverage with an insured ceiling of \$2 million per year, a specific retention level of \$350,000 per accident and an aggregate retained loss of \$605,275 per year has been acquired for the current year (July 1, 2011 to June 30, 2012) at a premium of \$36,042 of which the General Fund's share was \$28,906.

JOINT (TOWN-CPS): Unemployment & Workers' Compensation Item 38

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Unemployment Comp.	\$ 76,334	\$ 128,411	\$ 100,000	\$ 100,000	\$ 100,000
<u>Workers Comp.</u>					
Admin. Services	\$ 12,250	\$ 10,973	\$ 20,000	\$ 20,000	\$ 20,000
Reinsurance/Stop-loss	25,150	26,625	30,000	30,000	30,000
Medical Expenses	\$ 16,756	\$ 25,226	50,000	50,000	50,000
Settlements	11,946	-	-	-	-
Total Expenditure	\$ 142,436	\$ 191,235	\$ 200,000	\$ 200,000	\$ 200,000

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 200,000	100.00%	\$ 200,000	100.00%	0.00%
Totals	\$ 200,000	100.00%	\$ 200,000	100.00%	0.00%

Unemployment Compensation History



Mission Statement:

The purpose of this funding is to provide for the costs of the Town's required annual payment to the Concord Contributory Retirement System, determined pursuant to a funding schedule based upon a biennial actuarial valuation.

Budget Highlights:

- At the most recent biennial actuarial valuation date of January 1, 2010, the Revised Funding Schedule projected full funding status as of FY21.
- Investment performance for the two-year period to January 1, 2010 was sharply negative, with a 11.4% loss for the 24-month period.
- The next biennial actuarial valuation will be as of January 1, 2012. For the two-year period from January 1, 2010, preliminary data indicates that the investment return was approximately at +16%, about the level of 7.75% per year projected in the Jan 1, 2010 funding schedule.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$2,450,000	\$2,500,000	\$ 2,860,000	\$ 2,945,000
Other Funds	\$ 315,428	\$ 338,767	\$ 408,969	\$ 418,375
Total Expenditures	\$2,765,428	\$2,838,767	\$ 3,268,969	\$ 3,363,375

Description:

The Concord Retirement Board administers a defined benefit contributory retirement plan established under Massachusetts General Laws, Chapter 32, that is partially funded by employee contributions.

Employer groups covered by the System include the Town of Concord (including the Concord Public School Department, CPS), the Concord-Carlisle Regional School District (CCRS) and the Concord Housing Authority (CHA).

The Retirement System covers substantially all municipal employees working at least 25 hours per week, except for teaching personnel (who are members of the State Teachers Retirement System, a single statewide system for which the employer cost is covered by the state budget).

Employees contribute varying rates dependent on the date of membership in the system. New members since July 1, 1996 contribute 9% of regular compensation. Overtime and other forms of "bonus" pay are excluded both for employee contribution purposes and from the calculation of retirement benefits. *State legislation enacted in the 2011 session (Chapter 176) makes substantial changes affecting new hires on and after April 2, 2012, but the impact of these changes on pension liabilities will be gradual and in the near term not significant.

The actuarial valuation of January 1, 2010 reported pension benefit obligations as follows:			
	At 1/1/08	At 1/1/10	% Change (2 years)
Obligations (AAL)	\$94,681,278	\$106,054,069	12.0%
Assets (AVA)	\$90,963,278	\$90,444,816	-0.6%
Unfunded Obligation	\$3,718,000	\$15,609,253	319.8%
Funded Ratio	96.1%	85.3%	n/a

AAL = Actuarial Accrued Liability

AVA = Actuarial Value of Assets

JOINT (TOWN-CPS): Retirement

Item 39

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Contributory Retirement	\$ 2,548,752	\$ 2,548,752	\$ 2,860,000	\$ 2,922,000	\$ 2,922,000
Transfer to Pension Reserve.	290,015	290,015	408,969	441,375	441,375
Total Expenditure	\$ 2,838,767	\$ 2,838,767	\$ 3,268,969	\$ 3,363,375	\$ 3,363,375

