



September, 2012

**Town of Milford
Finance Committee
52 Main Street
Milford, MA 01757**

Budget Sub-Committee Report:

David Morganelli *Chairman*
Phil Ciaramicoli
Robert DeVita
Jerry Hiatt
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Introduction: The purpose of this report is to provide *general guidelines* for the Town's financial planning. Nothing in this report is presented as absolute or written in stone, but rather it is to provide a fluid, interactive guideline to adapt to the current circumstances that face the Town. The following areas have been considered:

1. Stabilization Account Limits, Uses, Earnings
2. Free Cash Sources and Uses
3. Self-Insurance Fund Purpose and Interest Earned
4. Capital Appropriations, Maintenance and Sources of Funding
5. Long-Term Debt Level
6. Expense Growth Limit, Contracts, Headcount, and Benefits
7. Real Estate Tax Growth and Distribution

1) Stabilization Account (83): MGL 40 s 5B.

This fund may be used for any lawful purpose by an appropriation at a town meeting by a 2/3 vote. An amount not exceeding 10 % of the tax levy may be added to this fund to create it or add to it. The aggregate amount in the fund at any time shall not exceed 10% of the equalized valuation of the town (e.g., \$3.3 Billion x 10% = \$330,000,000). See history of stabilization account **Exhibit #1**.

Monies have been accumulated in the Stabilization Account to reserve for future known and unknown contingencies and as a repository for long-term debt payments toward future capital requirements. This fund also improves our financial rating for issuance of debt, which allows us

to receive lower interest rates on bond issuances. The amount we have set aside approximates 11% of our budget and is greater than what most other communities have put aside. See **Exhibits #2 & 3** showing comparison to other Blackstone Valley communities and comparable size communities. When combined with free cash (some towns do not utilize stabilization), the combined balance as a % of the total budget approximates 9% for BV towns and 6% for comparable size towns.

In years 2013-2015, our projected debt service schedule is anticipating drawing down over \$900k from this account to accommodate new debt which might be approved by that time. A new school or renovation would withdraw about \$6.0 in years 2015-2017. See attached debt service schedule provided by the Town Treasurer as **Exhibit # 4** for **current existing** approved debt service.

Recommendation: This account should typically not fall below 10% of the operating budget, which for the 2013 budget is \$8m (10% of \$80 million). The range would be reviewed and adjusted annually depending on the budget and the debt service limit. The committee recommends that at a minimum, the town should be sufficiently reserved at 10 % of the operating budget. This amount will need to be reviewed annually to take into consideration new debt and capital requirements, on a 10 year basis. We recognize that a higher balance yields a more favorable bond rating for the issuance of debt, and lower interest expense in the long run.

2) Free Cash: This represents the portion of surplus revenue, which the town is able to appropriate. Free cash is generally viewed in a positive sense and occurs when revenues exceed operational budgets. In those cases where revenues are lower than operating budgets the town incurs what is termed “negative” Free Cash. A negative free cash number requires the town to lower their expenses and raise any shortfalls on the next state tax recap sheet in the fall, before setting the tax rate. Negative free cash has occurred in the town 4 times from 1991 to 1994 (See Free Cash **Exhibit # 5**). Free cash can be used for any legal use after it is certified by the Department of Revenue.

In the past, the town has used free cash for:

1. Capital projects & vehicles
2. Reductions to debt authorizations
3. Funding the stabilization and insurance accounts
4. Reducing the tax rate

Some towns leave large amounts in free cash, while others move some to their stabilization accounts. Moving the money to stabilization allows for better investment opportunity, while retaining a balance as free cash may reduce any potential borrowing that a town may need to balance its cash flow. Milford's combined balance of free cash and stabilization is typical for comparable communities as noted in **Exhibits 2 & 3**.

Recommendation: Utilize Free Cash for the following purposes when the amount exceeds \$500,000: (this is a general guideline and we can deviate from this allocation as agreed upon from time to time)

Reduce tax rate (See Exhibits # 5)	33%
(28% has been historical average)	
Funding of Stabilization	
Capital Items & Vehicles	67%
Reductions of Debt	
Road Repairs / Infrastructure	
Reduce Unfunded Liabilities	
Carry-forward	<u>100%</u>

For example, if free cash was certified at \$2.0 million, a reduction \$666,000	\$2,000,000
(\$2.0 mill. x 33%) in the tax levy would be recommended. With the funding of	-666,000
the Stabilization Account a priority, if the balance was at \$7.5 million, Then	-500,000
\$500,000 would be transferred to reach our minimum balance of \$8.0m. The	<u>-834,000</u>
remaining balance of \$834,000 could be allocated to capital, roads, unfunded,	-0-
liabilities, reducing debt authorizations or carried forward to the next year.	

The model allows flexibility depending upon need for capital or debt reductions and maintains a minimum balance for the stabilization fund. The funding of the stabilization fund at an amount that is greater than the minimum should be a key priority given the anticipated transfers from the

account to long-term debt and the maintenance and capital projects that may be needed by the town. If free cash is less than \$500,000, the model would not apply and the appropriation of free cash would be recommended by the Finance Committee and determined at Town Meeting.

3) Self-Insurance Fund (85): MGL 40 s 13 The purpose of this fund is to pay the cost of any municipal building or property damaged or destroyed or lost by fire, lightening, vandalism, burglary, theft or otherwise, and to assist with repair, rebuilding or replacement. The fund should not exceed 1% of equalized valuations (\$33,000,000). The town of Milford insures itself for any damages and claims against the town. Over the last 4 years, the town has averaged \$220,000 between claims and the purchase of insurance coverage. The fund currently has a balance of about \$6.1m. (**Exhibit # 6**). At this level, the fund can earn enough from investment income to minimize the amount transferred from the operating budget, approximately \$133,000 annually. A yield of 2.5% would generate \$150,000 of interest income.

Ideas considered include the purchase of full insurance coverage to help eliminate the account. The town went away from this policy years ago as premiums for these coverages escalated. Most policies today that would be affordable have high deductibles of \$50,000 to \$100,000. The majority of claims we pay are well below that amount and we would need to pay these anyway. Insurance purchased would be directed to catastrophic coverage. Along with a well-equipped, full-time fire department, most of our buildings have fire suppression systems or smoke or heat detectors that would limit the opportunity for extensive damage. Others have been constructed in a manner that would minimize potential fire damage. Purchase of this catastrophic coverage would have limited benefits. This has been addressed by Town Counsel Gerry Moody in Exhibit 7.

Recommendation: Continue to maintain the self-insurance fund at its current level and utilize any investment income to offset any claims or expenses incurred by this item. Additionally, no further appropriations should be added to account unless deemed necessary to offset extraordinary losses. The payment of premiums should be made out of the operating budget. This would allow the fund balance and earnings to cover actual incurred losses.

It will also be important for the Fire Department to periodically inspect the fire suppression systems and smoke/heat detector systems for functionality and compliance. The Fire Chief should provide a summary of the condition and status of all fire suppression systems in town

buildings. From time to time, the Town Administrator should seek quotes for property insurance coverage, to determine if premiums are still prohibitively high.

4) Capital Appropriations, Maintenance and Sources of Funding: Each year the town appropriates thousands of dollars for capital appropriations as well as maintenance of our equipment and facilities. Typically, the town has funded smaller capital items, such as fire, & highway vehicles through free cash, while police vehicles have been added to the operating budget. This practice is dependent upon a positive free cash number and budget capacity. This approach has benefited the town as we have been able to update our vehicles based on the availability of funds and departmental needs. The Finance Committee has reviewed maintenance accounts in some departments to ensure sufficient funding to properly maintain our equipment and vehicles. In the long run, this could save the town considerable money.

The town has also been able to provide for many major capital and infrastructure improvements without a debt exclusion or override vote due to new growth, increases in local receipts, free cash, and proper planning. In recent years, the following major projects have been completed or approved:

MHS Football & Athletic Fields & Parking Lot, Brookside School Complete Renovation, Library Renovation, and Renovations at Stacy, Woodland and Memorial Schools.

