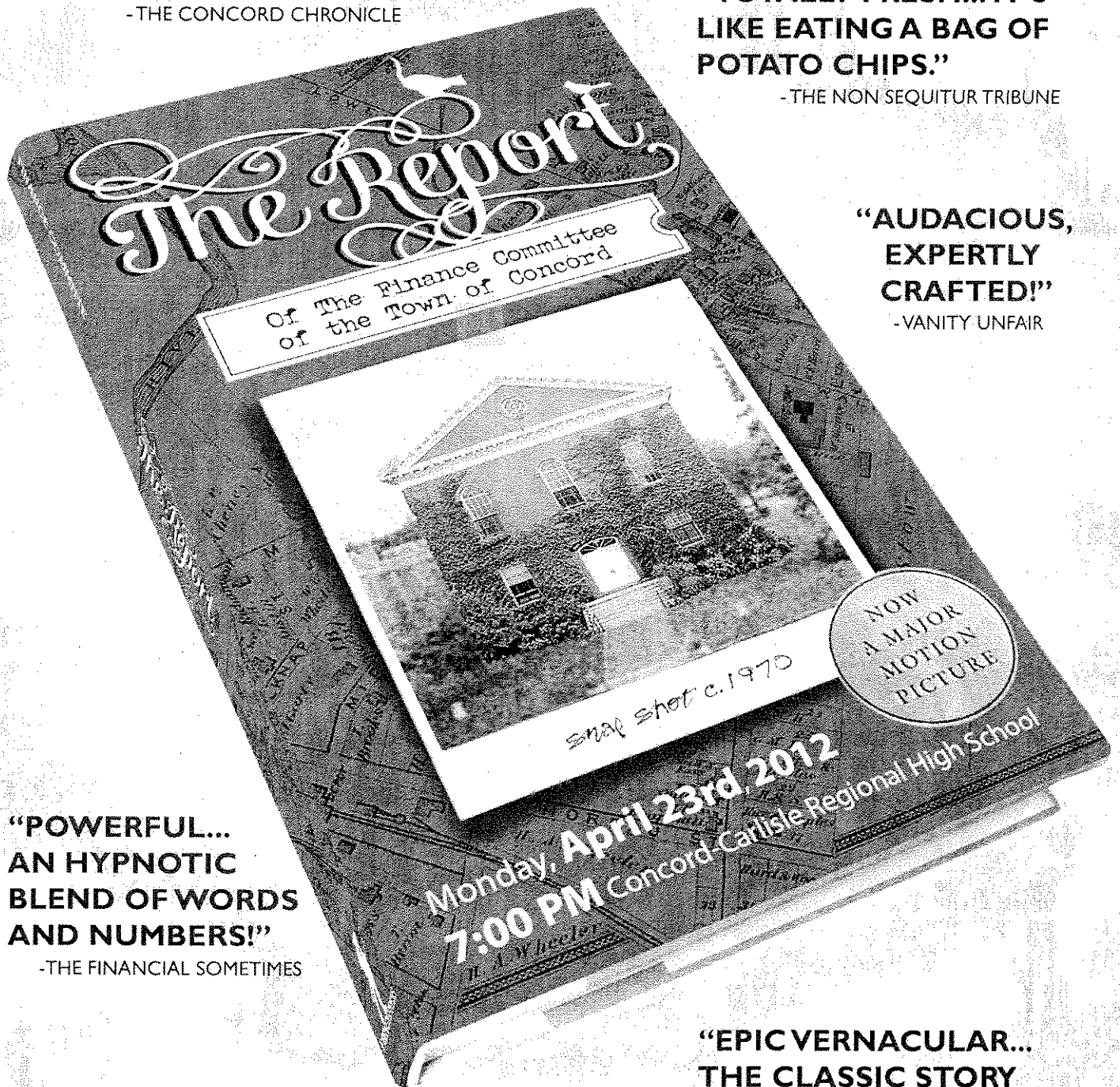


**"AN INGENUOUS MASTERPIECE THAT  
BURSTS FROM THE PAGES..."** - THE NATIONAL OBSERVER

**"A VIVID DELIGHT!  
...DISTINCTLY  
MESMERIZING!"**  
- THE CONCORD CHRONICLE

**"TOTALLY FRESH... IT'S  
LIKE EATING A BAG OF  
POTATO CHIPS."**  
- THE NON-SEQUITUR TRIBUNE

**"AUDACIOUS,  
EXPERTLY  
CRAFTED!"**  
- VANITY UNFAIR



**"POWERFUL...  
AN HYPNOTIC  
BLEND OF WORDS  
AND NUMBERS!"**  
- THE FINANCIAL SOMETIMES

**"RIVETING!... HUMANITY  
ALIGNED WITH NATURE!"**  
- THE DAILY TRANSCENDENTALIST

**"EPIC VERNACULAR...  
THE CLASSIC STORY  
OF POWER AND PRESS!"**  
- THE NEW YORK INQUIRER



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This section includes a brief explanation of each warrant article.

## Warrant Articles: TABLE OF CONTENTS

Art. #	Title	Page #	Recommendations	
			Finance Committee	Board of Selectmen
1	Choose Town Officers	50		
2	Hear Reports	50		
3	Meeting Procedure	50	Affirmative action	Affirmative action
4	Ratify Personnel Board Classification Actions	50	Affirmative action	Affirmative action
5	Classification and Compensation Plan	51	Affirmative action	Affirmative action
6	Town Budget	56	Affirmative action, <b>\$35,263,484</b>	Affirmative action, \$35,263,484
7	Public School Budget	60	Affirmative action, <b>\$29,755,538</b>	Affirmative action, \$29,755,538
8	Public School Renovations (debt authorization)	60	Affirmative action, <b>\$675,000</b> borrowing	Affirmative action, \$675,000
9	Public School Supplemental Appropriation	60	No motion is expected	No motion is expected
10	Concord-Carlisle RSD Budget	61	Affirmative action, <b>\$15,320,349</b> assessed	Affirmative action, \$15,320,349 assessed
11	Concord-Carlisle RSD Tech Stabilization Fund	61	Affirmative action, <b>\$250,000</b> transfer	Affirmative action, \$250,000 transfer
12	Minuteman Career and Technical HS Budget	62	Affirmative action, <b>\$437,910</b> assessed	Affirmative action, \$437,910 assessed
13	Minuteman High School Stabilization Fund creation	62	Affirmative action	Affirmative action
14	Free Cash Use	62	Affirmative action, <b>\$850,000</b>	Affirmative action, \$850,000
15	Elementary School Debt Stabilization Fund Use	63	Affirmative action, <b>\$475,000</b>	Affirmative action
16	Unpaid Bills	63	No motion is expected	No motion is expected
17	Property Tax Exemptions	63	Affirmative action	Affirmative action
18	Light Plant Payment in Lieu of Taxes	64	Affirmative action, <b>\$385,000</b>	Affirmative action, \$385,000
19	Light Plant Expenditures	64	Affirmative action	Affirmative action
20	Road Repair Revolving Fund Expenditures	64	Affirmative action, not to exceed <b>\$120,000</b>	Affirmative action, not to exceed \$120,000
21	Solid Waste Disposal Fund	65	Affirmative action	Affirmative action
22	Sewer System Expenditures	65	Affirmative action	Affirmative action
23	Sewer Improvement Fund Expenditures	65	Affirmative action	Affirmative action
24	Water System Expenditures	66	Affirmative action	Affirmative action
25	Beede Swim & Fitness Center, FY2013 Budget	66	Affirmative action, <b>\$2,479,524</b> operations and <b>\$151,000</b> capital outlay	Affirmative action, \$2,479,524 operations and \$151,000 capital outlay
26	2013 Road Program	66	Affirmative action, <b>\$950,000</b> borrowing	Affirmative action, \$950,000 borrowing
27	Police/Fire Station 1 Renovations	67	Affirmative action, <b>\$700,000</b> borrowing	Affirmative action, \$700,000 borrowing
28	Light Plant Expansion	67	Affirmative action, <b>\$4,400,000</b> borrowing Affirmative action, <b>\$1,000,000</b> transfer from Free Cash, <b>\$50,000</b> FY12 appropriation	Affirmative action, \$4,400,000 borrowing Affirmative action, \$1,000,000 transfer from Free Cash, \$50,000 FY12 appropriation
29	Emergency Response Stabilization Fund	68		
30	Retirement Board Local Option, Chapter 131 of 2010	68	Affirmative action	Affirmative action
31	Construction Noise Bylaw Amendment	69		Affirmative action
32	Drinking Water in Single-serving PET - <b>By Petition</b>	69		Recomm. will be made at Town Meeting
33	Town Sustainable Electricity Acquisition - <b>By Petition</b>	70		No Action
34	Zoning Bylaw - Large Scale Solar Facility	71		Recomm. will be made at Town Meeting
35	lease of former landfill site for Solar Generation	74		Affirmative action
36	Land Acquisition - W.R. Grace Land	74	Recomm. will be made at Town Meeting	Affirmative action, \$1,200,000
37	Permission to lease or license - W.R. Grace Land	75		Affirmative action
38	Community Preservation Comm. Recommendations	76	Affirmative action, <b>\$1,105,226</b>	Affirmative action, \$1,105,226
39	Land acquisition - Rail Trail right-of-way	77	Affirmative action	Affirmative action for nominal fee of \$1
40	Zoning Bylaw - Extended-stay Hotel	77		Affirmative action
41	Zoning Bylaw - Mobile Medical Facility	79		Affirmative action
42	Zoning Bylaw - Special Dimensional Exceptions	80		Affirmative action
43	Zoning Bylaw - Residential Cluster Development	80		Affirmative action
44	Hiring of an Animal Control Officer - <b>By Petition</b>	81	No Action	No Action
45	Cat Bylaw - <b>By Petition</b>	81		No Action
46	Guidelines for Resp. Pet Ownership - <b>By Petition</b>	83		No Action
47	Home Rule Petition - Local Option Local Income Tax	83		Affirmative action
48	People's Rights Resolution - Free Speech	84		The BOS will take no position on this Art.