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 2,860,000	87.49%	\$ 2,945,000	87.56%	2.97%
Light Fund	314,394	9.62%	321,625	9.56%	2.30%
Water Fund	35,345	1.08%	36,158	1.08%	2.30%
Sewer Fund	8,836	0.27%	9,039	0.27%	2.30%
Swim and Fitness Fund	50,394	1.54%	51,553	1.53%	2.30%
Totals	\$ 3,268,969	100.00%	\$ 3,363,375	100.00%	2.89%

Performance Highlights (amounts in thousands)						
Date of Actuarial Valuation and Data Provided	(1) Net Assets Available for Plan Benefit	(2) Actuarial Accrued Liability	(3) Percentage Funded: (1)÷(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll
January 1, 1994	\$ 27,603	\$ 38,207	72.25%	\$ 10,604	\$ 11,011	96.30%
January 1, 1996	33,678	42,701	78.87%	9,023	11,655	77.42%
January 1, 1998	43,221	51,392	84.10%	8,171	13,676	59.75%
January 1, 2000	56,251	59,720	94.19%	3,469	14,807	23.43%
January 1, 2002	56,748	67,763	83.74%	11,014	16,776	65.65%
January 1, 2004	63,067	76,564	82.37%	13,496	17,996	74.99%
January 1, 2006	75,974	83,989	90.46%	8,015	18,925	42.35%
January 1, 2008	90,963	94,681	96.07%	3,718	21,295	17.46%
January 1, 2010	90,445	106,054	85.28%	15,609	24,097	64.78%

Program Implementation

The 106 Local Retirement Boards operate under the rules of MGL Ch. 32. Most small towns are members of a County Retirement System. The Concord Retirement Board is a five-member body consisting of the Town Accountant, 2 elected members, 1 appointee of the Board of Selectmen, and 1 member appointed by the other four members. The system is administered with the assistance of the Town's Finance Department; the Town Treasurer is custodian of the System's assets. The Board is supervised by a state agency, the Public Employee Retirement Administration Commission (PERAC).

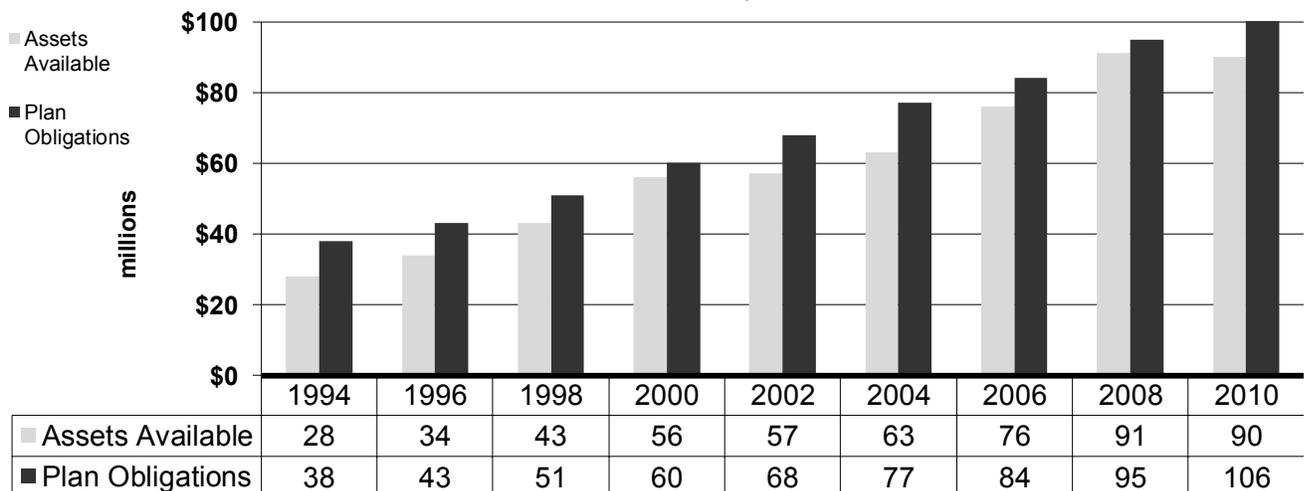
The System is "unfunded" in that, since its inception in 1937, and continuing until 1992, the employer contribution had been related solely to pension payments for current retirees. A "funded" system would require that, upon retirement, assets had been accumulated on behalf of each member sufficient, with continued investment earnings, to meet pension obligations for the projected life of the beneficiary. The "unfunded liability" of a system is a measure of the shortfall between projected actuarial obligations and accumulated assets. A pension system can be fully funded at one point in time and then be underfunded later even while making required funding plan payments if the investment yield falls below the actuarial projection. Concord's assumed annual investment yield for the purpose of calculating its future obligations is 7.75%.