Recommendation: Continue to maintain equipment through annual operating budgets. Separate maintenance as its own line item annually within Article 4 would ensure maintenance expenditures are appropriately budgeted. Continue to look to replace items as warranted, according to the availability of free cash and other funds. Major projects will continue to be considered when they fit into the overall financial affordability and debt capacity of the town. **Major projects must also be evaluated with a full disclosure of the incremental direct and indirect increases of operational costs (and savings when applicable), such as staffing, utilities, and maintenance.** Given the cost of utilities, energy efficiency should be a major consideration in all new projects. A five-year capital plan should also be collected each year to update capital needs for future planning.

5) Long-Term Debt Level: The limit set M.G.L. at 5% of EV allows the town to borrow up to \$163 million which does not mean that the town can afford \$163 million. In surveying

comparable size communities (\$73-\$88 million budget), Milford's outstanding debt of \$38-39 million is in line with other communities'. The range of debt in these communities is from \$4-\$79 million. See **Exhibit # 8**. Our debt service of \$4.2 which includes Sewer Department debt (which is funded by their enterprise fund) and excludes state reimbursement for new construction compares favorably with similar size communities at 5.1% of budget vs. 8.6%. (See Exhibit 8)

A debt service level excluding the sewer enterprise fund (principal + interest –School Building Assistance) is targeted at \$3.0 million. This figure seems reasonable to provide for infrastructure improvements while not further burdening the operating budget.

The attached projected debt service schedule (Exhibit # 4) shows the town's current obligations for the next 20 years.

Recommendation: Maintain a debt service limit of \$3.0 million, which level has been maintained for that past several years. This limit should be periodically reviewed based upon affordability and capital necessity, but setting the limit as a percentage of the budget should be avoided because it does not allow for critical analysis.

6) Health Insurance, worker's compensation, unemployment and retirement benefits:.

These expenses have increased at double-digit rates over the past few years while most other direct expenses have been level funded. With the rising cost of healthcare and retirement benefits, managing personnel expense growth and costs will be more challenging in future years.

Recommendation: (1) Monitor closely the need for new positions. (2) As a town, strategically negotiate labor contracts and other employee fringe benefits. This will help the town keep its expenses in line with anticipated revenue growth. Health insurance, workmen's compensation, unemployment and retirement are directly related to payroll expense. This should be kept in mind when considering an increase in headcount.

We should also gather as much information as possible regarding the retirement benefits system and the unfunded liability associated with it. The magnitude of this issue needs to be assessed so that we can determine where it falls on our priorities list.

7) Real Estate Tax Growth and Distribution: Because tax rates and valuations vary from community to community, we will use "average tax bills" in our analysis. Over the last 10 years,

an average tax bill has increased approximately 50.8% while the state median is 56.3% (See **Exhibit # 9**). Some area communities have experienced 50-70% increases in this same period.

Valuations and rates are inversely related, as one goes up the other goes down so that the net effect is to increase the tax levy by 2.5%. By statute (proposition 2 ½) the total tax levy cannot increase by more than 2.5% annually. Additional levy is generated from new growth which consists of new residences, businesses, additions, etc. Milford also utilizes a dual tax rate, which is arrived at by dividing the total levy by the total valuations to come up with a single rate. This figure is multiplied by 1.48-1.6 (shift) to come up with the commercial/industrial and personal property rate. The commercial / industrial tax is subtracted from the total levy, which is then allocated over the residential tax base to come up with a residential rate.

With the constraints of proposition 2 ½, some question why the average residential bills have increased more than 2 ½ %. Milford's dual tax rate complicates the problem. For example, while existing commercial real estate may go up in value 3-5% a year over the last few years, residential valuations have gone up 5-10% or more, thus shifting the composition of the tax base (see Exhibit # 10, especially 2003-2008). Also the mix of residential valuations can shift additional levy. For example, if the valuation of an older home increased from \$120,000 to \$150,000, a 25% increase, and a newer \$300,000 house increased to \$330,000, a 10% increase, the older home would experience a greater percentage tax increase. To minimize the tax increase to the homeowner, over the past 8 years, a sum of money has been applied to the tax rate averaging \$430,000 (**Exhibit # 5**). This \$430,000 averages 26% of Free Cash on an annual basis.

Recommendation: Continue to research and evaluate proposals to shift the burden of tax increases from residential taxpayers.

With continued financial oversight by the Finance Committee, Board of Selectmen, Town Treasurer, and Town Accountant, Milford will continue to manage the town's finances to ensure the level of services required by our community balanced with fiscal responsibility.

Stabilization Fund Activity

FY	Fund Balance 1-Jul	Revenue (Interest)	Transfers In	Transfers Out	Net Change	Audit Adj.	Fund Balance 30-Jun
7/11-6/12	9,280,723	\$ 147,071	350,000		497,071		9,777,794
7/10-6/11	9,046,861	\$ 233,861			233,861		9,280,723
7/09-6/10	8,431,475	\$ 215,386	400,000		615,386		9,046,861
7/08-6/09	7,770,292	\$ 131,183	530,000		661,183		8,431,475
7/07-6/08	7,285,047	\$ 485,245			485,245		7,770,292
7/06-6/07	6,913,545	\$ 371,502			371,502		7,285,047
7/05-6/06	6,374,235	\$ 139,310	400,000		539,310		6,913,545
7/04-6/05	6,206,495	\$ 167,740			167,740		6,374,235
7/03-6/04	6,032,911	\$ 120,207	53,377	\$ -	173,584		6,206,495
7/02-6/03	4,097,098	\$ 285,813	1,650,000		1,935,813		6,032,911
7/01-6/02	2,894,387	\$ 227,711	1,450,000	\$ (475,000)	1,202,711		4,097,098
7/00-6/01	2,877,173	\$ 217,214	400,000	\$ (600,000)	17,214		2,894,387
7/99-6/00	4,871,091	281,082	1,225,000	\$(3,500,000)	(1,993,918)		2,877,173
7/98-6/99	3,923,285	340,671	607,135	0	947,806		4,871,091
7/97-6/98	4,058,309	252,611	-	(387,635)	(135,024)	-	3,923,285
7/96-6/97	3,905,050	333,087	-	(219,500)	113,587	39,672	4,058,309
7/95-6/96	3,753,662	169,728	650,000	(668,340)	151,388	-	3,905,050
7/94-6/95	3,116,213	287,449	400,000	(50,000)	637,449		3,753,662
7/93-6/94	2,797,148	133,851	271,344	-	405,195	(86,131)	3,116,212
7/92-6/93	3,266,905	328,402	-	(798,158)	(469,756)		2,797,149
7/91-6/92	3,221,366	237,738	-	(192,200)	45,538		3,266,904
7/90-6/91	3,143,206	336,160	-	(258,000)	78,160		3,221,366
7/89-6/90	3,418,526	171,180	-	(446,500)	(275,320)		3,143,206
7/88-6/89	2,420,001	198,525	800,000	-	998,525		3,418,526
7/87-6/88	1,986,246	133,754	300,000	-	433,754		2,420,000
7/86-6/87*	1,845,760	140,486	0	-	140,486		1,986,246
7/85-6/86	1,714,216	131,544	-	-	131,544		1,845,760
7/84-6/85	631,020	83,196	1,000,000	-	1,083,196		1,714,216
7/83-6/84	603,585	27,435	-	-	27,435		631,020
7/82-6/83	93,064	10,521	500,000	-	510,521		603,585
7/81-6/82	83,564	9,500	-	-	9,500		93,064
7/80-6/81	78,294	5,270	-	-	5,270		83,564
7/79-6/80	73,051	5,243	-	-	5,243		78,294
		\$ 6,359,676	\$10,986,856	\$(7,595,333)			

*FY 87 Fund 83 Set Up

From Schedule E-2; D-2

Exhibit #1

Massachusetts Department of Revenue
Division of Local Services
Municipal Databank/Local Aid Section