Shaded article numbers are proposed for inclusion on the Consent Calendar to be voted under Article 2.

# Town Meeting

Monday, April 23, 2012 7:00 PM  
Concord-Carlisle Regional High School

## Parking

Town Meeting attendees should enter the high school parking lot via the Walden Street entrance only. Parking is limited. Carpooling is encouraged. Parking for people with disabilities is available at the flagpole circle at the high school.

## Childcare

Childcare will be provided at the high school for children 2 1/2 and older. The Concord Recreation Department is offering the service at a cost of \$5 per child per hour or \$25 for two or more children for the evening. To guarantee a space, reservations should be made in advance by calling the Concord Recreation Department, 978/369-6460.

## Seniors

Seniors may arrange transportation with the Council on Aging office, 978/318-3020. Advance reservations are necessary.

## Check-in

All voters who were registered to vote by **April 3, 2012** are eligible to participate at Town Meeting. Voters should check-in at the tables in the main lobby by last name and pick up a Town Meeting ballot on each night of attendance. Only one ballot per voter per evening of attendance. Ballots are not transferrable.

## Seating

Seating is available in either the auditorium or the cafeteria. The auditorium will be the main meeting room.

## Refreshments

Pizza, desserts and coffee will be available for purchase in the lobby beginning at 6:30 p.m. Proceeds to benefit the CCHS Class of 2015.

## Assisted listening Devices

Assisted listening devices will be available in the lobby.

## Special arrangements or needs

Anyone with a disability requiring special arrangements for Town Meeting should contact Douglas Meagher, Deputy Town Manager and ADA Coordinator before 4:30 p.m. April 18, 978/318-3000. The earlier special arrangement needs are communicated, the more likely time will allow for special accommodations, if possible, to be met.

## Tellers

Voters willing to be a teller at Town Meeting are asked to call Abe Fisher, head teller, 978/371-7350, abefisher@misterfisher.com or Greg Englund, 617/439-6779, GJEnglund@EnglundLawFirm.com.

# Thanks

The Finance Committee thanks the town and school administrations, employees and committees for their cooperation and assistance during the past year.

## Terms to expire in 2012

John C. Hutchins  
Radha S. Jalan, clerk  
Michael E. Lawson  
Thomas R. Piper  
Carol F. Wilson, chair

## Terms to expire in 2013

Charles R. Blair  
Mark Garvey  
Pamela A. Hill  
David W. Kramer  
Patricia Nelson

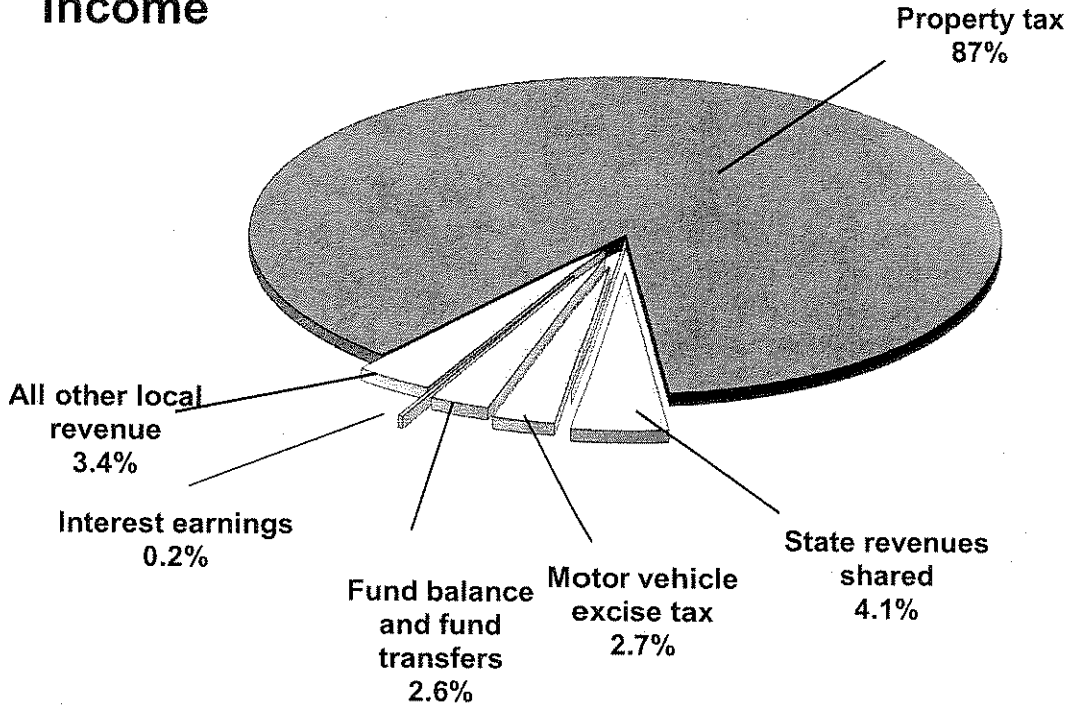
## Terms to expire in 2014

Nancy C. Barrett  
Bruce W. Button  
Alexandra C. Kuchar  
Wendy Rovelli  
Lynn B. Salinger, vice chair

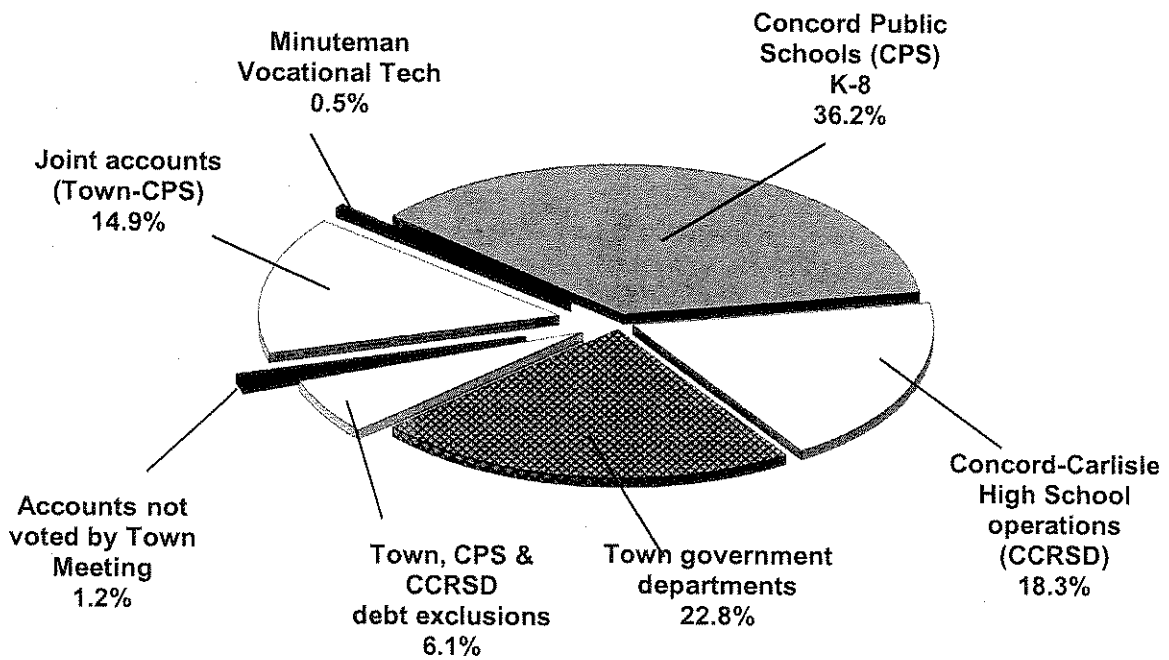
Pictures courtesy of the Concord Free Public Library.  
Charts and tables by the Town of Concord Finance Department.  
This report of the Concord Finance Committee was designed, edited and produced with the assistance of Janet Beyer.  
Cover Design by Donna Thomas

**General Fund**  
**FY13 PROPOSED BUDGET**  
Operating budgets of town and schools  
Total Budget: \$82,272,843 (+2.69%)

