

Acton-Boxborough Regional School District
FY'15 Budget Back Up Materials
February 1, 2014

1		Budget Saturday Feb 1 Powerpoints (posted separately)
2		FY '15 Regional Analysis of Assessments (Table 6) and Preliminary FY'15 Regional Budget/Assessment Vote
3		ALG Multi-Year Plan
4		School Committee Budget Presentations 12/12/13, 1/7/14, 1/15/14
5		Health Insurance Trust Income Statement and Balance Sheet (November)
6		Health Insurance Trust Audit Report
7		Cook & Co. Report
8		OPEB (Segal Consulting) 12/31/12
9		Prior Years APS/AB Staffing and Enrollment
10		Class Sizes
	a	Class Size Memo
	b	Assistant Principal Job Description
	c	Elementary School Psychologist Job Description
	d	Elementary Class Size Information
	e	JH Class Size Information
	f	ABRHS Class Size Information (Jan 1) with ranges
	g	Elementary Section Planning
11		Enrollment Report October 1, 2013
12		Enrollment Projections and Presentation
13		Per Pupil Expenditures
14		Pupil Services Discussion
	a	Special Education Programs and Services
	b	Special Education Budgetary Planning Questions and Answers
15		Class of 2013 Student Profile
16		Draft PreK - 12 ABRSD Capital Plan

Office of the Superintendent
Acton Public Schools
Acton-Boxborough Regional School District
(978) 264-4700 x 3211
<http://ab.mec.edu>

TO: Acton-Boxborough Regional Transitional School Committee
FROM: Steve Mills, Superintendent
DATE: February 1, 2014
RE: Recommendation for FY'15 Acton-Boxborough Regional School District
Budget and Assessments

Recommendation for FY'15 Acton-Boxborough Regional School District Budget and Assessments

Attached is a copy of the Analysis of Assessments for FY'15. The Administration recommends that the total appropriation for the Acton-Boxborough Regional School District for the fiscal year of July 1, 2014 through June 30, 2015 be set at \$77,068,121 and that member towns be assessed in accordance with the Education Reform Law and the terms of the Agreement and amendments thereto as follows: Acton \$50,732,251, Boxborough \$10,816,767, remainder to be accounted for by the Anticipated Chapter 70 Aid in the amount of \$13,714,944, Anticipated Charter School Aid in the amount of \$67,707, Anticipated Regional Bonus Aid in the amount of \$139,000, Transportation Aid, Chapter 71, Section 16C in the amount of \$1,296,794, a transfer from E&D Reserves in the amount of \$300,000, and a transfer from the Junior High School Project Premium on Loan in the amount of \$658.

CC: Donald Aicardi, Director of Finance
Marie Altieri, Director of Personnel

Table 6
ACTON-BOXBOROUGH RSD
Analysis of Assessments
Projected State Aid Numbers
School Year 2014-2015