Stabilization Fund & Free Cash as a Percentage of the Budget

Municipality	FY Budget & Free Cash	Total Budget	Free Cash	Free Cash as % of Budget	FY Stabilization	Stabilization Fund	Stabilization Fund as % of Budget	Stab. & FC as % of Budget
BELLINGHAM	2011	52,205,776	1,557,729	2.98	2010	895,053	1.71	4.70%
BLACKSTONE	2011	18,216,486	1,065,575	5.85	2010	1,523,992	8.37	14.22%
DOUGLAS	2011	26,213,227	270,645	1.03	2010	1,552,908	5.92	6.96%
GRAFTON	2011	47,000,526	2,775,152	5.90	2010	3,141,125	6.68	12.59%
HOPEDALE	2011	22,049,597	338,980	1.54	2010	1,584,121	7.18	8.72%
MENDON	2011	14,943,458	295,582	1.98	2010	681,863	4.56	6.54%
MILFORD	2011	81,263,916	2,207,276	2.72	2010	9,046,862	11.13	13.85%
MILLBURY	2011	35,845,198	1,179,465	3.29	2010	1,099,337	3.07	6.36%
MILLVILLE	2011	5,168,340	221,998	4.30	2010	152,883	2.96	7.25%
NORTHBRIDGE	2011	42,152,425	1,114,427	2.64	2010	2,058,498	4.88	7.53%
SUTTON	2011	26,091,810	1,102,363	4.22	2010	1,939,912	7.43	11.66%
UPTON	2011	19,842,295	508,878	2.56	2010	742,477	3.74	6.31%
UXBRIDGE	2011	<u>38,868,973</u>	<u>613,019</u>	<u>1.58</u>	<u>2010</u>	<u>1,282,796</u>	<u>3.30</u>	<u>4.88%</u>
		429,862,027	13,251,089	3.08%		25,701,827	5.98%	9.06%

Exhibit #2

Massachusetts Department of Revenue Division of Local Services
Stabilization Fund & Free Cash as a Percentage of the Budget

Municipality	DOR Code	FY Bud & Free Cash	Total Budget	Free Cash	Free Cash as % of Budget	FY Stabilization	Stabilization Fund	Stabilization Fund as % of Budget
AMHERST	008	2011	72,456,981	3,300,986	4.56	2010	1,421,401	1.96
DRACUT	079	2011	73,614,531	1,345,518	1.83	2010	1,887,249	2.56
MARBLEHEAD	168	2011	73,802,693	4,595,434	6.23	2010		0.00
SAUGUS	262	2011	76,202,022	(416,666)	(0.55)	2010	521,311	0.68
EASTON	088	2011	76,397,377	1,515,679	1.98	2010	2,453,809	3.21
WALPOLE	307	2011	77,166,381	2,692,668	3.49	2010	1,349,897	1.75
MELROSE	178	2011	77,696,113	2,007,043	2.58	2010	1,446,995	1.86
WAKEFIELD	305	2011	78,122,570	1,623,667	2.08	2010	1,246,525	1.60
YARMOUTH	351	2011	78,410,714	1,086,943	1.39	2010	208,715	0.27
BEDFORD	023	2011	78,961,108	2,394,874	3.03	2010	3,403,858	4.31
WESTON	333	2011	78,982,781	4,255,473	5.39	2010		0.00
WILMINGTON	342	2011	79,588,643	6,684,088	8.40	2010		0.00
CONCORD	067	2011	81,263,870	8,635,340	10.63	2010	3,331,060	4.10
MILFORD	185	2011	81,263,916	2,207,276	2.72	2010	9,046,862	11.13
DARTMOUTH	072	2011	81,405,712	2,149,762	2.64	2010	5,275,621	6.48
AGAWAM	005	2011	81,642,943	4,882,516	5.98	2010	3,640,121	4.46
SUDBURY	288	2011	82,296,930	249,418	0.30	2010	1,910,114	2.32
CANTON	050	2011	82,342,676	990,878	1.20	2010	3,234,212	3.93
HINGHAM	131	2011	82,926,379	8,707,991	10.50	2010		0.00
MARSHFIELD	171	2011	84,532,680	1,223,910	1.45	2010	1,990,645	2.35
NORTH ATTLEBOROL	211	2011	84,719,564	998,911	1.18	2010	2,512,042	2.97
MANSFIELD	167	2011	84,776,278	1,915,814	2.26	2010	2,000,476	2.36
STOUGHTON	285	2011	85,354,588	2,010,542	2.36	2010	644,853	0.76
ACTON	002	2011	85,551,488	4,650,574	5.44	2010	0	0.00
RANDOLPH	244	2011	87,544,622	218,715	0.25	2010	2,497,251	2.85
READING	246	2011	87,556,059	4,953,340	5.66	2010	0	0.00
WESTBOROUGH	328	2011	88,260,614	2,447,226	2.77	2010	1,756,495	1.99
Total Similar Size Towns		2011	2,182,840,233	77,327,920	3.54	2010	51,779,512	2.37

Exhibit #3

PROJECTED DEBT SERVICE SCHEDULE

(Excluding Sewer Enterprise Debt)

Annual Requirements to Amortize Outstanding Debt Service

Year Ended June 30,	Principal	Interest	Gross Debt	Less: GAM Debt	Net Debt	Budgetary Limit	Variance
2012	2,214,149	1,335,094	3,549,243	(540,241)	3,009,003	3,302,389	293,387
2013	2,356,389	1,284,682	3,641,071	(561,773)	3,079,298	3,401,461	322,163
2014	2,161,949	1,201,988	3,363,937	(504,021)	2,859,916	3,503,504	643,588
2015	2,135,869	1,126,076	3,261,945	(502,928)	2,759,018	3,608,610	849,592
2016	1,994,349	1,052,432	3,046,781	(501,978)	2,544,804	3,716,868	1,172,064
			<i>500k less by 2016</i>				
2017-2021	9,532,045	4,131,040	13,663,085	(2,411,194)	11,251,892		
2022-2026	7,456,045	2,347,928	9,803,973	(2,264,766)	7,539,208		
2027-2031	2,301,612	1,218,280	3,519,892	(2,118,882)	1,401,010		
2032-2047	4,930,000	1,862,563	6,792,563	(6,792,563)	0		
TOTAL:	\$ 35,082,407	\$ 15,560,083	\$ 50,642,490	\$ (16,198,344)	\$ 34,444,147		