**Income**



**Outlays**



# THE BUDGET IN BRIEF

## essential information at a glance

### Total Budget: Town Government and Education at Finance Committee recommendations

- The total proposed FY13 General Fund budget is \$82,272,843. This is \$2,155,632 or 2.69% over FY12. The Town government and education proposed operating budgets total \$63,545,772, which is 3.55% over FY12 operating budgets.
- 65.7% of the proposed FY13 spending plan is for expenses related to primary and secondary education.
- Total debt service (principal and interest payments on long and short-term debt) is budgeted at \$8,019,471 (including \$475,000 proposed to be appropriated from the Elementary School Debt Stabilization Fund under Article 15). Additionally, the Town's assessed share of debt service for the Concord-Carlisle regional school district is budgeted at \$254,128. The allocation to debt repayment is thus \$8,273,599, or 10.1% of the total proposed budget. The tax levy for debt service excluded from the Proposition 2 ½ levy limit, in accordance with previous Town-wide ballot votes, is \$4,088,721, which is equal to 5.0% of the total proposed budget.
- Long term bonds have been issued for the financing of the new Alcott, Thoreau and Willard schools opened in 2004, 2006 and 2009 respectively. The total debt issued, principal to be repaid through June 30, 2012 and the FY13 debt service amounts are:

	<u>Debt issued</u>	<u>Repaid at 6/30/12</u>	<u>FY13 debt service</u>	
			<u>Principal</u>	<u>Interest</u>
Alcott	\$ 9,365,000	\$ 3,265,000	\$ 505,000	\$ 235,052
Thoreau	16,940,000	4,445,000	935,000	481,392
Willard	27,015,000	4,090,000	1,595,000	752,423
	<u>\$53,320,000</u>	<u>\$11,800,000</u>	<u>\$ 3,035,000</u>	<u>\$1,468,867</u>

### Property taxes

- The median single family residential tax bill in FY12 is \$9,206 based on an assessed value of \$677,900 at a tax rate of \$13.58 per thousand.
- The tax rate projected increase is 2.43% (an additional \$224 on the median bill, \$33 per \$100,000 of assessed valuation).
- Each 1% increase in the tax levy equals \$691,000 in revenue for FY13.
- 87% of the Proposed Budget support is derived from property taxes.
- 76% of property taxes are paid by single family residential property.

### Free Cash Use

- The Finance Committee recommends allocating \$850,000 from Free Cash to support the FY13 budget plan. Free Cash is a term denoting the available portion of the unreserved General Fund balance. Free Cash is certified as of each June 30 by the state for each city and town.

## The Proposed General Fund Appropriation for the year beginning July 1, 2012 (FY13)

*Recommendations of the Finance Committee*

*Articles 6, 7, 10, 12 & 15*

	Warrant location reference	Appropriated FY12	Proposed FY13	percent change	percent of total
<b>Town Government</b>					
General Government	Art. 6, items 1-6	\$ 2,136,394	\$ 2,213,402	3.6%	2.7%
Finance & Administration	Art. 6, items 7-10	1,737,747	1,827,177	5.1%	2.2%
Public Safety (Police & Fire)	Art. 6, items 11-16	7,727,140	7,695,864	-0.4%	9.4%
Public Works	Art. 6, items 17-24	3,639,860	3,692,474	1.4%	4.5%
Library	Art. 6, item 25	1,828,512	1,854,082	1.4%	2.3%
Reserve Fund	Art. 6, item 34	225,000	225,000	0.0%	0.3%
Salary Reserve	Art. 6, item 35	97,783	460,000	--	0.6%
Recreation and all other	Art. 6, items 26-32, 33, 36	731,577	756,014	3.3%	0.9%
<b>Total Town Gov't operations</b>		<u>\$ 18,124,013</u>	<u>\$ 18,724,013</u>	3.3%	22.8%
<b>Concord Public Schools (CPS)</b>	Article 7	\$ 28,474,200	\$ 29,755,538	4.5%	36.2%
<b>Concord-Carlisle Regional HS</b>	Operations	\$ 14,766,221	\$ 15,066,221	2.0%	18.3%
<i>(Concord's assessment share)</i>	Debt Service	322,941	254,128	-21.3%	0.3%
	Article 10	<u>\$ 15,089,162</u>	<u>15,320,349</u>	1.5%	18.6%
<b>Town and School (CPS) debt service</b>					
debt repayment within levy limit		\$ 3,275,000	\$ 3,300,000	0.8%	4.0%
debt excluded from levy limit		4,174,334	4,244,471	1.7%	5.2%
<b>Total tax-supported</b>	Art. 6, item 41 (A & B)	<u>\$ 7,449,334</u>	<u>\$ 7,544,471</u>	1.3%	9.2%
Stabilization Fund	Article 15	700,000	475,000	-32.1%	0.6%
<b>total debt service</b>		<u>\$ 8,149,334</u>	<u>\$ 8,019,471</u>	-1.6%	9.7%
<b>Employee Benefits (Town and CPS only):</b>					
Group Insurance	Art. 6, item 37A	\$ 4,650,000	\$ 4,650,000	0.0%	5.7%
OPEB Trust	Art. 6, Item 37B	150,000	400,000		0.5%
Retirement (pension funding)	Art. 6, item 39	2,860,000	2,945,000	3.0%	3.6%
Social Security & Medicare	Art. 6, item 40	610,000	625,000	2.5%	0.8%
<b>Total Employee Benefits</b>		<u>\$ 8,270,000</u>	<u>\$ 8,620,000</u>	4.2%	10.5%
<b>Minuteman Tech Regional HS</b>	Art. 12	\$ 531,008	\$ 437,910	-17.5%	0.5%
<b>Property &amp; liability insurance</b>	Art. 6, item 37C	175,000	175,000	0.0%	0.2%
<b>Unemployment/Worker's Comp</b>	Art. 6, item 38	200,000	200,000	0.0%	0.2%
<b>TOTAL Town Meeting appropriations</b>		<u>\$ 79,012,717</u>	<u>81,252,281</u>	2.8%	98.8%
<b>Not Appropriated:</b>					
State assessments (mostly for MBTA)		\$ 446,473	\$ 470,562	5.4%	0.6%
Snow & Ice expense account deficit		157,838	0	-100.0%	0.0%
Overlay for tax exemptions and abatements		500,183	550,000	10.0%	0.7%
		<u>\$ 1,104,494</u>	<u>\$ 1,020,562</u>	-7.6%	1.2%
<b>TOTAL SPENDING PLAN</b>		<u>\$ 80,117,211</u>	<u>\$ 82,272,843</u>	2.7%	

# To the residents of Concord

This annual report of the Concord Finance Committee summarizes the operations and financial position of Town Government, and the articles that appear in the warrant for the 2012 Annual Town Meeting.

## Overview

**Not** unlike a billboard from a classic motion picture so cleverly depicted on the cover of this Finance Report, 2011 had plenty of highs and lows filled with drama and reflection. From devastating natural disasters to teetering foreign economies and global political unrest, the effect on the fiscal health of local economies could be felt in elevated unemployment, diminished property values and higher gas prices.

Technically, the Great Recession of 2008 ended in mid-2009 yet our budget process continues to suffer from the ripple effect of economic stagnation. In late summer Moody's Investors Services assigned a "negative outlook" to the credit rating of Concord and all other Aaa rated State and local governments. This was a reaction to the budget deficit crisis on Capital Hill that resulted in a negative outlook for U.S. debt. Fortunately, Concord's Aaa rating was restored to "stable outlook" in December 2011.

There are concerns about Concord's revenue sources as Massachusetts State Aid has continued its decline. For FY13 State Aid is expected to be just 4% of our total budgetary resources. Other sources of revenue (taxes, fees, permits and licenses) appear to have stabilized, although investment income is still off significantly. The property tax continues to carry the load as our primary source of revenue, representing more than 87% of our General Fund Resources.

Concord has responded each year to these economic realities and, despite difficult pressures, Concord continues to maintain a strong financial position. This is due in part to prudent budgeting and in part to careful spending control, particularly over the past five years. From FY08-FY12 the average percent tax increase to existing taxpayers was 2.6%. In comparison, for the 5 year period FY03-FY07 the average annual tax increase to existing taxpayers was 5.9%. These well-managed budgets have resulted in no overrides for the past five years, none requested for FY13, and a healthy level of unused levy limit capacity. The Town has achieved these results while maintaining services and avoiding staff layoffs.

This is due in large measure to the leadership of our Town Manager Christopher Whelan, our Superintendent of Schools Diana Rigby and their very competent and dedicated staffs. Together with the elected boards, selectmen and school committee, these decision makers have worked together to constrain expenses and maintain an excellent level of service to our citizens.

Concord's prudent financial strategy has benefited the Town in many other ways.

First among them is the healthy state of our undesignated General Fund balance, referred to as **Free Cash**. Free Cash has been managed wisely allowing us to apply reserves at critical junctures to minimize tax increases as debt service peaks and to offset declines in other revenue sources and/or sudden increases in expenses. Our Free Cash position will be 8.2% of the proposed FY13 budget after allocation of funds proposed for FY13.

