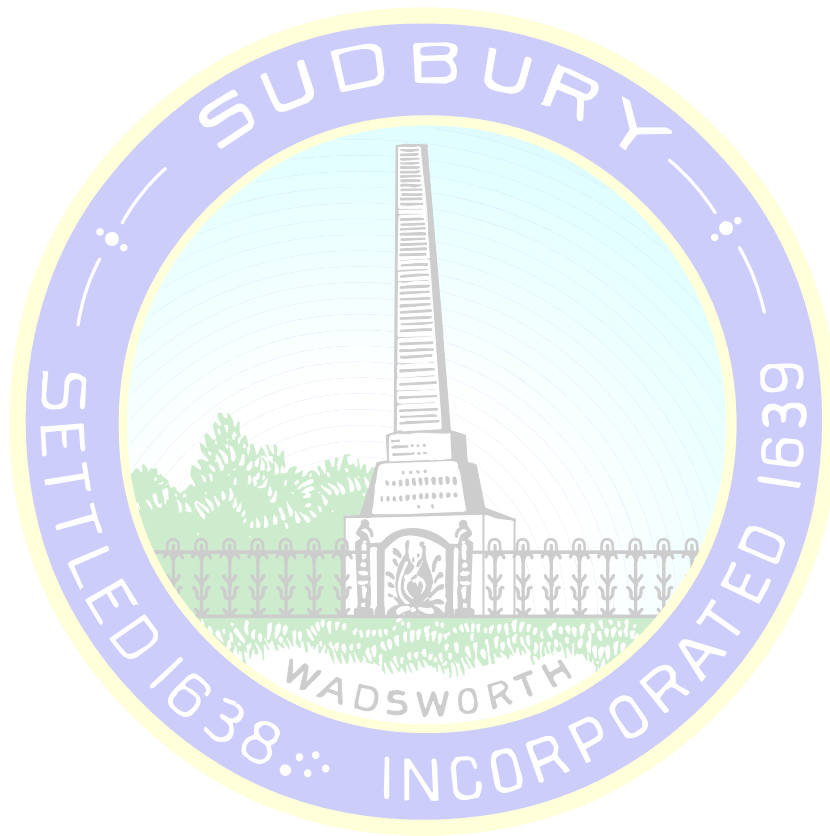


## Section Five

# SHARED PROGRAMS & COSTS





## SHARED PROGRAMS & COSTS



	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town Mgr 3% Budget FY08	Town Mgr Request FY08
<b>SHARED PROGRAMS &amp; COSTS</b>						
Town Benefits & Insurance	3,124,307	3,557,700	4,011,678	4,011,678	4,011,678	4,011,678
Stabilization Fund	-	-	-	-	-	-
Debt Service	5,601,022	5,502,208	4,481,929	4,481,929	4,481,929	4,481,929
Cherry Sheet Charges & Offsets	551,234	550,200	227,420	227,420	227,420	227,420
Snow/Ice Deficits	100,000	100,000	100,000	100,000	100,000	100,000
Abatements/Exemptions	530,074	450,000	450,000	450,000	450,000	450,000
<b>Total Shared Programs &amp; Costs</b>	<b>9,906,637</b>	<b>10,160,108</b>	<b>9,271,027</b>	<b>9,271,027</b>	<b>9,271,027</b>	<b>9,271,027</b>

## **BENEFITS AND INSURANCE**

### **MISSION OF THE PROGRAM**

To provide to the employees of the Town of Sudbury (including those who work for the Sudbury Public Schools) both the required and contractually agreed upon benefits to protect their health, provide for their income security if they are injured on the job, and provide for their eventual separation from the Town, either through retirement or leaving before a retirement is reached.

### **DESCRIPTION OF SERVICES**

Employee benefits represents the cost of providing health and life insurance for Town and Sudbury Public School employees as well as for Worker's Compensation, unemployment, Medicare Tax, and the Town's assessment from the Middlesex County Retirement Board.

### **BUDGET ISSUES**

The Town Manager's Recommended Budget represents an estimate for benefits costs for the three town positions and one school position over the prior year approved FTE levels.

Small increases have been projected in the costs of Worker's Compensation and Medicare Tax accounts while Unemployment Compensation and Life Insurance have been level funded. Medicare Tax is mandated by the federal government. Previous increases in this tax liability were reflective of a rise in total Town payroll subject to the tax as more senior employees whose wages were not subject to the tax were replaced by newly hired employees whose wages were subject to this tax liability.

Medical Claims/Insurance has been increased overall 12%. Although the health insurance market remains volatile, enrollments are projected to remain stable and our claims experience since last year has reflected a slightly lower trend overall. These factors are the primary determinants of the rates for our modified self-funded health insurance programs.

Retirement Program is projected to increase by 13.4% over FY07. This increase is attributable to an increase in our assessment from the Middlesex County Retirement System calculated by their actuarial consultant to cover pension costs for all Town and SPS retirees.