EXISTING LONG TERM DEBT SCHEDULE

General Fund Debt

Project	Police Station	Godfrey O'Brien	Geriatric Asstd Livg	Landfill Capping	Consigli Land Acq.	Senior Center	Memorial Hall	Spruce St Fire Sta.	Asbestos MHS	MHS Roof	MSE	Land Acq Cueroni	Geriatric Authority	Brookside	Memorial	Brookside 2% Loan
Bond Period	09-16	03-20	03-20	98-13	03-22	03-23	03-23	03-23	03-13	06-26	06-26	06-26	06-46	06-26	06-21	08-27
Interest Rate	3.16	4.54	4.54	4.82	3.77	3.82	3.75	3.79	3.29	4.24	4.24	4.24	4.36	4.655	4.655	2.00
Loan Duration	7	18	18	15	19	20	20	20	10	20	20	20	40	20	14	20
Principal	1,607,280	1,278,000	500,000	1,830,000	1,225,000	2,850,000	1,700,000	3,600,000	550,000	1,083,000	384,000	3,000,000	7,800,000	6,850,000	1,800,000	2,416,174
FY 12	302,003	96,027	40,148	123,625	92,226	210,080	131,194	270,678	58,685	89,266	31,916	245,813	402,575	437,750	155,363	161,884
FY 13	275,730	93,034	38,888	117,875	90,081	205,295	128,059	264,408	56,870	86,516	30,916	238,313	404,475	427,550	151,763	159,467
FY 14	263,137	89,975	37,600	0	87,871	195,365	114,829	252,948	0	83,766	29,916	230,813	405,856	416,394	147,825	157,051
FY 15	224,209	86,650	36,200	0	85,531	190,325	111,769	246,288	0	81,566	29,116	224,813	407,038	405,238	143,888	154,635
FY 16	72,461	83,325	34,800	0	83,126	185,145	108,624	239,443	0	79,366	28,316	218,813	408,338	395,038	140,288	152,219
FY 17	0	80,000	33,400	0	80,656	179,825	105,394	232,413	0	77,166	27,516	212,813	404,063	383,563	136,238	149,803
FY 18	0	76,675	32,000	0	78,056	174,225	101,994	225,013	0	74,966	26,716	206,813	409,063	365,938	131,738	147,387
FY 19	0	73,350	30,600	0	75,456	168,625	98,594	217,613	0	72,766	25,916	200,813	409,238	354,688	127,688	144,970
FY 20	0	74,025	25,200	0	72,856	163,025	95,194	210,213	0	70,498	25,091	194,625	409,738	344,688	124,088	142,554
FY 21	0	0	0	0	65,175	157,250	91,688	197,581	0	68,229	24,266	188,438	409,363	333,281	119,981	140,138
FY 22	0	0	0	0	62,625	151,300	63,075	164,931	0	65,919	23,426	182,138	412,956	435,838	0	137,722
FY 23	0	0	0	0	0	120,175	10,450	73,150	0	63,581	17,576	175,763	411,166	418,413	0	135,306
FY 24	0	0	0	0	0	0	0	0	0	56,244	16,939	169,388	413,991	400,988	0	132,890
FY 25	0	0	0	0	0	0	0	0	0	54,119	16,301	163,015	411,431	383,563	0	130,473
FY 26	0	0	0	0	0	0	0	0	0	46,969	15,656	156,563	408,616	366,138	0	128,057
FY 27	0	0	0	0	0	0	0	0	0	0	0	0	410,416	348,713	0	125,641
FY 28	0	0	0	0	0	0	0	0	0	0	0	0	407,575	0	0	123,225
FY 29	0	0	0	0	0	0	0	0	0	0	0	0	415,031	0	0	0
FY 30	0	0	0	0	0	0	0	0	0	0	0	0	412,063	0	0	0
FY 31	0	0	0	0	0	0	0	0	0	0	0	0	413,775	0	0	0
FY 32	0	0	0	0	0	0	0	0	0	0	0	0	415,063	0	0	0
FY 33	0	0	0	0	0	0	0	0	0	0	0	0	415,925	0	0	0
FY 34	0	0	0	0	0	0	0	0	0	0	0	0	416,363	0	0	0
FY 35	0	0	0	0	0	0	0	0	0	0	0	0	421,269	0	0	0
FY 36	0	0	0	0	0	0	0	0	0	0	0	0	425,538	0	0	0
FY 37	0	0	0	0	0	0	0	0	0	0	0	0	429,169	0	0	0
FY 38	0	0	0	0	0	0	0	0	0	0	0	0	427,269	0	0	0
FY 39	0	0	0	0	0	0	0	0	0	0	0	0	429,838	0	0	0
FY 40	0	0	0	0	0	0	0	0	0	0	0	0	431,769	0	0	0
FY 41	0	0	0	0	0	0	0	0	0	0	0	0	437,956	0	0	0
FY 42	0	0	0	0	0	0	0	0	0	0	0	0	438,400	0	0	0
FY 43	0	0	0	0	0	0	0	0	0	0	0	0	443,100	0	0	0
FY 44	0	0	0	0	0	0	0	0	0	0	0	0	446,950	0	0	0
FY 45	0	0	0	0	0	0	0	0	0	0	0	0	449,950	0	0	0
FY 46	0	0	0	0	0	0	0	0	0	0	0	0	442,313	0	0	0
FY 47	0	0	0	0	0	0	0	0	0	0	0	0	321,694	0	0	0

EXISTING LONG TERM DEBT SCHEDULE

Net of Revenue Sources

Project	MHS	Woodland	Library	MHS Park Lot	Stacy Roof	Geriatric Authority	Athletic Complex	Geriatric Authority	<u>TOTAL DEBT EXPENSE</u>	<u>REIMB</u> Geriatric Expan/ Renov	<u>REIMB</u> Geriatric Discount	<u>REIMB</u> Geriatric Assisted Living	<u>REIMB</u> Geriatric Expan/ Renov #2	<u>REIMB</u> Geriatric Expan/ Renov #3	<u>SBAB</u> <u>REIMB</u> MHS Asbestos	<u>NET DEBT EXPENSE</u>
Bond Period	09-28	09-28	09-26	09-29	09-28	09-29	11-26	11-26								
Interest Rate	3.595%	3.595%	3.595%	3.982%	3.982%	3.982%	2.667%	2.667%								
Loan Duration	20	20	18	20	19	20	15	15								
Principal	2,203,700	665,300	1,533,000	2,110,000	1,140,000	250,000	2,000,000	250,000								
FY 12	176,440	52,583	129,710	179,156	107,938	23,450	27,353	3,383	3,549,243	(402,575)	(12,000)	(40,148)	(23,450)	(3,383)	(58,685)	3,009,003
FY 13	173,140	51,593	127,160	176,531	106,188	23,075	187,680	26,465	3,641,070	(404,475)	(12,000)	(38,888)	(23,075)	(26,465)	(56,870)	3,079,297
FY 14	169,840	50,603	124,610	173,906	99,438	22,700	183,630	25,865	3,363,936	(405,856)	(12,000)	(37,600)	(22,700)	(25,865)	-	2,859,915
FY 15	166,265	49,530	121,847	171,281	97,813	22,325	180,255	25,365	3,261,945	(407,038)	(12,000)	(36,200)	(22,325)	(25,365)	-	2,759,017
FY 16	162,140	48,293	118,660	168,131	95,863	21,875	177,555	24,965	3,046,781	(408,338)	(12,000)	(34,800)	(21,875)	(24,965)	-	2,544,804
FY 17	157,740	46,973	115,260	162,881	92,613	21,125	174,855	24,565	2,898,859	(404,063)	(12,000)	(33,400)	(21,125)	(24,565)	-	2,403,707
FY 18	154,275	45,933	112,583	157,631	89,363	20,375	172,155	19,215	2,822,111	(409,063)	(12,000)	(32,000)	(20,375)	(19,215)	-	2,329,459
FY 19	150,700	44,861	109,820	154,219	87,250	19,888	168,780	18,840	2,754,672	(409,238)	(12,000)	(30,600)	(19,888)	(18,840)	-	2,264,107
FY 20	147,015	43,755	106,973	150,019	84,650	14,288	164,730	18,390	2,681,612	(409,738)	(12,000)	(25,200)	(14,288)	(18,390)	-	2,201,997
FY 21	143,220	42,617	104,040	145,819	82,050	13,888	160,849	17,959	2,505,830	(409,363)	(12,000)	-	(13,888)	(17,959)	-	2,052,621
FY 22	139,315	41,445	101,023	141,619	74,450	13,488	157,136	17,546	2,385,951	(412,956)	(12,000)	-	(13,488)	(17,546)	-	1,929,961
FY 23	135,300	40,241	97,920	137,419	72,050	13,088	148,330	17,115	2,087,041	(411,166)	(12,000)	-	(13,088)	(17,115)	-	1,633,673
FY 24	131,175	39,003	94,733	133,088	69,575	12,675	144,430	16,665	1,831,781	(413,991)	(12,000)	-	(12,675)	(16,665)	-	1,376,451
FY 25	127,050	37,766	91,545	128,756	67,100	12,263	140,465	16,208	1,780,053	(411,431)	(12,000)	-	(12,263)	(16,208)	-	1,328,152
FY 26	122,815	33,495	88,273	124,163	64,475	11,825	136,370	15,735	1,719,148	(408,616)	(12,000)	-	(11,825)	(15,735)	-	1,270,972
FY 27	118,580	32,340	0	119,569	21,850	11,388	132,145	15,248	1,335,888	(410,416)	(12,000)	-	(11,388)	(15,248)	-	886,837
FY 28	114,290	31,170	0	114,713	20,925	10,925	0	0	822,823	(407,575)	-	-	(10,925)	-	-	404,323
FY 29	0	0	0	109,856	0	10,463	0	0	535,350	(415,031)	-	-	(10,463)	-	-	109,856
FY 30	0	0	0	0	0	0	0	0	412,063	(412,063)	-	-	-	-	-	0
FY 31	0	0	0	0	0	0	0	0	413,775	(413,775)	-	-	-	-	-	0
FY 32	0	0	0	0	0	0	0	0	415,063	(415,063)	-	-	-	-	-	0
FY 33	0	0	0	0	0	0	0	0	415,925	(415,925)	-	-	-	-	-	0
FY 34	0	0	0	0	0	0	0	0	416,363	(416,363)	-	-	-	-	-	0
FY 35	0	0	0	0	0	0	0	0	421,269	(421,269)	-	-	-	-	-	0
FY 36	0	0	0	0	0	0	0	0	425,538	(425,538)	-	-	-	-	-	0
FY 37	0	0	0	0	0	0	0	0	429,169	(429,169)	-	-	-	-	-	0
FY 38	0	0	0	0	0	0	0	0	427,269	(427,269)	-	-	-	-	-	0
FY 39	0	0	0	0	0	0	0	0	429,838	(429,838)	-	-	-	-	-	0
FY 40	0	0	0	0	0	0	0	0	431,769	(431,769)	-	-	-	-	-	0
FY 41	0	0	0	0	0	0	0	0	437,956	(437,956)	-	-	-	-	-	0
FY 42	0	0	0	0	0	0	0	0	438,400	(438,400)	-	-	-	-	-	0
FY 43	0	0	0	0	0	0	0	0	443,100	(443,100)	-	-	-	-	-	0
FY 44	0	0	0	0	0	0	0	0	446,950	(446,950)	-	-	-	-	-	0
FY 45	0	0	0	0	0	0	0	0	449,950	(449,950)	-	-	-	-	-	0
FY 46	0	0	0	0	0	0	0	0	442,313	(442,313)	-	-	-	-	-	0
FY 47	0	0	0	0	0	0	0	0	321,694	(321,694)	-	-	-	-	-	0