Second is the **unused levy capacity** that the Town has accumulated. This is the difference between the amount to be raised by property taxes and the upper limit imposed by Proposition 2 ½, which caps the property tax levy at 2 ½ % over the prior fiscal year's levy limit plus property tax revenue generated by new growth (primarily from new construction). Our unused levy limit capacity for FY13 is expected to be approximately \$2 million.

Third is the use of **Stabilization Funds** to soften the spikes in property tax that occur when the Town issues bonds needed for excluded debt projects. Recent examples include the *Elementary School Debt Service Stabilization Fund* established at the 2008 Town Meeting in the amount of \$2.5 million from Free Cash. This Fund has a 4-year allocation plan of which \$475,000 is proposed to be appropriated for FY13. At our Special Town Meeting in

*Continued*

vember 2011 the Town approved a new high school project and also voted to establish a *High School Debt Stabilization Fund* in the amount of \$2 million, again appropriating from the available Free Cash balance. This new fund is in anticipation of debt service expense that will increase the required tax levy when the bonds for the new high school are issued.

Effective management of these resources is extremely important to the overall financial health of the Town and to the maintenance of our Aaa credit rating from Moody's.

### Setting the Guidelines

The Finance Committee's FY13 budget Guidelines were published in November 2011. After an amendment to the Guidelines in March 2012, the final recommended allocation is \$2,181,338 of new dollars to Town Government, Concord Public Schools (CPS) and Concord-Carlisle Regional School District (CCRSB).

Town Government	+ \$ 600,000	+ 3.3%
Concord Public Schools (CPS)	+ \$1,281,338	+ 4.5%
CCRSB; Concord assessment (operations only)	+ \$ 300,000	+ 2.0%

The Town operating budget request submitted by the Town Manager in his budget document of January 25, 2012 is at the Guideline, providing for \$600,000 of new spending. The CCRSB budget request voted by the School Committee in December was higher than the Guideline, but the gap was closed after new information on State Aid and projected revenue was available. CCRSB's operating budget will maintain core programs with a 1.78% operating budget increase while keeping Concord's operating assessment at the Guideline level. The Nov. Guideline for CPS was \$331,338 below the School Committee's recommended budget. Teacher salaries and additional special education costs drove the additional funding requirement.

Revenue and expenditure forecasts for FY13 were reviewed again at the beginning of March. With a modestly improved financial picture—and no snow in the forecast—the Finance Committee voted to amend its FY13 Guideline to meet the Concord Public Schools recommended budget. Total operating budgets recommended by the Finance Committee are up a combined 3.55% and the total recommended General Fund budget (including excluded debt) is an increase of 2.69%. This results in a tax impact on existing taxpayers of 2.43% and an unused levy limit of \$2,008,510.

### New Five Year Projection of Tax Burden: FY14 through FY18

The Nov. 7, 2011 Special Town Meeting voted to request that the Finance Committee undertake a new task. Starting with this year's annual report the Finance Committee will provide a five-year projection of tax burden. This new assignment received considerable discussion at Finance Committee meetings regarding what data to include, what are reasonable assumptions for revenue and expenses and how to best communicate a possible scenario without misleading the reader. Through a working sub-committee and several revisions, the Finance Committee has issued its first five-year forecast. The projected tax increase in this scenario could easily be altered by adjusting any one factor. Our projection was developed using the following assumptions: 1) a 4% overall annual increase in operating budgets; 2) new growth and other revenues remain flat at FY12 levels; 3) no new excluded debt other than the new high school project approved at the November 2011 Special Town Meeting and the November 15, 2011 ballot; 4) increases in pension funding and debt supported within the levy limit continue existing funding strategies of about a 3% annual increase, group health insurance costs rise at about 5% per year and the OPEB funding is increased over time with a \$250,000 annual increment. In this scenario, the property tax increase to existing taxpayers would be about 4% to 4.5% per year over the five-year period. What we have provided for the consideration of Concord's

citizens and taxpayers is a "What If" scenario of how taxes could rise over the next five years based on a set of assumptions we regard as reasonable but that are still subject to much uncertainty.

Of special interest to the Finance Committee are some of the longer term financial issues that Concord is addressing. These include:

**Other post-employment benefits (OPEB):** Accounting standards promulgated by the Government Accounting Standards Board, which became effective for Concord with its June 30, 2009 financial statements require that State and municipal governments nationwide begin to report their liability for what is generally referred to as other post-employment benefits. Its conclusion indicated that compliance with the legal obligation to provide no less than 50% of the cost of group health insurance for all current and future retirees will require certain annual allocations of more than \$2,000,000 from the Town's General Fund for Town Government and Concord Public Schools liabilities, and about \$750,000 annually from CCRSD. Special legislation enacted in 2008 (Chapter 188) authorized Concord to establish an OPEB Trust Fund. At the 2011 Town Meeting, we voted to transfer \$700,000 from the Town's existing Insurance Reserve Fund into the OPEB Trust Fund to begin to meet the Town Government and CPS liabilities. \$400,000 was transferred to the Trust from FY11 appropriations and the FY12 budget anticipates a \$150,000 transfer to the Trust. In FY13 \$400,000 has been budgeted from the General Fund. This brings total funds transferred or to be transferred to the OPEB Trust Fund through FY13 to \$1,650,000, or about 15% of the cumulative Net OPEB obligation for the five-year period FY09-FY13. This will be an ongoing budgeting issue until the OPEB annual required funding is fully met.

**New Health Insurance Plan:** Chapter 69 of the Acts of 2011 provides 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). The Town and schools have worked successfully with our joint Insurance Advisory Committee and 13 town and school collective bargaining units to be able to implement a new set of group insurance plans effective June 1, 2012 along with the employer's funding of a Mitigation Plan to address the impacts of higher out-of-pocket expenses. This will allow our FY13 group insurance budget to be level funded this year with slower increases hoped for in future years.

**CCHS Building Project:** At a Special Town Meeting held Nov. 7, 2011, Article 2 was approved by the Town of Concord to build a new Concord Carlisle High School. The CCHS Building Committee worked closely with the Massachusetts School Building Authority (MSBA) who authorized the District to design and build a new high school on the present high school location. The anticipated construction cost is \$92,578,000. MSBA has approved a maximum grant of \$28,781,100 (35.58%) towards the completion of this project. The balance of the construction cost and any excess costs will be shared proportionally by the towns of Concord and Carlisle. To offset the impact of debt service anticipated to commence in FY14, the Town voted to establish a High School Debt Stabilization Fund in the amount of \$2,000,000 under Article 3 of the November 2011 Special Town Meeting. These funds were transferred from Free Cash and will be applied in future budgets to mitigate the property tax increase that will otherwise occur. It is anticipated that debt service will jump in FY14 and again in FY16, with an estimated maximum impact on taxes of about \$60 per \$100,000 of assessed value.

**Forest Ridge Substation:** The need for additional capacity at the light plant as we approach our maximum capacity of 50 mva has the CMLP recommending, under Article 28, that the light plant borrow \$4.4 million to be repaid from Light Plant revenue for increasing the capacity of the Forest Ridge Substation. It is proposed to replace our two 50 mva transformers with two 70 mva transformers, at a cost of about \$3.8 million. The anticipated goal is that these transformers would meet our electricity needs through 2025, and beyond if conservation initiatives and alternative renewable source power generation within Concord is successful. In addition, the Light Plant seeks \$600,000 to make necessary improvements to enclose the shed portion of the light plant warehouse.

*Continued*

**New Growth, Concord Mews:** Concord's new growth revenue has been higher than projected due in part to the development of the 350-unit apartment complex Concord Mews. This development project is nearing completion and according to the Development Agreement the Town has received a one-time payment of \$1,000,000 which is proposed to be placed in an Emergency Response Stabilization Fund under Article 29 for future public safety investments. The increase in school population from occupancy of this development is expected to be manageable, but this is data that we will need to monitor carefully.

### **Other Finance Committee Initiatives**

Several initiatives were conducted by Finance Committee members this year on topics relating to Town services and Town performance. First, the Finance Committee considered the practice of accepting private donations for public services usually funded by the Town. The Finance Committee's statement on *Best Practices for Private Funding of Public Services* seeks to provide a tool for thoughtful consideration of present and future costs and implications of private donations. These best practices have been provided to the Board of Selectmen and School Committee. Second, the Finance Committee is grateful for the additional research on comparative data of Town services, taxes, and educational expenditures, conducted by member Tom Piper, which added to our budget deliberations.

### **Conclusion**

The Finance Committee's annual report concludes that Concord's finances are in good order. We are responsibly planning for the future with improved services and facilities, attainable goals for energy efficiency and sustainability, pro-active initiatives to fund our long range financial obligations and the establishment of stabilization funds to help manage peak years of future debt service. Our free cash balance is at a healthy level, our credit rating is excellent, our unused levy limit exceeds \$2,000,000 and our total budget increase for FY13 is projected to be 2.69%.

Yet as we have mentioned, there are many challenges ahead. As our unused levy limit declines, taxpayers will likely face choices that could require operating budget overrides in the future. Exploring ways to mitigate cost increases, finding ways to increase non-tax revenues, and developing creative ways to fund unexpected costs of special education and other services will help to lessen this possibility. Also, a commitment to negotiating fair and reasonable collective bargaining agreements will ensure excellence in our education programs and public services.