Recognizing the adverse fiscal implications of a funding shortfall, the Town of Concord commenced in 1978 a program of funding its accumulated past service liability. At January 1, 1993, assets amounting to \$5,492,405 were transferred from the special "Pension Reserve" fund to the Retirement System in connection with the formal adoption of a twenty-year funding plan to amortize the remaining unfunded liability. As of January 1st, 2010, the Retirement System was 85.3% funded.

Plan obligations include the impact of acceptance by the 1998 Town Meeting of a state law governing cost of living adjustments (COLA) to retirees. The COLA statute provided for a pension increase equal to the social security percentage increase each year, or 3%, whichever is less, on the first \$12,000 of annual pension payment. The 1999 State Legislature enacted a further revision, permitting the granting of a full 3% COLA adjustment on the first \$12,000 (a maximum adjustment of \$306 per year) without regard to whether the social security adjustment was lower than 3%. This revision was accepted by a 2000 Town Meeting vote. The Concord Retirement Board's Funding Plan assumes a 3% annual COLA on the first \$12,000 (a \$1,000 per month COLA base; a maximum \$360 annual COLA increase).

Concord Retirement System – Funding Progress

Based on actuarial accrued liability method



*Net Assets and Plan Obligations shown according to **January 1st** valuation dates.

Additional Retirement System Information

In addition to the system's assets, the Town continues to maintain a Pension Reserve Fund that had a market value of \$5,785,872 on December 31, 2011 (an increase of 10.3% for the calendar year). As of that date, the market value of the system's assets was estimated at \$94,713,000 (an increase of almost \$2.6 million for the calendar year).

The Pension Fund contribution required from the employers for FY13 is \$3,430,345. The Cost of Benefits required to be funded in FY13 is estimated at \$4,609,329. This difference of \$1,178,984 between the required appropriation and the Cost of Benefits amount (which is a measure of projected benefit outlays) may be drawn from the Retirement System's Pension Reserve Fund ("PRF" shown in the table below, which is different from the Town's Pension Reserve Fund shown in the accompanying Expenditure Detail).

The Pension Fund is the portion of the System's total assets from which the employer share of retirement allowance is payable (the employee contributions are held in the Annuity Fund). FY10-12 costs and projected FY13 costs are:

	FY10	FY11	FY12	FY13
Pension Fund	\$3,870,991	\$4,207,352	\$4,331,566	\$4,609,329
Less cost payable only by CHA	11,336	11,336	11,336	\$11,336
Less PRF transfer	859,359	980,770	978,734	\$1,178,984
Net Funding (all employers)	<u>\$3,000,296</u>	<u>\$3,215,246</u>	<u>\$3,352,832</u>	<u>\$3,430,345</u>

Net funding is apportioned among the employer groups in accordance with the share of annualized covered payroll as of the preceding September 30th (in accordance with state law). The shares for FY12 will be:

	FY11		FY12		FY13	
Town (including CPS)	\$2,750,000	85.53%	\$2,855,976	85.47%	\$2,921,968	85.18%
CCRS D	432,772	13.46%	452,439	13.54%	475,103	13.85%
Housing Authority (CHA)	32,474	1.01%	33,081	0.99%	33,274	0.97%

Performance Information: The Retirement System operates on a calendar year fiscal period. For the year ending December 31, 2011, system receipts were derived as follows:

Employee Contributions	\$2,435,089
Employer Contributions	\$3,352,832
Commonwealth (COLA)	\$106,095
Investment Earnings (Losses)	Not yet available

For the five-year period 2006-2010, the Concord Retirement System's investment performance showed an annualized return of 4.34% compared to a composite rate of return of 4.39% for all 106 retirement boards in the MGL Chapter 32 pension system.

Concord's funded ratio of 85.3% at January 1, 2010 ranked 7th out of 106 retirement boards as reported on PERAC's website as of January 1, 2012.