Town of Milford

Certified Free Cash History

<u>As of Date</u>	<u>Amount</u>	<u>Applied to Tax Rate</u>	<u>% of Free Cash</u>	<u>3 Year Moving Average</u>
7/1/2011	\$ 1,840,747	\$ 851,000	46%	\$1,975,600
7/1/2010	\$ 2,207,276	\$ 539,000	24%	\$1,605,921
7/1/2009	\$ 1,878,778	\$ 7,000	0%	\$1,212,687
7/1/2008	\$ 731,710	\$ 201,000	27%	\$1,037,315
7/1/2007	\$ 1,027,573	\$ 50,000	5%	\$1,521,681
7/1/2006	\$ 1,352,662	\$ 420,000	31%	\$1,781,424
7/1/2005	\$ 2,184,808	\$ 987,000	45%	\$1,838,368
7/1/2004	\$ 1,806,803	\$ 393,000	22%	\$1,794,503
7/1/2003	\$ 1,523,494	\$ 174,000	11%	\$2,159,454
7/1/2002	\$ 2,053,213	\$ 400,000	19%	\$2,459,488
7/1/2001	\$ 2,901,654	\$ 843,000	29%	\$2,772,654
7/1/2000	\$ 2,423,598	\$ 983,000	41%	\$2,460,859
7/1/1999	\$ 2,992,710	\$ 676,000	23%	\$1,889,806
7/1/1998	\$ 1,966,270	\$ 500,000	25%	\$1,383,294
7/1/1997	\$ 710,439	\$ 438,000	62%	\$813,097
7/1/1996	\$ 1,473,174	\$ 500,000	34%	\$409,953
7/1/1995	\$ 255,677			(\$288,667)
7/1/1994	\$ (498,991)			(\$499,139)
7/1/1993	\$ (622,688)			(\$715,001)
7/1/1992	\$ (375,737)			(\$381,074)
7/1/1991	\$ (1,146,578)			\$496,291
7/1/1990	\$ 379,093			\$1,043,914
7/1/1989	\$ 282,282			
7/1/1988	\$ 2,470,367			
		\$ 7,962,000		
Average	\$ 1,242,431	\$ 620,000	28%	

Exhibit 5

Town of Milford
Property & Liability Insurance Expense

	General Fund	Sewer
FY 1987 ⁽⁰⁸¹⁾	\$398,625	
FY 1988	\$436,790	
FY 1989	\$492,799	
FY 1990	\$379,032	\$38,680
*FY 1991 ⁽¹⁹⁴⁾	\$119,692	\$40,000 began self-insurance
FY 1992	\$141,226	\$51,947
FY 1993	\$141,226	\$26,540
FY 1994	\$141,226	\$27,336
FY 1995	\$144,051	\$27,883
FY 1996	\$145,000	\$28,441
FY 1997	\$145,000	\$29,010
FY 1998	\$165,000	\$29,880
FY 1999	\$165,000	\$30,478
FY 2000	\$165,000	\$31,392
FY 2001	\$165,000	\$32,334
FY 2002	\$165,000	\$32,334
FY 2003	\$165,000	\$35,567
FY 2004	\$73,000	\$40,902
FY 2005	\$73,000	\$47,037
FY 2006	\$75,190	\$48,448
FY 2007	\$77,446	\$49,901
FY 2008	\$79,769	\$49,901
FY 2009	\$82,162	\$49,901
FY 2010	\$83,394	\$49,901
FY 2011	\$83,394	\$49,901

Town Meeting Appropriation \$283,651 Avg. since 1991
 * **Self-Insurance Trust #85**

Schedule E-2

	Balance		Insurance		Operating		Balance
	1-Jul	Interest	Payment	Intergov.	Transfer	Deposits	30-Jun
FY 91	\$0	\$7,580	(\$81,497)		\$213,963	\$0	\$140,046
FY 92	\$140,046	\$12,043	(\$100,053)	\$170,937	\$0	\$3,073	\$226,046
FY 93	\$226,046	\$5,926	(\$96,807)	\$170,766	\$0	\$6,896	\$312,827
FY 94	\$312,827	\$7,962	(\$97,987)	\$171,562	\$0	\$0	\$394,364
FY 95	\$394,364	\$7,705	(\$115,005)	\$174,934	\$0	\$94,215	\$556,213
FY 96	\$556,213	\$12,999	(\$166,688)	\$176,541	(\$58,000)	\$4,648	\$525,713
FY 97	\$525,713	\$14,723	(\$141,098)	\$177,500	\$2,014	\$10,127	\$588,979
FY 98	\$588,979	\$14,142	(\$160,528)	\$198,380	\$0	\$6,014	\$646,987
FY 99	\$646,987	\$20,395	(\$150,583)	\$198,978		\$1,258	\$717,035
FY 00	\$717,035	\$62,300	(\$288,784)	\$199,892	\$3,500,000	\$127,463	\$4,317,906
FY 01	\$4,317,906	\$308,119	(\$124,059)	\$2,633		\$200,834	\$4,705,433
FY 02	\$4,705,433	\$275,679	(\$207,916)	\$200,834	\$0	\$4,274	\$4,978,304
FY 03	\$4,978,304	\$312,444	(\$161,882)	\$204,068	\$0	\$3,139	\$5,336,073
FY 04	\$5,336,073	\$98,687	(\$170,954)	\$125	\$115,202	\$0	\$5,379,133
FY 05	\$5,379,133	\$134,073	(\$173,541)	\$0	\$121,237	\$5,288	\$5,466,190
FY 06	\$5,466,190	\$127,175	(\$438,551)	\$0	\$139,638	\$150,000	\$5,444,452
FY 07	\$5,444,452	\$282,325	(\$125,433)	\$0	\$128,097	\$1,318	\$5,730,759
FY 08	\$5,730,759	\$356,189	(\$300,428)	\$0	\$130,270	\$0	\$5,916,790
FY 09	\$5,916,790	\$111,088	(\$289,185)	\$0	\$132,664	\$2,168	\$5,873,525
FY 10	\$5,873,525	\$142,152	(\$61,375)	\$0	\$133,895	\$0	\$6,088,197
FY 11	\$6,088,197	\$142,534	(\$244,757)	\$0	\$133,895	\$0	\$6,119,869

insurance payments include claims and coverage

TOWN OF MILFORD, MASSACHUSETTS
LEGAL DEPARTMENT

TOWN HALL
52 MAIN STREET
MILFORD, MASSACHUSETTS 01757-2622

(508) 634-2302
FAX (508) 634-2324

GERALD M. MOODY
TOWN COUNSEL

Milford Finance Committee
Members

July 2, 2002

Re: Milford Self-Insurance Program

Dear Members:

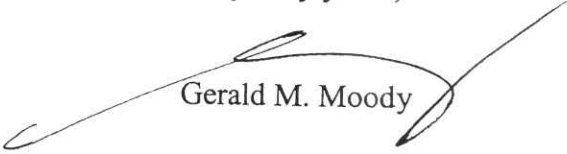
Over the years various members have raised questions as to the reasoning behind our self-insurance program. Many of you were not on the Committee when we implemented the program in 1990.