The Finance Committee will continue to review FY13 income figures right up to Town Meeting so as to have the most accurate figures on which to base its recommendations.

The Finance Committee would like to thank the Town and school administration, led by Christopher Whelan, Town Manager, and Diana Rigby, Superintendent of Schools, and to the School Committee, for the development and presentation of their budgets and their assistance to the Finance Committee. We also express our thanks to Town Finance Director Anthony Logalbo, and Deputy Superintendent John Flaherty as well as their staffs for their dedicated work throughout the year in maintaining the Town's fiscal health and providing wise counsel to the Finance Committee.

# Notes

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

## **The Finance Committee has the following responsibilities:**

- Establishing fiscal guidelines for the Town Manager, the Concord Public School Committee, and the Concord-Carlisle Regional School Committee in preparing their budgets. Under Town by-law, these guidelines must be published by the end of November each year.
- Conducting public hearings on the budgets and other financial matters expected to come before annual and special Town Meetings.
- Preparing this report for distribution to all residents, including recommendations on warrant articles before the Annual Town Meeting and a summary of the Town's financial status.
- Conducting special studies and activities to gather and disseminate information about financial issues affecting the Town.
- Managing a Reserve Fund account to meet extraordinary and unforeseen expenditures (proposed at \$225,000 for FY13).

Individual committee members are assigned as observers to attend public meetings of other Town boards and committees. Reports from these observers are included in the Observer Reports section of this document.

It is important to emphasize that the role of the Finance Committee is limited to making recommendations. The Finance Committee regularly makes recommendations to Town Meeting, the Town Manager, the Board of Selectmen, the school committees, the Superintendent of Schools, other boards and committees, and the citizens of the Town. Responsibility for making decisions is reserved to the citizens through Town Meeting and Town elections and to staff members, boards, and committees to whom specific responsibilities have been delegated by Town by-law and/or State law.

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

## **Finance Committee Policies**

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

- Maintain a minimum fixed percentage of the annual budget in Free Cash. This forms the core of the Town's reserves and its working capital. Since the mid-1990s, the percentage has been 5%, equivalent to about \$4 million as we enter FY13.
- Spend about 7% to 8% of the annual budget on routine recurring capital maintenance and renewal of the Town's facilities and infrastructure (including schools). Included in this, up to 5% is reserved for debt service for large items and projects funded by borrowing with debt service to be supported within the property tax levy limit and therefore, for this component of the capital program, without resort to debt exclusion ballots.

*Continued*

- Avoid earmarking of revenues, except as established by statute or local bylaw enacted by Town Meeting. All other revenues go into the General Fund, where they form part of the current year resources and/or contribute to Free Cash for future years.
- Maximize the efficiency of capital with an aggressive program of repayment of debt principal, thereby minimizing the proportion of debt service paid in interest and making tax dollars go farther.
- Adjust these policies only gradually and deliberately, not in response to pressures of the moment.

In general, the Finance Committee's position is that debt service within the Levy Limit should be focused on routine things over which the Town has little discretion, e.g., roofs, roads, equipment, workspaces for employees. Debt exclusion financing should be reserved for community amenities that are direct additions or improvement in basic services and that would otherwise push essential maintenance out of the capital budget.

### Budget Process

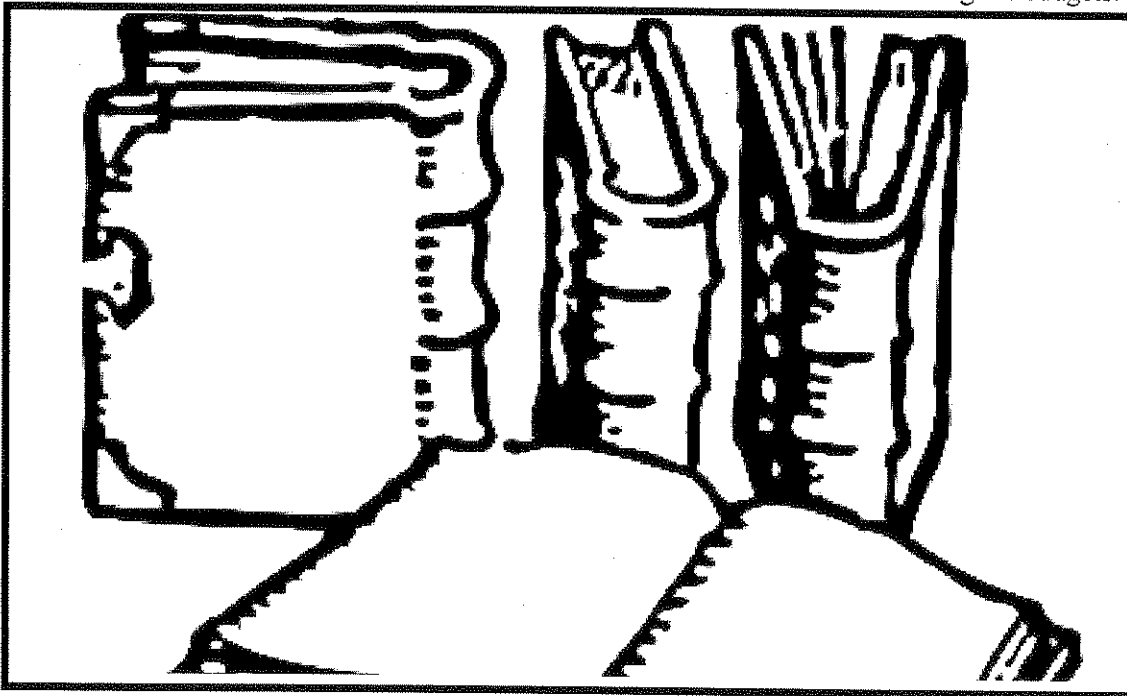
The budget process begins each summer when the Finance Committee formulates a series of requests for information from the Town Manager and School Superintendent regarding overall trends and issues. In September, a joint coordination meeting is held, including the Finance Committee, the Board of Selectmen,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

During the fall, the Town Manager and the School Superintendent begin their annual budget process with their own department managers. In October, the Guideline Subcommittee of the Finance Committee meets with each of them to begin to frame the allocation of resources within the Levy Limit and any override for

the coming fiscal year. This is presented to the full Finance Committee, which publishes its Tentative Guideline by the end of October

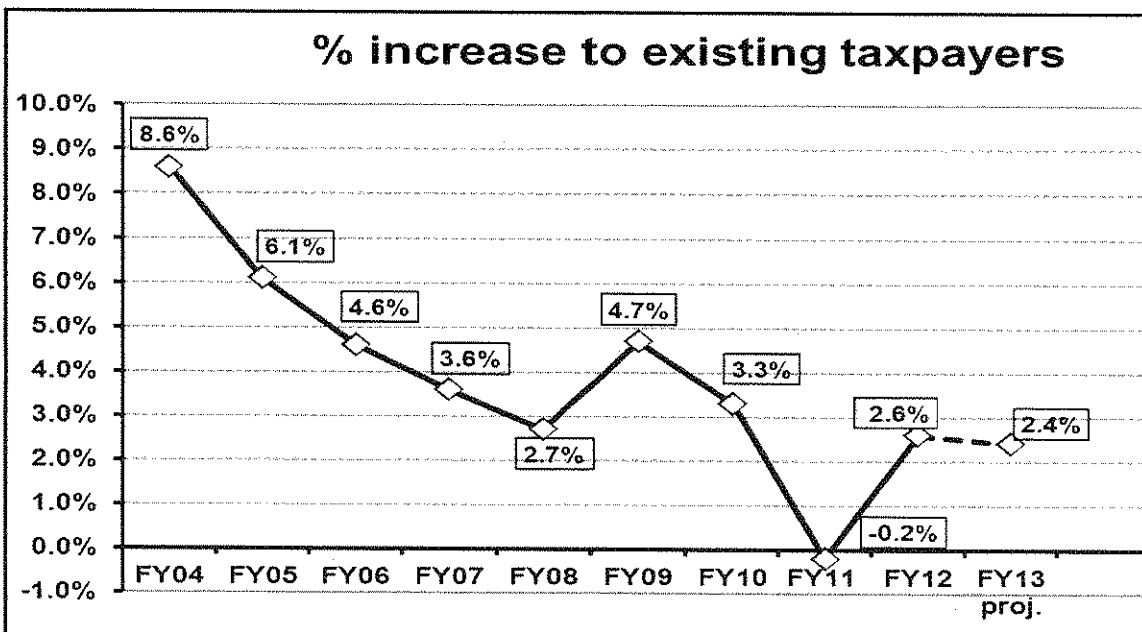
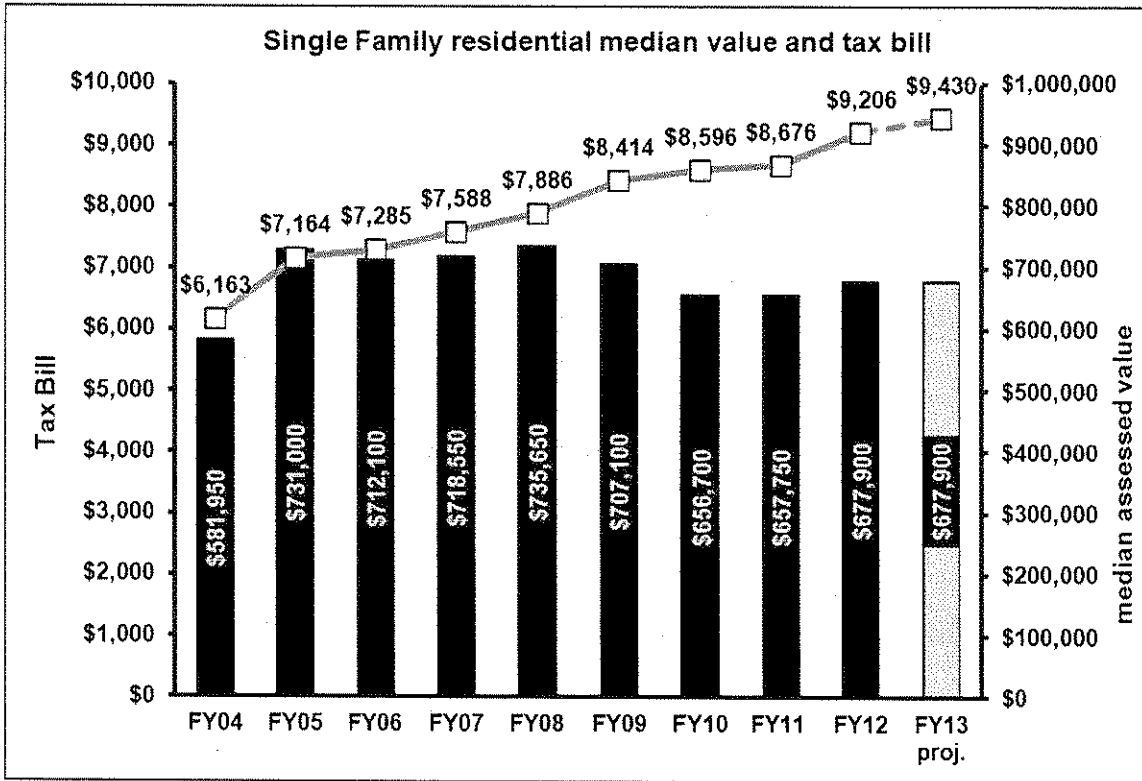
During November, the Guideline Subcommittee again meets with the Town Manager and School Superintendent to finalize the recommended Guideline. This Guideline is published by the Finance Committee no later than the end of November.