	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town 3% Budget FY08	Town Request FY08
<b>BENEFITS &amp; INSURANCE</b>						
Worker's Compensation	22,100	24,310	27,220	27,220	27,220	27,220
Unemployment Compensation	39,000	39,000	39,000	39,000	39,000	39,000
Medicare Tax	318,450	325,500	368,500	368,500	368,500	368,500
Life Insurance	5,600	5,600	5,600	5,600	5,600	5,600
Medical Claims/ Insurance	5,785,000	6,479,200	7,256,704	7,256,704	7,256,704	7,256,704
Retirement Program	1,858,021	2,120,937	2,405,119	2,405,119	2,405,119	2,405,119
Property/Liab. Insurance	164,736	182,925	199,390	199,390	199,390	199,390
New Hires Estimate	38,857	32,000	64,000	64,000	64,000	64,000
<b>Total: Employee Benefits</b>	<b>8,231,764</b>	<b>9,209,472</b>	<b>10,365,533</b>	<b>10,365,533</b>	<b>10,365,533</b>	<b>10,365,533</b>

	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town 3% Budget FY08	Town Request FY08
<b>EMPLOYEE BENEFITS</b>						
Worker's Compensation	<b>22,100</b>	<b>24,310</b>	<b>27,220</b>	<b>27,220</b>	<b>27,220</b>	<b>27,220</b>
Town:	11,050	12,155	13,610	13,610	13,610	13,610
School:	11,050	12,155	13,610	13,610	13,610	13,610
Unemploy. Compensation	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>
Town:	7,800	7,800	7,800	7,800	7,800	7,800
School:	31,200	31,200	31,200	31,200	31,200	31,200
Medicare Tax	<b>318,450</b>	<b>325,500</b>	<b>368,500</b>	<b>368,500</b>	<b>368,500</b>	<b>368,500</b>
Town:	82,797	84,630	95,810	95,810	95,810	95,810
School:	235,653	240,870	272,690	272,690	272,690	272,690
Life Insurance	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>
Town:	1,848	1,848	1,848	1,848	1,848	1,848
School:	3,752	3,752	3,752	3,752	3,752	3,752
Medical Claims/ Insurance	<b>5,785,000</b>	<b>6,479,200</b>	<b>7,256,704</b>	<b>7,256,704</b>	<b>7,256,704</b>	<b>7,256,704</b>
Town:	1,793,350	2,008,552	2,249,578	2,249,578	2,249,578	2,249,578
School:	3,991,650	4,470,648	5,007,126	5,007,126	5,007,126	5,007,126
Retirement Program	<b>1,858,021</b>	<b>2,120,937</b>	<b>2,405,119</b>	<b>2,405,119</b>	<b>2,405,119</b>	<b>2,405,119</b>
Town:	1,151,911	1,345,545	1,539,276	1,539,276	1,539,276	1,539,276
School:	706,110	775,392	865,843	865,843	865,843	865,843
Property/Liab. Insurance	<b>164,736</b>	<b>182,925</b>	<b>199,390</b>	<b>199,390</b>	<b>199,390</b>	<b>199,390</b>
Town:	65,894	73,170	79,756	79,756	79,756	79,756
School:	98,842	109,755	119,634	119,634	119,634	119,634
New Hires	<b>38,857</b>	<b>32,000</b>	<b>64,000</b>	<b>64,000</b>	<b>64,000</b>	<b>64,000</b>
Town:	9,657	24,000	24,000	24,000	24,000	24,000
School:	29,200	8,000	40,000	40,000	40,000	40,000
<b>Total: Employee Benefits</b>	<b>8,231,764</b>	<b>9,209,472</b>	<b>10,365,533</b>	<b>10,365,533</b>	<b>10,365,533</b>	<b>10,365,533</b>
Town:	3,124,307	3,557,700	4,011,678	4,011,678	4,011,678	4,011,678
School:	5,107,457	5,651,772	6,353,855	6,353,855	6,353,855	6,353,855

## **STABILIZATION FUND**

### **DESCRIPTION OF SERVICES**

This is a fund maintained by the Town for several purposes. First, it is the Town's primary reserves for emergencies that occur after the year's annual budget has been approved by Town Meeting. There are really only two state approved mechanisms for building reserves for a source of funds if some large disaster hit the Town. One is free cash, and the other is the stabilization fund. Since Sudbury tends to use nearly all its free cash each year, this is the fund relied on by the Town for one-time, unexpected occurrences that need immediate financial resources.

The following is the balance in the account at the end of the most recent fiscal years:

<b><u>Fiscal Year</u></b>	<b><u>Amount</u></b>
2006	1,597,991
2005	1,555,861
2004	1,515,169
2003	1,499,886
2002	1,503,883
2001	1,201,279
2000	897,346

### **BUDGET ISSUES**

No funds are requested to be added to or used from the Stabilization Fund for FY08.