One reason for the program was as a cost saving measure during the fiscal crisis of the early 1990's. The Town reduced the amount it had been paying in premiums, and paid the reduced amount to itself, rather than to insurance companies. What was not paid out in claims was retained by the Town in the accounts, earning interest, rather than being lost as profit to an Insurance Company. Well over \$1,000,000 has been saved over the last twelve years and has been earning significant interest, becoming part of our two self-insurance accounts with combined balances of almost \$5,000,000.

Another reason for setting up the program was the vagaries of the insurance industry. Companies were going out of business and were increasing premiums at ridiculous rates. That reasoning, regrettably, is still very valid. I have enclosed for you review two articles from the Boston Globe of last Sunday and again today, both dealing with the current crisis in the field of insurance for municipalities. With our insurance funds in excellent shape, Milford will not face the kinds of problems discussed in the articles.

If any of you have any questions, please advise

Very truly yours,



Gerald M. Moody

cc: Selectmen
Town Administrator

Pa. insurer's woes stalling municipal claims in Mass.

By Jenn Abelson

GLOBE STAFF CORRESPONDENT

Insurance settlements in nearly 200 municipalities across Massachusetts are in limbo while regulators in Pennsylvania sort out the financial morass enveloping a Philadelphia company whose policies expire today.

The potential collapse of Legion Insurance Co. has put on hold at least 1,270 claims involving towns and cities in Massachusetts alone that could lead to settlements estimated at \$13 million, according to Pennsylvania insurance officials. And ever since the officials seized the company in April to try to put it back on firm financial footing, Legion has refused to renew any policies. That has sent municipal officials across Massachusetts scrambling to find new coverage.

At least 45 of the 193 communities involved have already secured new insurance coverage, but the ripple effect could reach into almost every wallet. Many municipalities are facing sharp increases as they try to change insurance carriers. In addition, cities and towns may ultimately have to pay part of some settlements. And if Pennsylvania de-

► SETTLEMENTS

Continued from Page A1

cides to liquidate Legion, the cost of covering the Massachusetts claims will be spread among policyholders across the state.

When an insurer goes under, the Massachusetts Insurers Insolvency Fund steps in to cover workers' compensation and caps other claims at \$300,000. All insurance businesses that operate in Massachusetts pay into the fund, and the companies pass along that cost to policyholders, said Paul Gulko, president of the fund.

"Ultimately, the insurance-buying public pays for it in the rates," he said.

For many municipalities, it's a

no-win choice: They could shell out money up front to settle the outstanding claims, or wait to see if Legion stays afloat. If it doesn't, taxpayers may wind up footing the bill anyway as cities and towns will be responsible for claims, other than workers' compensation, which exceed \$300,000. That means some plaintiffs could end up asking municipalities to dip into cash-strapped coffers.

"We simply don't have the funds available to handle individual claims," said Robert Whritenour, Falmouth's town administrator. "It's really quite a hardship for the town and individual residents."

Falmouth officials say the town

faces at least \$370,000 in outstanding claims. Legion has challenged some and agreed to pay others — but hasn't because of the financial difficulties. Settlements for disputed claims are nowhere in sight because all lawsuits involving the company have been postponed.

Among the cases put on hold is one involving business partners Daniel Gilmore and Steve Moore, who filed a lawsuit accusing the Falmouth Zoning Board of unfairly denying a zoning variance. They have an unpaid \$1 million loan that was used to purchase property for development.

"This is a mess," Moore said. "We have to pay the loan and growing legal expenses, and don't have any hope of income."

Meanwhile, Framingham is saddled with outstanding claims that total about \$425,000, and Taunton has about \$130,000 in pending payments, according to insurance documents.

Rosanne Placey, a spokeswoman with the Pennsylvania Insurance Department, said the state took control of Legion to marshal its assets, pay claims, and conduct an independent financial analysis. "The cash flow is still an issue," she said. "It's the critical issue."

Currently, Legion is only paying workers' compensation and claims for first-response vehicles,

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stalling Mass. settlements

such as ambulances and fire trucks. The rest, including property, automobile, and general liability claims, are postponed indefinitely until Pennsylvania determines whether the company can be fixed or it should be declared insolvent.

There is no deadline for this decision, which means many plaintiffs could end up waiting months or even years for a settlement.

Massachusetts municipalities are hardly alone in dealing with Legion's woes. The company, which has about 95,000 policyholders, wrote property, health, and casualty insurance policies in dozens of states, with worker's compensation accounting for about 50 percent of its business.

No other company has insured so many Massachusetts communities, said Christopher Goetcheus of the state Division of Insurance. Legion provides coverage of some sort to 193 municipalities and was the state's sixth-largest underwriter of workers' compensation in 2000.

With Legion terminating its insurance contracts, many municipalities are unprepared for the high cost of switching carriers, particularly after this year's bruising budget battles. Eric Kinsherf, financial director of Braintree, said he has received quotes 44 percent above the premiums the town paid last year.

Braintree is among nearly 100 municipalities that inquired about premiums from the Massachusetts Interlocal Insurance Association, a nonprofit group representing about 300 cities and towns. The association already provides coverage of some sort to several of Legion's municipal clients. Stanley Corcoran, executive vice president of the association, said he has received commitments from about 45 communities so far, and expects more over the next week.

Confronted with the higher premiums, some municipalities are choosing to self-insure, paying claims themselves. Carol Souza, risk manager for Taunton, noted that rising premiums, the city's budget crunch, and Legion's financial problems have prompted

Taunton to self-insure after having private coverage for more than two decades.

Legion is part of Legion Insurance Group, which reported \$494 million in liquid assets at the beginning of the year. Placey, of the Pennsylvania Insurance Department, said about \$290 million of that was tied up in uncollected payments from reinsurance groups — an increasingly turbulent market following Sept. 11. Reinsurance groups reimburse companies, such as Legion, for part of their claims.

Although Placey said most claims will eventually be paid, that assurance held little solace for Stephanie Creamer, a Peabody woman who awoke last Christmas morning to find the real surprise wasn't under the tree, it was underground. The main sewer line had backed up into her finished basement, with raw sewage causing some \$5,000 in damage.

Six months later, she's still fighting the city to pay for the mess.

"This just makes me really, really mad," said Creamer, who can't wipe clean her lingering credit card debt, months after she paid workers to scour her basement.

Jenn Abelson can be reached at abelson@globe.com

Many municipalities are unprepared for the high cost of switching carriers, particularly after this year's bruising budget battles.

Tuesday July 2, 2002

Towns reel over insurance bids

► INSURANCE

Continued from Page B1

Tyngsborough will spend \$131,000 this fiscal year, more than twice last year's \$62,800. Norwell expects to pay more than \$300,000, an increase of at least 59 percent from the \$190,000 it spent previously. Weymouth's cost is jumping nearly 29 percent, from \$376,000 to \$483,846. And Fitchburg's bill is rising more than 27 percent, from \$323,696 to \$412,012.