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



## PROPERTY TAX IMPACT OF PROPOSED FY13 BUDGET

	<u>FY12</u> <u>Actual</u>		<u>FY13</u> <u>Budget</u>
<i>Single Family residential property</i>			
<b><u>Projected Tax rate Impact</u></b>			<b>+ 2.43%</b>
Tax Bill at median \$677,900 value	\$ 9,206	+ 224 =	\$ 9,430
Tax Bill per \$100,000 a.v.	\$ 1,358	+ 33 =	\$ 1,391



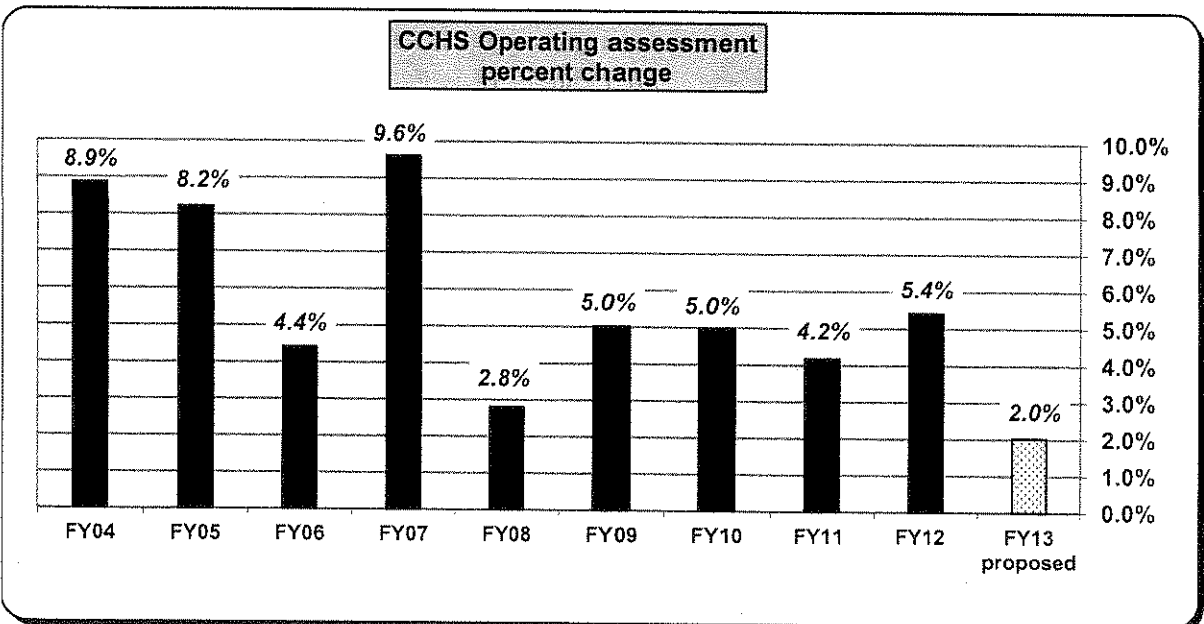
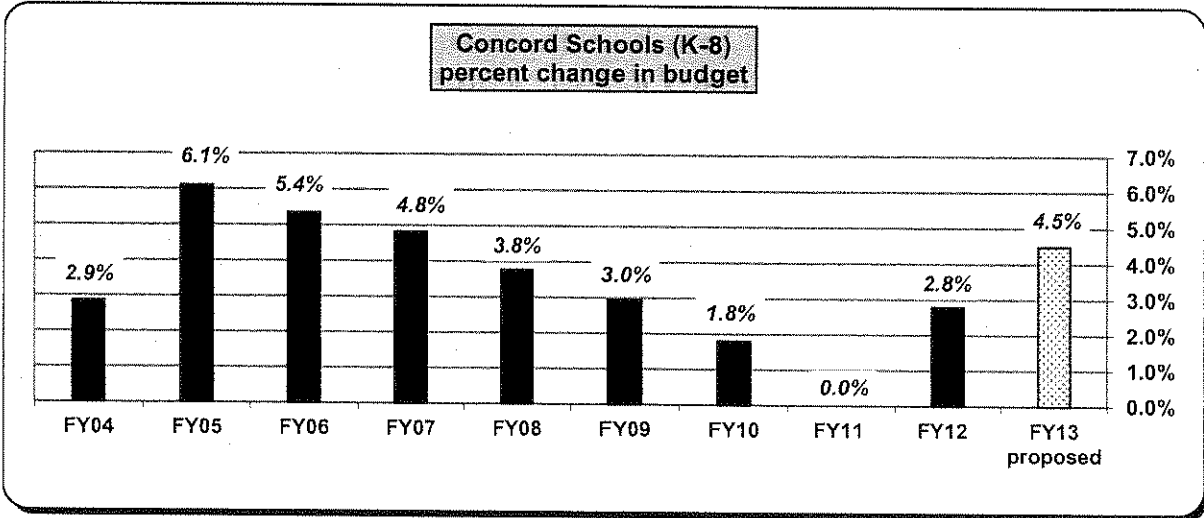
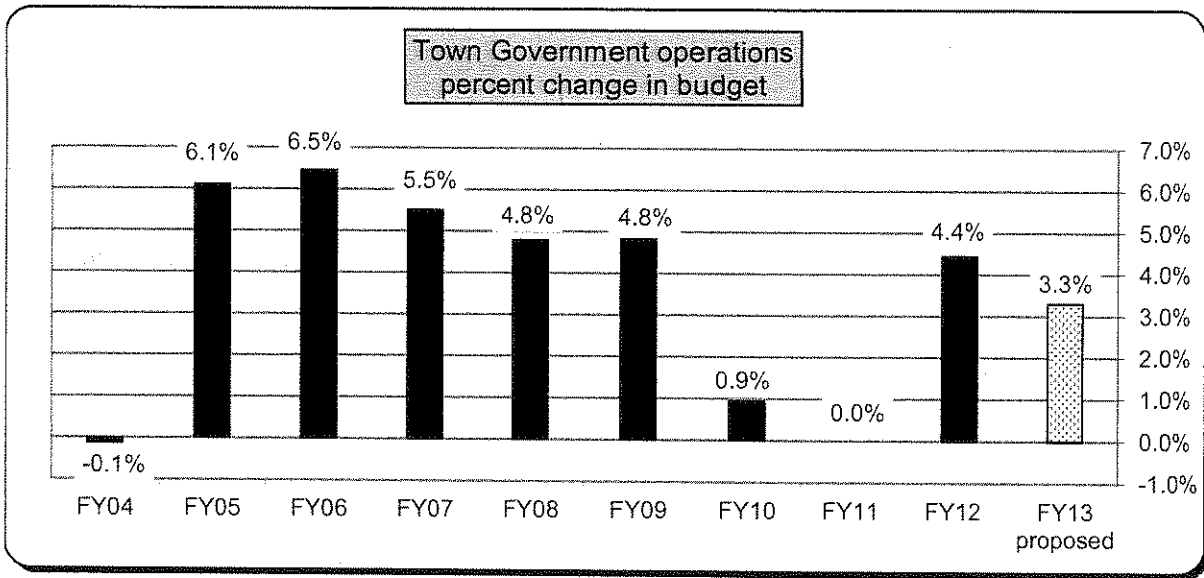
**General Fund Budget - All Accounts  
Five Years: FY08 - FY12 Budget and FY13 Guideline**