Mission Statement:

The purpose of this funding is to provide for the costs of the Town's Social Security and Medicare obligations.

Budget Highlights:

- The General Fund Cost for the Town's share of Medicare coverage is increased 3.0%, to \$515,000, reflecting both a higher payroll 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 and are replaced.

- Social Security coverage applies to those town and school employees not members of the town's retirement system under state law, MGL, CH 32. The General Fund cost for FY13 is projected to be unchanged at \$110,000.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
General Fund	\$ 539,611	\$ 560,594	\$ 610,000	\$ 625,000
Other Funds	\$ 129,765	\$ 129,503	\$ 140,000	\$ 146,000
Total Expenditures	\$ 669,376	\$ 690,097	\$ 750,000	\$ 771,000

Description:

Medicare Tax:

Federal legislation enacted in 1986 extended mandatory Medicare coverage to employees of state and local governments who were hired on or after April 1, 1986. Covered employees are required to pay withholding tax of 1.45% on regular earnings, matched by an equal 1.45% from the employer. This budget covers the employer share for both the Town and CPS employees. The escalating cost is related directly to the rate of employee turnover. Since inception of this tax, the covered percentage of the gross payroll has risen to 84% in FY11 and is projected to be 89% in FY13 (see chart below for a Town-CPS break-out of these costs).

Social Security Tax:

Pursuant to legislation enacted by Congress in 1990 and effective July 1, 1991, town and CPS non-certified employees who are not members of the Town's retirement system are required to be covered by Social Security. The Town and the employee each pay the Social Security tax of 6.2%. Beginning January 1, 2011, the employee tax was reduced to 4.2%, by an act of Congress, but the employer share remains unchanged at 6.2%. Membership in the Town's retirement system requires a minimum 25-hour per week permanent position. Thus most part-time employees are covered by Social Security. Departments placing particular emphasis on part-time employment include: Recreation (including the Beede Swim & Fitness Center), Library, Concord Public Schools. Employees required to pay the Social Security tax also lose exemption from the requirement to pay the Medicare tax even if initially hired by the Town prior to April 1, 1986.

Medicare Tax

% of Payroll Covered	FY07	FY08	FY09	FY10	FY11	EST FY12	EST FY13
Town	76%	77%	78%	77%	78%	83%	86%
CPS	81%	85%	88%	88%	88%	90%	91%

Social Security Tax

% of Expense	FY10 Actual	FY11 Actual
Town – General Fund	25%	28%
Recreation	25%	23%
Swim & Fitness	12%	14%
CPS	37%	32%
Other	1%	3%

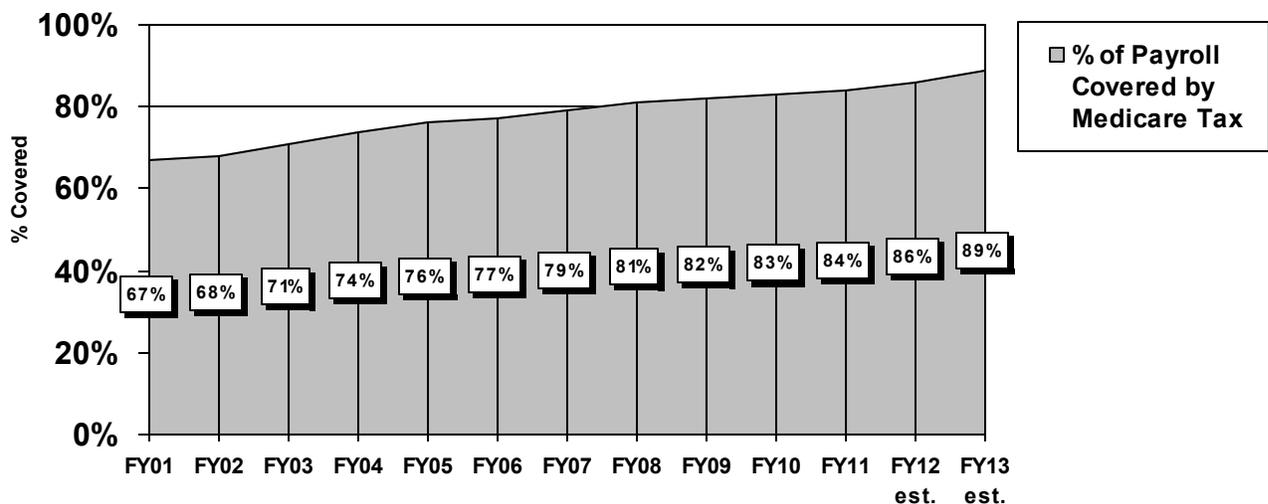
JOINT (TOWN-CPS): Social Security/Medicare