Among municipalities contacted yesterday, only Greenfield had some good news — if a \$49,000 cost increase can be considered reassuring. Greenfield officials had budgeted cautiously and found a policy that was much lower than anticipated.

In other communities, though, officials will have to unsheathe budget knives that had been put away after this spring's battles.

"We're going to have to find the money," said Mark Purple, Framingham's assistant town manager. "We'll have to look in the same places to try and make this budget work — services, jobs, things of that nature."

Purple, like other municipal officials, had predicted cost increases in the turbulent post-Sept. 11 insurance environment, and asked Town Meeting to approve an appropriation that was nearly \$100,000 above last year's. But he said he never expected quotes to soar so high.

The takeover of Legion, which has suspended most claim payments, exacerbated the situation by sending towns scuttling to find new policies after budgets had already been hammered out and ap-

proved by voters. Pennsylvania regulators seized Legion to gather its assets and determine whether the company can stay solvent.

Officials in Norwell and Tyngsborough said the insurance increases would probably force them to dip into reserves and stabilization funds, unless the state provides better than expected aid.

"I'm pretty irate," said Jim Boudreau, Norwell's town administrator. "You think you've completed your work, finished the budget, and then something like this happens. We're still trying to digest this."

Norwell had appropriated \$230,000 for insurance coverage, but will wind up paying more than \$300,000. Last year, the town had paid \$190,000 for a similar policy.

In Tyngsborough, all capital purchases, including police cruisers, are now on hold as the community confronts the grim reality that it can't even afford a software upgrade, said Paul Boushell, Tyngsborough's town administrator. Tyngsborough, a community of little more than 11,000, had earmarked \$95,000 for policies that will ultimately cost \$131,000.

"We had expected some issues post 9/11, but this will have a very serious impact on us," Boushell said. "Every dollar counts."

Even before Sept. 11, insurance experts say, policy costs were on the rise. The terrorist attacks, however, battered reinsurance groups — the companies that reimburse insurance companies for some of their claims. The Massachusetts Interlocal Insurance Association, which provides coverage of some sort to about 300 cities and towns, said its reinsur-

ance costs increased more than 100 percent after the attacks.

Stanley Corcoran, executive director of the association, said municipalities that stayed with the nonprofit group saw prices jump anywhere from 5 to 35 percent.

Some municipal officials have whittled down steep increases by reducing coverage. Framingham and Weymouth, for example, opted to decrease liability coverage for the actions of public officials and other professional liability.

Doing so saved Weymouth more than \$50,000, leaving the town with a \$13,000 shortfall for its insurance appropriation.

Greenfield officials found themselves in the unique situation of overestimating funds for insurance coverage. The town appropriated \$584,500 for a policy that came in at \$524,000. That's \$49,000 above last year, but officials aren't complaining.

"We feel quite fortunate," said Mike Kociela, Greenfield's town accountant.

Relief, however, is far from the minds of Framingham officials like Purple, who left a Cape Cod golf course last week to wrangle with the town's latest fiscal crisis. Framingham, where a grueling budget season deeply divided the community, needs to dig up \$260,000 above this year's appropriation of \$350,000, and possibly more if the state trims its local aid.

"The department is still reeling from the figures that came in," Purple said. "Insurance is a necessity. It's just something we're going to try and work through."

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Insurance bids have towns in a jam

Figures way over appropriated funds

By Jenn Abelson

GLOBE STAFF CORRESPONDENT

Municipalities across Massachusetts opened the fiscal year in the hole yesterday as the fallout from an insurance company's financial woes wreaked havoc on already austere budgets, with some communities paying twice as much as last year for policies.

The problems stem in large part from a decision by Legion Insurance Co. not to renew its policies, including those held by 193 Massachusetts communities, after Pennsylvania regulators seized the Philadelphia company known for its low prices.

Many cities and towns are now preparing for additional job and program cuts, as well as delaying capital projects.

Framingham, which narrowly approved a \$7 million override last month, earmarked \$350,000 for insurance — a \$100,000 increase from last year — only to unseal bids last week that ranged from \$610,000 to \$800,000. That spike was particularly high, but other municipalities also posted steep increases.

INSURANCE, Page B2

Massachusetts Department of Revenue
Municipal Databank/Local Aid Section
Fiscal Year 2011 Municipal Debt

Municipality	DOR Code	Long Term Retired	Total Debt Service With Interest	Debt Service as % of Budget	Equalized Valuation 2010	Debt Service as % of EQV	Debt Limit	Total Outstanding as of 7/1/2011	FY11 Operating Budget
DRACUT	079	4,737,013	7,155,999	9.72	3,175,898,800	0.23	158,794,940	53,822,687	73,614,531
MARBLEHEAD	168	2,290,000	3,734,950	5.06	5,580,750,300	0.07	279,037,515	28,080,000	73,802,693
SAUGUS	262	3,735,896	4,682,274	6.14	4,003,739,400	0.12	200,186,970	32,640,146	76,202,022
EASTON	088	3,833,281	5,625,925	7.36	3,256,098,100	0.17	162,804,905	43,309,294	76,397,377
WALPOLE	307	3,447,768	4,775,313	6.19	4,048,453,200	0.12	202,422,660	35,050,447	77,166,381
MELROSE	178	4,458,157	6,591,074	8.48	3,782,681,000	0.17	189,134,050	58,806,837	77,696,113
WAKEFIELD	305	2,637,400	3,565,914	4.56	4,028,504,400	0.09	201,425,220	27,835,945	78,122,570
YARMOUTH	351	4,751,129	5,605,586	7.15	6,167,744,700	0.09	308,387,235	28,808,608	78,410,714
BEDFORD	023	4,212,654	6,640,762	8.41	3,009,721,800	0.22	150,486,090	45,100,183	78,961,108
WESTON	333	6,283,725	8,925,262	11.30	5,797,438,800	0.15	289,871,940	57,744,458	78,982,781
WILMINGTON	342	3,558,280	3,773,468	4.74	3,768,005,200	0.10	188,400,260	3,857,519	79,588,643
CONCORD	067	7,792,207	10,415,972	12.82	5,562,518,600	0.19	278,125,930	79,599,887	81,263,870
MILFORD	185	2,645,809	4,192,586	5.16	3,272,042,800	0.13	163,602,140	38,889,556	81,263,916
DARTMOUTH	072	7,275,416	9,966,728	12.24	5,881,221,100	0.17	294,061,055	67,100,011	81,405,713
AGAWAM	005	2,807,643	3,792,190	4.64	2,956,191,400	0.13	147,809,570	27,085,845	81,642,943
SUDBURY	288	8,925,000	10,317,389	12.54	4,256,033,800	0.24	212,801,690	36,205,000	82,296,930
CANTON	050	5,393,869	7,910,686	9.61	4,386,215,300	0.18	219,310,765	60,313,869	82,342,676
HINGHAM	131	24,738,829	24,738,829	29.83	6,257,344,000	0.40	312,867,200	71,727,478	82,926,379
MARSHFIELD	171	4,821,978	5,821,766	6.89	4,678,944,800	0.12	233,947,240	34,013,930	84,532,681
NORTH ATTLEBOROUGH	211	5,568,284	7,716,045	9.11	4,019,965,800	0.19	200,998,290	47,795,218	84,719,564
MANSFIELD	167	6,571,291	8,123,275	9.58	3,646,268,400	0.22	182,313,420	48,038,238	84,776,278
STOUGHTON	285	3,298,704	4,499,251	5.27	3,522,273,100	0.13	176,113,655	28,317,906	85,354,589
ACTON	002	2,719,599	4,737,038	5.54	3,988,811,200	0.12	199,440,560	45,007,532	85,551,488
RANDOLPH	244	2,514,873	3,625,436	4.14	3,168,418,900	0.11	158,420,945	25,039,381	87,544,622
READING	246	5,657,965	8,114,050	9.27	3,880,445,100	0.21	194,022,255	60,729,062	87,556,059
WESTBOROUGH	328	6,856,130	10,691,031	12.11	3,761,766,300	0.28	188,088,315	75,787,100	88,260,614
MILTON	189	3,234,938	4,672,229	5.29	4,827,150,700	0.10	241,357,535	41,887,376	88,343,671
Total		144,767,838	190,411,028	8.66	114,684,647,000	0.17	5,734,232,350	1,202,593,513	2,198,726,926
Average		5,361,772	7,052,260	8.64	4,247,579,519	0.16	212,378,976	44,540,500	81,434,331