## CHERRY SHEET: Charges & Underestimates and Offsets

### DESCRIPTION OF SERVICES

**Cherry Sheet Charges & Underestimates** - Certain charges are levied on the Town by state law and are not subject to Town Meeting appropriation. The principal item is the MBTA assessment (Ch. 161A). Other charges are for the Air Pollution District (Ch. 111), the Metropolitan Area Planning Council (Ch. 40B), RMV Non-Renewal Surcharge (Ch. 90; Ch. 60A), Special Education (Ch. 71B), and School Choice Sending Tuition (Ch. 76).

**Cherry Sheet Offsets** - These are amounts that are included on the budget summary to now reflect only two state revenue programs that are to be spent without being part of the appropriated budget. These small grants programs are for public libraries and school lunches. We show these as "offsets" in this unappropriated category because the revenue for them is included in the total cherry sheet revenues, and must be used for direct expenditures to support the grant program.

### BUDGET ISSUES

**Cherry Sheet Charges & Underestimates** - Cherry Sheet charges have been decreasing over the past four years, due to a change in the calculation of the MBTA assessment. Since Sudbury does not receive any direct benefit from the T, such as having a train station or bus service in Sudbury, our charges have reduced while the assessment for Towns and Cities which do receive services has increased. For FY08, the budget assumption is that charges will be \$192,974 which represents a slight decrease from the previous year.

**Cherry Sheet Offsets** - The amount shown is not subject to Town Meeting appropriation or ratification. It is, however, a part of the Town's overall budget plan. For FY08, the total amount of Offsets is estimated to be only \$34,446. The reason for this drastic decrease from prior years is due to the removal of the METCO grant program from the State's Cherry Sheet reimbursement system. While the large grant program still exists, the State has chosen to reclassify it elsewhere starting in FY07. The removal of the METCO grant from offsets has also been reflected accordingly in the Town's FY08 revenue projections.

	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town Mgr 3% Budget FY08	Town Mgr Request FY08
<b>CHERRY SHEET CHARGES</b>						
Cherry Sheet Chgs & Underest.	195,577	194,793	192,974	192,974	192,974	192,974
Cherry Sheet Offsets	355,657	355,407	34,446	34,446	34,446	34,446
<b>Total Cherry Sheet Charges</b>	<b>551,234</b>	<b>550,200</b>	<b>227,420</b>	<b>227,420</b>	<b>227,420</b>	<b>227,420</b>



## SNOW AND ICE DEFICITS/OTHER DEFICITS TO BE RAISED

### DESCRIPTION OF SERVICES

Snow removal expense is unpredictable from year to year, and subject to wide variations. The budget strategy is to recognize long-term trends without assuming a "worst-case" situation. As long as the amount appropriated is at least equal to the prior year's appropriation, the state law permits deficit spending for this purpose. The amount of any deficit is then added to the following year's levy before any new appropriations can be voted.

### BUDGET ISSUES

The Town needs to be careful in estimating this amount, because of the levy limit restriction. By state law, if the deficit for FY07 snow and ice is larger than the amount estimated for FY08, either other budget lines must be cut to pay for the deficit, or the Town must realize enough other non-tax revenues during the year to cover any shortfall. On the other hand, if too much is estimated in this area and not needed for snow & ice, then the Town has unnecessarily tied up funds which could have been used to support other areas of the budget. \$100,000 is being recommended as a reasonable amount for planning purposes for FY08.

No other deficits are being projected and therefore, no other amount is being recommended to be set aside.

	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town Mgr 3% Budget FY08	Town Mgr Request FY08
<b>DEFICITS</b>						
Recap. Snow & Ice Deficits	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total Deficits</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

## ABATEMENTS AND EXEMPTIONS

### DESCRIPTION OF PROGRAM

This is an amount, also known as "overlay", that is added to the property tax levy in excess of the sum required to meet appropriations, state assessments and deficits. It cannot exceed 5% of the levy and is used to cover abatements and exemptions granted by the Board of Assessors or as a result of appeals to the State Appellate Tax Board or to the courts. This budget item is counted in the total tax levy subject to the limitations of "Proposition 2 ½".

After all abatements and exemptions have been settled for a given year, any surplus remaining in that year's overlay account is first applied to any deficit balances from other years. Funds remaining after such transfer become part of the Town's fund balance available for appropriation by Town Meeting. This is called Abatement Surplus.

### BUDGET ISSUES

The amount in this account is not subject to Town Meeting appropriation or ratification. It is, however, a part of the Town's budget plan. For FY08, the Board of Assessors has set the amount for this account at \$450,000.

	Appropriated FY06	Appropriated FY07	Level Services FY08	Dept Request FY08	Town Mgr 3% Budget FY08	Town Mgr Request FY08
<b>ABATEMENTS &amp; EXEMPTIONS</b>						
Abatements & Exemptions	530,074	450,000	450,000	450,000	450,000	450,000
<b>Total Abatements &amp; Exemptions</b>	<b>530,074</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>