Line #		FY08 Budget	FY09 Budget	FY10 Budget	FY11 Budget	FY12 Budget	FY13 Guideline	Percent change	Percent of total
<b>Town Government</b>									
1	personal services	\$ 11,876,664	\$ 12,390,155	\$ 12,713,627	\$ 12,974,546	13,599,845	\$ 13,937,691	2.48%	16.94%
2	O & M	2,940,310	3,108,858	3,112,886	2,836,967	2,914,168	3,126,322	7.28%	3.80%
3	capital outlay	1,356,000	1,466,000	1,300,500	1,315,500	1,385,000	1,435,000	3.61%	1.74%
4	Reserve Fund	225,000	225,000	225,000	225,000	225,000	225,000	0.00%	0.27%
5	<b>Total</b>	<b>\$ 16,397,974</b>	<b>\$ 17,190,013</b>	<b>\$ 17,352,013</b>	<b>\$ 17,352,013</b>	<b>\$ 18,124,013</b>	<b>\$ 18,724,013</b>	<b>3.31%</b>	<b>22.76%</b>
6	<b>Concord Public Schools</b>	<b>\$ 26,423,840</b>	<b>\$ 27,206,200</b>	<b>\$ 27,699,200</b>	<b>\$ 27,699,200</b>	<b>\$ 28,474,200</b>	<b>\$ 29,755,538</b>	<b>4.50%</b>	<b>36.17%</b>
7	<b>Concord-Carlisle RSD</b>	<b>\$ 12,191,417</b>	<b>\$ 12,803,885</b>	<b>\$ 13,442,936</b>	<b>\$ 14,006,221</b>	<b>\$ 14,766,221</b>	<b>\$ 15,066,221</b>	<b>2.03%</b>	<b>18.31%</b>
9	<b>Total Operating Budgets</b>	<b>\$ 55,013,231</b>	<b>\$ 57,200,098</b>	<b>\$ 58,494,149</b>	<b>\$ 59,057,434</b>	<b>\$ 61,364,434</b>	<b>\$ 63,545,772</b>	<b>3.55%</b>	<b>77.24%</b>
9	Group Insurance	\$ 3,600,000	\$ 3,845,000	\$ 4,152,600	\$ 4,465,000	\$ 4,650,000	\$ 4,650,000	0.00%	5.65%
9a	OPEB Trust					150,000	400,000	166.67%	0.49%
10	Retirement	2,380,000	2,450,000	2,500,000	2,750,000	2,860,000	2,945,000	2.97%	3.58%
11	Debt Service	2,909,750	3,100,000	3,150,000	3,175,000	3,275,000	3,300,000	0.76%	4.01%
12	Social Security/Medicare	522,000	510,000	545,000	580,000	610,000	625,000	2.46%	0.76%
13	Other Fixed & Mandated	425,000	425,000	400,000	375,000	375,000	375,000	0.00%	0.46%
14	<b>subtotal</b>	<b>\$ 9,836,750</b>	<b>\$ 10,330,000</b>	<b>\$ 10,747,600</b>	<b>\$ 11,345,000</b>	<b>\$ 11,920,000</b>	<b>\$ 12,295,000</b>	<b>3.15%</b>	<b>14.94%</b>
15	Minuteman Voc Tech	\$ 604,702	\$ 486,660	\$ 637,601	\$ 590,682	\$ 531,008	\$ 437,910	-17.53%	0.53%
16	High School Debt Exclusion	476,557	684,143	539,239	582,444	322,941	254,128	-21.31%	0.31%
17	Town Debt Exclusion	2,550,432	3,247,193	3,973,397	4,864,782	4,874,334	4,719,471	-3.18%	5.74%
	<b>Free Cash appropriations</b>	<b>\$ 3,631,691</b>	<b>\$ 4,417,996</b>	<b>\$ 5,150,237</b>	<b>\$ 6,037,908</b>	<b>\$ 5,728,283</b>	<b>\$ 5,411,509</b>	<b>-5.53%</b>	<b>6.58%</b>
18	<b>TOWN MEETING VOTE</b>	<b>\$ 68,481,672</b>	<b>\$ 71,948,094</b>	<b>\$ 74,391,986</b>	<b>\$ 76,474,772</b>	<b>\$ 79,012,717</b>	<b>\$ 81,252,281</b>	<b>2.83%</b>	<b>98.76%</b>
19	State assessments	\$ 367,696	\$ 382,563	\$ 389,372	\$ 441,741	\$ 446,473	\$ 470,562	5.40%	0.57%
20	Snow/ice & other deficits	0	358,915	239,730	99,199	157,838	0	-100.00%	0.00%
21	Overlay	588,461	523,555	506,857	545,082	500,183	550,000	9.96%	0.67%
22	<b>subtotal</b>	<b>\$ 956,157</b>	<b>\$ 1,265,033</b>	<b>\$ 1,135,959</b>	<b>\$ 1,086,022</b>	<b>\$ 1,104,494</b>	<b>\$ 1,020,562</b>	<b>-7.60%</b>	<b>1.24%</b>
23	<b>TOTAL BUDGET PLAN</b>	<b>\$ 69,437,829</b>	<b>\$ 73,213,127</b>	<b>\$ 75,527,945</b>	<b>\$ 77,560,794</b>	<b>\$ 80,117,211</b>	<b>\$ 82,272,843</b>	<b>2.69%</b>	<b>100.00%</b>

"Concord-Carlisle RSD" is Concord's share of the assessable portion of the High School budget.  
 "Other Fixed & Mandated" includes: Property & Liability Insurance, Unemployment and Worker's Compensation.

**Financing the Budget Plan**

	FY08 Budget	FY09 Budget	FY10 Budget	FY11 Budget	FY12 Budget	FY13 Budget	Percent change	Percent of total
24	\$ 4,234,876	\$ 4,477,986	\$ 3,808,876	\$ 3,657,671	\$ 3,580,402	\$ 3,400,000	-5.04%	4.13%
25	2,300,000	2,150,000	2,050,000	2,100,000	2,150,000	2,225,000	3.49%	2.70%
26	1,000,000	750,000	270,000	300,000	175,000	175,000	0.00%	0.21%
27	2,116,500	2,246,500	2,206,500	2,511,500	2,731,400	2,799,400	2.49%	3.40%
28	Appropriations financed from:							
29	Debt Stabilization Fund							
30				1,000,000	700,000	475,000	-32.14%	0.58%
				34,430				
31	transfers to General Fund:							
32	340,000	340,000	355,000	380,000	380,000	385,000	1.32%	0.47%
33				431,796	427,412	409,878	-4.10%	0.50%
34	500,000	600,000	1,040,000	600,000	850,000	850,000	0.00%	1.03%
35	\$ 10,491,376	\$ 10,564,486	\$ 9,730,376	\$ 11,015,397	\$ 10,994,214	\$ 10,719,278	-2.50%	13.03%
	<b>Property Tax:</b>							
36	\$ 54,550,950	\$ 57,769,554	\$ 60,216,052	\$ 61,712,667	\$ 64,189,549	\$ 66,714,844	3.93%	81.09%
37	0	0	0	0	0	0		
38	1,368,514	947,751	1,068,881	817,300	863,585	750,000	-13.15%	0.91%
39	\$ 55,919,464	\$ 58,717,305	\$ 61,284,933	\$ 62,529,967	\$ 65,053,134	\$ 67,464,844	3.71%	
	<b>debt exclusion</b>							
40	3,026,989	3,931,336	4,512,636	4,015,430	4,069,863	4,088,721	0.46%	4.97%
41	\$ 58,946,453	\$ 62,648,641	\$ 65,797,569	\$ 66,545,397	\$ 69,122,997	\$ 71,553,565	3.52%	86.97%
	<b>TOTAL RESOURCES</b>							
	\$ 69,437,829	\$ 73,213,127	\$ 75,527,945	\$ 77,560,794	\$ 80,117,211	\$ 82,272,843	2.69%	100.00%



# Five-year projection of tax burden

In response to Article 3 adopted at the Special Town Meeting held Nov. 7, 2011, which requested the Finance Committee to make a five-year projection of the total likely tax burden on the citizens of the Town, the Finance Committee has developed property tax projections for FY2014 through FY2018.

