

Debt, Capital, Benefits FY11 Budgets

	FY10	FY11	Change (\$)	Change (%)
Debt	\$5,765,113	\$6,158,003	+\$392,890	+6.8%
Capital	\$1,080,725	\$993,000	-\$87,725	-8.1%
Regional Schools	\$377,964	\$327,946	-\$50,018	-13.2%
Benefits	\$10,951,082	\$11,712,081	+\$760,999	+6.9%
TOTAL	\$18,174,884	\$19,191,030	+\$1,016,460	+5.6%
*State Assmnts	\$580,006	\$568,602	-\$11,404	-2.0%
TOTAL	\$18,754,890	\$19,759,632	+\$1,004,742	+5.4%

**not voted by Town Meeting*

Debt: An additional \$473, 988 in FY11 debt service for energy improvements is driving the increase in that budget. Guaranteed energy savings of over \$300,000 offset a portion of this debt, and the balance was acknowledged as a comprehensive solution to the performance contracting needs of the Town.

Capital: Because of the increase in debt service and the FINCOM policy of 5% funding towards debt + capital, fewer funds were available for 'cash capital' projects in FY11. The decrease was roughly in line with the portion of debt service from above not covered by energy savings. Capital included for FY11 is as follows (total is \$993,000):

- > \$425,000 Roads/coat & seal (DPW)
- > \$230,000 Ambulance (Fire)
- > \$115,000 Sander (DPW)
- > \$ 83,000 Killam Parking Lot (DPW)
- > \$ 40,000 Curb/sidewalk (DPW)
- > \$ 30,000 Killam Playground (DPW)
- > \$ 25,000 Patient Care System (Fire)
- > \$ 20,000 Security System (Schools)
- > \$ 15,000 Playground surface (DPW)
- > \$ 10,000 Street Signs (DPW)

Regional Schools: The budget is reduced for FY11 because of anticipated graduations from Minuteman (costs include transportation). The projected FY11 budget at Northeast is flat as per early discussions with that administration, however total costs are up due to increased enrollment.

Benefits

Retirement: Due to a decline in the investment value of retirement assets, the Retirement Board voted a larger than usual increase of +4.5% to the annual contribution required. Using actuarial assumptions, the Town is projected to meet all required funding dates. The Town's self-insured portion of this budget remains steady at \$73,500; a \$15,000 expense pays the annual fees associated with seasonal and part-time employees' recent shift from social security to a 403(b) plan; and a required update to the OPEB liability is funded by \$25,000.

Worker Compensation: Due to a payroll audit performed after the FY10 budget was built last spring, the actual run rate of this cost is underfunded by about \$35,000 for the current year. This difference will be funded by a surplus in the health insurance account. For FY11, our carrier suggested a 5-10% increase in this line item, so a 7.5% increase is projected. While the rates are locked in at zero percent, this will allow for any additional findings of another payroll audit late next spring.

Unemployment compensation: This has become a significant expense in FY10 as the \$55,000 budget was expended by November 2009. The deficit for FY10 will be funded by a surplus in health insurance. At present, the current run rate is between \$100k and \$150k – with wide fluctuations month-to-month as unfunded federal rules change.

Health insurance: An overall 9.7% increase in premiums plus a 2% enrollment increase is used to build this budget for FY11. The FY10 budget was overfunded due to some significant changes in the plan made last spring after the budget was adopted. This allows the budgeted increase for FY11 to be cushioned somewhat and other benefit deficits in FY10 to be covered by this surplus. In November 2009, Town Meeting used \$175,000 from this line item to cover an increase in Veteran's benefits and performance contracting debt service, and additional surpluses as described above will be available for April 2010 Town Meeting are anticipated.

Medicare: After a long history of underfunding this expense, the MUNIS system was instrumental in properly projecting this

expense for FY10. A 7.5% increase is forecast, partly for rate increases and partly for ongoing demographic shifts in the workforce.

Indemnification: Police & Fire expenses can vary widely in this line item, and are projected at +5% in FY11.