Item 40

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
Medicare Tax	\$ 505,006	\$ 560,594	\$ 575,000	\$ 591,000	\$ 591,000
Social Security Tax	164,070	129,503	175,000	180,000	180,000
Total Expenditure	\$ 669,076	\$ 690,097	\$ 750,000	\$ 771,000	\$ 771,000

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 610,000	81.33%	\$ 625,000	81.06%	2.46%
Light Fund	30,500	4.07%	30,500	3.96%	0.00%
Water Fund	11,000	1.47%	11,000	1.43%	0.00%
Sewer Fund	3,000	0.40%	4,500	0.58%	50.00%
Recreation Fund	54,000	7.20%	56,000	7.26%	3.70%
Swim and Fitness Center	36,000	4.80%	37,000	4.80%	2.78%
Solid Waste Disposal Fund	1,400	0.19%	1,400	0.18%	0.00%
Parking Meter Fund	1,000	0.13%	1,000	0.13%	0.00%
Gift Fund	2,400	0.32%	3,800	0.49%	58.33%
Retirement Admin. Fund	700	0.09%	800	0.10%	N/A
Totals	\$ 750,000	100.00%	\$ 771,000	100.00%	2.80%

Percent of Total Payroll Covered by Medicare Tax



Mission Statement:

The mission of the Finance Director in managing the Debt Service account is to achieve the lowest possible interest cost while meeting the Town's capital financing requirements and maintaining the Town's credit rating.

Budget Highlights:

- In May 2011, Moody's Investor Services reviewed Concord's fiscal management and reaffirmed the Town's credit rating of Aaa, the highest rating category. Concord has maintained this rating since 1987.
- With a credit rating of Aaa, the Town is deemed to be among the most credit worthy of municipalities and can borrow funds at favorable rates.
- Total FY13 debt service – within the Levy Limit and excluded – is projected to be 8.7% of the total proposed General Fund budget.
- The next long-term bond issuance is scheduled for the Spring 2012 in the approximate amount of \$2,740,000. The estimate of FY13 debt service for this issuance (\$782,200) is included in the proposed budget.

Expenditure Summary

	FY10 Actual	FY11 Actual	FY12 Budgeted	FY13 Proposed
Within the Levy Limit	\$2,971,363	\$3,103,691	\$3,275,000	\$3,300,000
Excluded Debt Levy	3,963,914	3,422,350	3,746,922	3,834,593
Thoreau Grant Transfer	-	431,796	427,412	409,878
Total General Fund Appropriation	\$6,935,277	\$6,957,837	\$7,449,334	\$7,544,471
Debt Stabilization	-	1,000,000	700,000	475,000
Premium Reserve	3,948	5,395	4,937	7,540
Total*	\$6,939,225	\$7,963,232	\$8,154,271	\$8,027,011

Description:

This budget provides for principal and interest repayment on the Town's tax-supported long-term debt, short-term note interest for cash flow and construction financing needs, and costs associated with debt issuance. All debt is issued as "General Obligation" based on the full faith and credit of the Town, but debt issued on behalf of the Town's enterprises (Water, Sewer, Light) is supported fully by the respective enterprise revenue. This budget, however, shows only the General Fund debt service (principal and interest repayment) and costs. The table on pages II-54 to 55 shows all debt service for bonds issued through June 30, 2011 including debt service supported from the enterprise funds and from betterment assessments.

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

- The total General Fund budget allocation for capital needs should be in the range of 7-8%;
- One-third of capital needs should be met from current resources; the cost of borrowing (principal and interest repayment, together with related issuance costs and short-term interest expense) should not exceed approximately 5% of the current General Fund resource budget;
- A rapid debt repayment schedule should be maintained for tax-supported debt, with a goal (for "within the levy limit" debt) of 65% repayment within five years and 90% repayment within ten years.