The Town and schools normally require budget increases of 3-5% per annum in order to maintain the current level and quality of services delivered to the townspeople. Keeping budgets below the lower end of that range will require cuts in services, reductions in town employment levels, or both, to balance resource availability with expenditures.

The Finance Committee presents possible property tax trends below in response to the following scenario: 1) What if operating budgets increase by 4% per annum, i.e., the mid-range above? 2) What if new growth and other budget resources remain flat over the period? 3) What if no new debt exclusion projects are approved?

Known debt repayment schedules, estimated debt repayment for the new high school construction project, debt stabilization fund contributions and disbursements, and expected payments for insurance, retirement, and other post-employment benefits have been incorporated in this projection.

Under these assumptions, property taxes to existing taxpayers will increase by 3.9-4.7% per year over the period. Projected trends are depicted in the figures below, assuming the 4% increase (Figure 1). The tax increase breakdowns distinguish between increases in the base (General Fund) and in approved debt. Changes in any of these assumptions will, of course, result in different outcomes. For example, if operating budgets rise by 3% per year slightly lower rates of property tax increases are expected (3.1-3.8%), while a 5% annual increase results in slightly higher rates of property tax increases (4.8-5.5%).

Figure 2 indicates that at the midpoint of 4% Concord may reach its Proposition 2 ½ levy limit during the next five years. Once this limit is ex-

ceeded, two sets of approval will be required. After the budgets are approved by a simple majority at Town Meeting, a simple majority vote at the polls will be required to approve the amount above the levy limit needed to finance them. Concord voters approved operating budget overrides of levy limits in six consecutive years, from FY02 to FY07.

The impact of tax increases on the median home value property tax bill is presented in Figure 3. A tax bill calculator is also provided to allow easy look-up of tax bills across a range of home values.

The Committee requests that the Town understand that this is the first time a projection such as this has been undertaken. As such, the methodology may be improved upon in future years. Above all, the Finance Committee underscores that the projections reflect educated guesses of resource needs and availabilities in future years, with uncertainty and variability associated with many of the individual line assumptions, as noted on page 6 of the Chair's report.

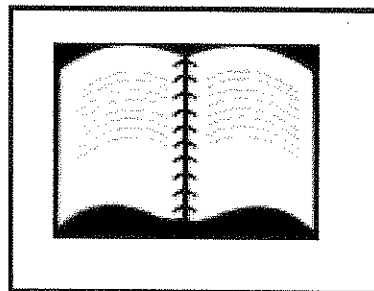


Figure 1 Projection of Annual Increase in Tax Levy on Existing Taxpayers

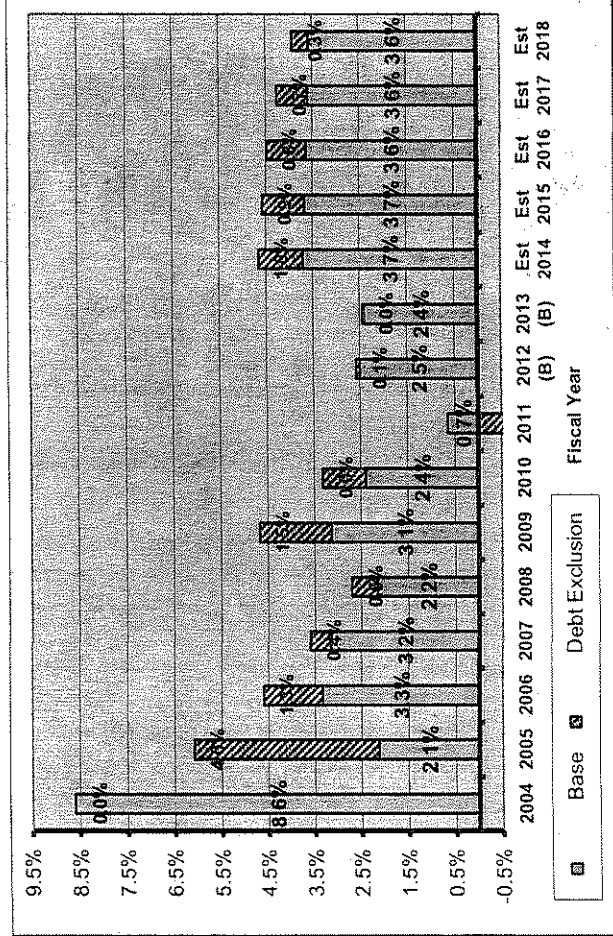


Figure 2 Projections of Total Property Tax and Proposition 2 1/2 Levy Limit

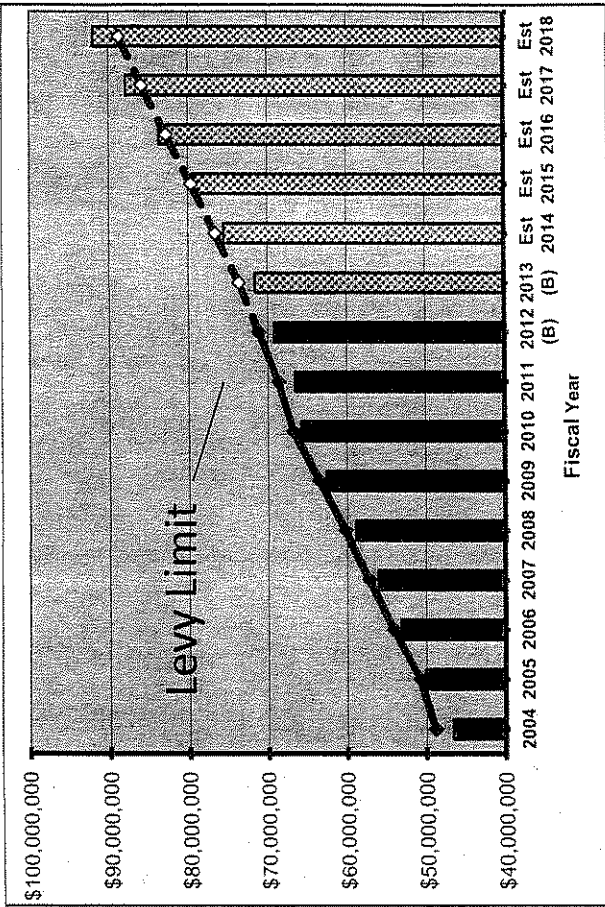
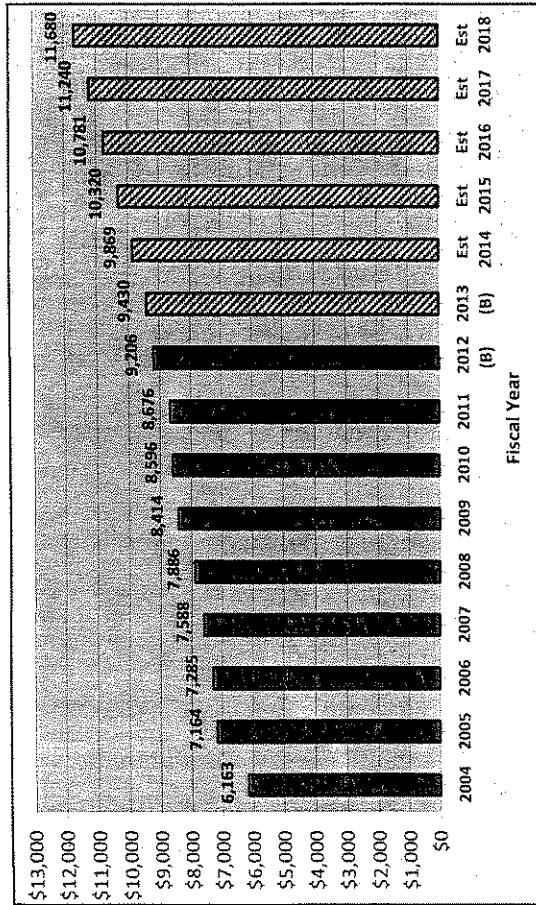


Figure 3 Median Tax Bill



Note: "Median tax bill" refers to the property tax payment of the median home value in Concord. The median single family residential tax bill in FY12 is \$9,206 based on an assessed value of \$677,900 at a tax rate of \$13.58 per thousand.

Tax Impact Calculator	2012		2013		2014		2015		2016		2017		2018	
	(B)	Est	(B)	Est	(B)	Est	(B)	Est	(B)	Est	(B)	Est	(B)	Est
@ Median home value, \$677,900	9,206	9,430	9,430	9,869	10,320	10,781	11,240	11,680						
Per \$100K of home value	1,358	1,391	1,391	1,456	1,522	1,590	1,658	1,723						
Tax bills for possible home values														
\$250,000	3,395	3,478	3,478	3,639	3,806	3,976	4,145	4,307						
\$500,000	6,790	6,955	6,955	7,279	7,612	7,952	8,291	8,615						
\$750,000	10,185	10,433	10,433	10,918	11,417	11,928	12,436	12,922						
\$1,000,000	13,580	13,910	13,910	14,557	15,223	15,904	16,581	17,230						
\$1,500,000	20,370	20,866	20,866	21,836	22,835	23,856	24,872	25,845						
\$2,000,000	27,160	27,821	27,821	29,115	30,446	31,808	33,162	34,460						