Statewide Average Single Family Tax Bill

	Assessed Value	Parcels	Average Value	Single Family Tax Bill	Growth \$	Growth %
2002	298,035,628,441	1,261,639	236,229	3,015		
2003	338,692,554,523	1,271,609	266,350	3,206	191	6.3%
2004	393,587,485,355	1,280,537	307,361	3,412	206	6.4%
2005	455,222,653,352	1,290,239	352,820	3,588	176	5.2%
2006	492,167,899,571	1,275,726	385,794	3,801	213	5.9%
2007	523,017,811,362	1,286,089	406,673	3,962	161	4.2%
2008	517,837,501,478	1,282,713	403,705	4,110	148	3.7%
2009	504,011,292,677	1,286,523	391,762	4,250	140	3.4%
2010	481,744,341,860	1,289,112	373,702	4,390	140	3.3%
2011	469,726,929,988	1,298,920	361,629	4,537	147	3.3%
2012	466,850,381,371	1,301,555	358,687	4,711	174	3.8%
Total Growth					\$ 1,696	56.3%

Town of Milford

Fiscal Year	Single Family Assessed Values	Single Family Parcels	Single Family Average Value	Average Single Family Tax Bill	Growth \$	Growth %
2002	1,111,791,900	5,539	200,721	\$ 2,866		
2003	1,243,238,200	5,569	223,243	2,983	117	4.1%
2004	1,525,307,600	5,607	272,036	3,248	265	8.9%
2005	1,638,457,500	5,661	289,429	3,424	176	5.4%
2006	1,793,844,200	5,697	314,875	3,574	150	4.4%
2007	1,969,343,800	5,715	344,592	3,756	182	5.1%
2008	1,906,716,300	5,747	331,776	3,915	159	4.2%
2009	1,812,896,400	5,748	315,396	3,952	37	0.9%
2010	1,722,780,700	5,755	299,354	4,215	263	6.7%
2011	1,606,867,400	5,773	278,342	4,236	21	0.5%
2012	1,544,363,500	5,777	267,330	\$ 4,323	87	2.1%
					\$ 1,457	50.8%

Exhibit #9

Effect on Tax Bill

	Class											%	Residential	Change In	
	Residential		Commercial	Industrial		Personal		Subtotal C//P		Total		Change	Tax Levy %	Avg. Tax Bill	Shift
FY 12	\$ 2,180,020	77.3%	\$ 344,550	12.2%	\$ 192,205	6.8%	\$ 102,851	3.6%	\$ 639,606	22.7%	\$ 2,819,626	-3.1%	66.49%	\$ 87	1.480%
FY 11	\$ 2,268,275	78.0%	\$ 350,520	12.1%	\$ 184,907	6.4%	\$ 104,727	3.6%	\$ 640,154	22.0%	\$ 2,908,429	-5.4%	67.42%	\$ 21	1.480%
FY 10	\$ 2,423,095	78.8%	\$ 359,572	11.7%	\$ 195,392	6.4%	\$ 96,878	3.2%	\$ 651,842	21.2%	\$ 3,074,937	-7.5%	68.20%	\$ 263	1.500%
FY 09	\$ 2,619,890	78.8%	\$ 383,267	11.5%	\$ 215,479	6.5%	\$ 107,229	3.2%	\$ 705,975	21.2%	\$ 3,325,865	-3.0%	68.16%	\$ 38	1.500%
FY 08	\$ 2,741,063	80.0%	\$ 379,768	11.1%	\$ 211,640	6.2%	\$ 95,787	2.8%	\$ 687,195	20.0%	\$ 3,428,258	-1.3%	69.93%	\$ 158	1.500%
FY 07	\$ 2,820,540	81.2%	\$ 344,734	9.9%	\$ 212,773	6.1%	\$ 94,002	2.7%	\$ 651,509	18.8%	\$ 3,472,049	11.1%	69.98%	\$ 182	1.600%
FY 06	\$ 2,527,187	80.9%	\$ 302,511	9.7%	\$ 184,178	5.9%	\$ 110,285	3.5%	\$ 596,974	19.1%	\$ 3,124,161	9.1%	69.43%	\$ 150	1.600%
FY 05	\$ 2,281,015	79.6%	\$ 286,164	10.0%	\$ 182,626	6.4%	\$ 114,324	4.0%	\$ 583,114	20.4%	\$ 2,864,129	5.9%	67.83%	\$ 175	1.580%
FY 04	\$ 2,140,829	79.1%	\$ 267,829	9.9%	\$ 176,445	6.5%	\$ 120,340	4.4%	\$ 564,614	20.9%	\$ 2,705,443	23.1%	66.70%	\$ 263	@1.58623%
FY 03	\$ 1,681,498	76.5%	\$ 242,572	11.0%	\$ 149,621	6.8%	\$ 124,676	5.7%	\$ 516,869	23.5%	\$ 2,198,367	11.3%	62.71%	\$ 117	@1.58623%
FY 02	\$ 1,497,812	75.8%	\$ 220,168	11.1%	\$ 135,336	6.9%	\$ 122,212	6.2%	\$ 477,716	24.2%	\$ 1,975,528	11.2%	63.73%	\$ 166	@1.5%
FY 01	\$ 1,342,482	75.6%	\$ 189,452	10.7%	\$ 121,978	6.9%	\$ 122,045	6.9%	\$ 433,475	24.4%	\$ 1,775,957	19.4%	63.39%	\$ 126	@1.5%
FY 00	\$ 1,122,869	75.5%	\$ 163,692	11.0%	\$ 88,833	6.0%	\$ 111,750	7.5%	\$ 364,275	24.5%	\$ 1,487,144	6.0%	63.26%	\$ 125	@1.5%
FY 99	\$ 1,059,057	75.5%	\$ 151,364	10.8%	\$ 82,344	5.9%	\$ 110,855	7.9%	\$ 344,563	24.5%	\$ 1,403,620	4.1%	63.18%	\$ 130	@1.5%
FY 98	\$ 1,011,418	75.0%	\$ 146,272	10.9%	\$ 81,265	6.0%	\$ 108,758	8.1%	\$ 336,294	25.0%	\$ 1,347,712	6.3%	62.57%	\$ 53	
FY 97	\$ 956,660	75.5%	136,820	10.8%	71,504	5.6%	102,937	8.1%	311,261	24.5%	\$ 1,267,920	1.5%	63.18%		
FY 96	\$ 942,084	75.4%	137,524	11.0%	71,128	5.7%	98,399	7.9%	307,051	24.6%	\$ 1,249,135	4.1%			
FY 95	\$ 896,291	74.7%	131,430	11.0%	74,076	6.2%	98,093	8.2%	303,600	25.3%	\$ 1,199,891	-2.5%			
FY 94	\$ 902,771	73.4%	154,436	12.6%	87,318	7.1%	85,943	7.0%	327,698	26.6%	\$ 1,230,469	-3.9%			
FY 93	\$ 957,499	74.8%	172,069	13.4%	101,206	7.9%	50,058	3.9%	323,332	25.2%	\$ 1,280,832	-6.6%			
FY 92	\$ 1,035,116	75.5%	189,976	13.9%	114,806	8.4%	31,672	2.3%	336,454	24.5%	\$ 1,371,570	-15.0%			
FY 91	\$ 1,238,856	76.7%	205,748	12.7%	144,460	8.9%	25,403	1.6%	375,611	23.3%	\$ 1,614,468	3.4%			
FY 90	\$ 1,227,319	78.6%	186,433	11.9%	121,522	7.8%	25,380	1.6%	333,335	21.4%	\$ 1,560,654				

in thousands, 000's