These guidelines serve several important purposes:

- Capital investment needs are not "squeezed out" of the budget by the demands of current operations;
- The appetite for meeting capital needs through potentially excessive borrowing is controlled;
- Rapid repayment schedules serve to hold down the amount expended in the form of interest costs; and new capacity for debt issuance is continually made available, thereby enabling newly recognized capital needs to be addressed annually; rapid principal repayment serves as a key foundation element of the Town's Aaa credit rating.

Debt supported through a ballot vote to exclude such debt from the property tax levy limit ("excluded debt"), is above the base 7-8% budget policy allocation and may be structured for a longer repayment depending on the nature of the project. Revenue-supported debt (water, sewer, light) is subject to guidelines which relate to the useful life of the project and the current interest rate environment. Generally, debt issued for longer periods and/or with a slower repayment schedule incurs a higher interest rate.

JOINT (TOWN-CPS): Debt Service

Item 41

Expenditure Detail					
	Previous Fiscal Years			FY13 Proposed	
	FY10 Actual	FY11 Actual	FY12 Budgeted	Department Request	Town Manager's Proposed
i. Long-Term Debt					
Town - Principal	\$ 1,750,000	\$ 2,125,000	\$ 2,220,000	\$ 2,305,000	\$ 2,305,000
Interest	245,134	226,057	262,966	252,041	252,041
Sub Total	\$ 1,995,134	\$ 2,351,057	\$ 2,482,966	\$ 2,557,041	\$ 2,557,041
School - Principal	875,000	655,000	575,000	575,000	575,000
Interest	95,590	85,568	84,716	71,479	71,479
Sub Total	\$ 970,590	\$ 740,568	\$ 659,716	\$ 646,479	\$ 646,479
A. Within the Levy Limit Total	\$ 2,965,724	\$ 3,091,625	\$ 3,142,682	\$ 3,203,520	\$ 3,203,520
Debt Exclusion - Town Principal	171,747	173,196	174,675	176,184	176,184
Interest	50,572	46,242	44,253	39,631	39,631
Subtotal	\$ 222,319	\$ 219,438	\$ 218,928	\$ 215,815	\$ 215,815
Debt Exclusion - School - Principal	2,325,000	2,990,000	3,080,000	3,035,000	3,035,000
Interest	1,339,154	1,643,290	1,578,738	1,476,196	1,476,196
Subtotal	\$ 3,664,154	\$ 4,633,290	\$ 4,658,738	\$ 4,511,196	\$ 4,511,196
B. Excluded Debt Total	\$ 3,886,473	\$ 4,852,728	\$ 4,877,666	\$ 4,727,011	\$ 4,727,011
Long-Term Debt Total (A+B)	\$ 6,852,197	\$ 7,944,353	\$ 8,020,348	\$ 7,930,531	\$ 7,930,531
II. Short-Term Debt					
BAN Interest - within levy limit	-	7,723	97,318	61,480	61,480
BAN Interest - debt exclusion	81,078	1,234	1,605		
Principal Paydown - debt exclusion (Willard BAN)	100,000				
Sub Total	\$ 181,078	\$ 8,959	\$ 98,923	\$ 61,480	\$ 61,480
III. Issuance Costs					
Issuance costs within levy limit	5,639	4,343	35,000	35,000	35,000
Grand Total	\$ 7,038,913	\$ 7,957,654	\$ 8,154,271	\$ 8,027,011	\$ 8,027,011

Funding Plan					
	FY12 Budgeted	% of Budget	FY13 Proposed	% of Budget	% Change in Dollars
Gen. Fund - within levy limit	\$ 3,275,000	40.16%	\$ 3,300,000	41.11%	0.76%
Gen. Fund - Debt Exclusion	4,174,334	51.19%	4,244,471	52.88%	1.68%
General Fund Total	\$ 7,449,334	91.35%	\$ 7,544,471	93.99%	1.28%
Stab. Fund - Debt Exclusion	700,000	8.58%	475,000	5.92%	N/A
Premium Reserve	4,937	0.06%	7,540	0.09%	52.72%
Totals	<u>\$ 8,154,271</u>	100.00%	<u>\$ 8,027,011</u>	100.00%	-1.56%

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