	GROSS BUDGET	ACTON	BOXBOROUGH	
	2014-2015	83.97%	16.03%	K to 12
		82.46%	17.54%	7 to 12
EXPENDITURES INSIDE DEBT LIMIT:				
OPERATING BUDGET	\$74,394,157	\$62,468,774	\$11,925,383	
OPEB TRUST FUND CONTRIBUTION	\$506,000	\$424,888	\$81,112	
LOWER FIELDS CONSTRUCTION DEBT SERVICE	\$120,818	\$105,667	\$15,151	
CAPITAL OUTLAY - BUILDINGS	\$155,200	\$130,321	\$24,879	
TOTAL INSIDE DEBT LIMIT	\$75,176,175	\$63,129,651	\$12,046,524	
EXPENDITURES OUTSIDE DEBT LIMIT (PREVIOUSLY AUTHORIZED BY REGION-)				
CONSTRUCTION DEBT SERVICE (FOR JHS & SHS/AUTHORIZED OUTSIDE PROP 2 1/2)	\$462,028	\$404,090	\$57,938	
SH CONSTRUCTION/RENOVATION	\$1,429,919	\$1,250,607	\$179,312	
	\$1,891,947	\$1,654,697	\$237,250	
GROSS BUDGET-Subtotal	\$77,068,122	\$64,784,348	\$12,283,774	
EXPENDITURES OUTSIDE DEBT LIMIT (PREVIOUSLY AUTHORIZED BY ACTON OR BOXBOROUGH-)				
BUILDING ADDITION BLANCHARD SCHOOL (Authorized FY06)	\$397,800	\$334,033	\$63,767	
SBAB REIMBURSEMENT BUILDING ADDITION BLANCHARD SCHOOL (Authorized FY06)	(\$284,092)	(\$238,552)	(\$45,540)	
HAGGER WELL (WATER & SEWER) (Authorized FY00)	\$108,948	\$91,484	\$17,464	
TWIN SCHOOLS (Authorized FY03)	\$1,533,700	\$1,287,847	\$245,852	
SBAB REIMBURSEMENT TWIN SCHOOLS (Authorized FY03)	(\$922,673)	(\$774,769)	(\$147,904)	
TOTAL OUTSIDE DEBT LIMIT	\$833,683	\$700,043	\$133,639	
SCHOOL RELATED DEBT SERVICE AUTHORIZED BY BOXBOROUGH TOWN MEETING:				
COMBINATION: (REPLACEMENT OF PORTION OF BLANCHARD MEMORIAL ROOF (Authorized FY12)	\$2,325	\$1,952	\$373	
REPLACEMENT OF WINDOWS BLANCHARD MEMORIAL ROOF (Authorized FY13)	\$0	\$0	\$0	
SECURITY UPGRADES AT BLANCHARD MEMORIAL SCHOOL (Authorized FY13)	\$0	\$0	\$0	
TOTAL TOWN OF BOXBOROUGH SCHOOL DEBT SERVICE	\$2,325	\$1,952	\$373	
SCHOOL RELATED DEBT SERVICE AUTHORIZED BY ACTON TOWN MEETING:				
SCHOOL REPAIR (Authorized FY05)	\$31,195	\$26,195	\$5,001	
CONANT SCHOOL (Authorized FY10)	\$24,501	\$20,574	\$3,928	
SCHOOL FACILITIES (Authorized FY10)	\$76,755	\$64,451	\$12,304	
DOUGLAS ROOF (Authorized FY09)	\$24,913	\$20,919	\$3,993	
TOTAL TOWN OF ACTON SCHOOL DEBT SERVICE	\$157,364	\$132,139	\$25,225	
CREDIT FOR SCHOOL RELATED DEBT SERVICE TO BE PAID FROM MUNICIPAL BUDGETS	(\$993,372)	(\$768,391)	(\$224,981)	
GROSS BUDGET-TOTAL	\$77,068,121	\$64,850,091	\$12,218,031	
OTHER FINANCING SOURCES:				
CHAPTER 70 BASE AID	\$14,254,476	\$11,969,483	\$2,284,993	
CHOICE/CHARTER SCHOOL ASSESSMENT	(\$539,532)	(\$453,045)	(\$86,487)	
CHARTER SCHOOL AID	\$67,707	\$56,854	\$10,853	
REGIONAL SCHOOL TRANSPORTATION (Cherry Sheet)	\$1,296,794	\$1,088,918	\$207,876	
REGIONAL BONUS AID	\$139,000	\$116,718	\$22,282	
TRANSFER FROM PREMIUM ON LOAN-JHS	\$658	\$553	\$105	
TRANSFER FROM OPEB TRUST FUND	\$0	\$0	\$0	
TRANSFER FROM RESERVES (Excess & Deficiency)	\$300,000	\$251,910	\$48,090	
TOTAL OTHER FINANCING SOURCES	\$15,519,103	\$13,031,391	\$2,487,712	
TOWN ASSESSMENTS	\$61,549,018	\$51,818,700	\$9,730,319	

Calculation of Final Assessments Per Appendix A to Revised Regional Agreement - FY15

Description	Total	ACTON	BOXBOROUGH	Steps
Project Total Benefit Amount	\$1,873,119			1
Base Budgets	\$62,885,811	\$51,788,675	\$11,097,136	2
Benefit Percentage Shares		80%	20%	3
Share of Benefits	\$1,873,119	\$1,498,495	\$374,624	4a
Reduce Base Budgets By Benefit Shares	\$61,012,692	\$50,290,180	\$10,722,512	4b
Recalculated Assessment Percentages Based On Benefit Shares Applied To Base Budget	100.00%	82.43%	17.57%	4c
Input Table 6 Result From FY15 Actual Budget	\$61,549,018	\$51,818,700	\$9,730,319	4d
Assessment Percentages With Actual Budget		84.19%	15.81%	4d
Shift In Percentage Shares		1.77%	-1.77%	4d
Final Assessment	\$61,549,018	\$50,732,251	\$10,816,767	4d
Actual Assessment Percentages With Actual Budget		82.43%	17.57%	

1-30-14

2 of 2

Town of Acton Multi-Year Financial Model
Prepared for Annual Town Meeting by Board of Selectmen, School Committee and Finance Committee

1-23-14
1/30/2014

3.

Town of Acton Revenues		FY14 Recap	FY15	FY16	FY17
A. Revenues (GROSS)					
Tax Levy (excluding debt exclusion)		\$69,082	\$71,547	\$73,977	\$76,468
State Aid		\$12,734	\$14,042	\$14,394	\$14,753
Local Receipts		\$3,821	\$3,970	\$4,047	\$4,125
Debt Exclusion		\$2,845	\$2,947	\$2,911	\$2,852
SBAB Reimbursement		\$1,009	\$923	\$923	\$923
Total Revenues (including debt)		\$89,490	\$93,430	\$96,252	\$99,122
B. Debt Exclusion Debt Service					
APS School Debt Exclusion		\$497	\$611	\$588	\$559
Public Safety Facility Debt Exclusion		\$462	\$451	\$434	\$423
Municipal Debt Exclusion		\$244	\$230	\$222	\$201
JHS/SHS Debt Exclusion		\$1,642	\$1,655	\$1,667	\$1,670
SBAB Reimbursement-Parker/Damon		\$1,009	\$923	\$923	\$923
Total Debt Exclusion/SBAB		\$3,854	\$3,870	\$3,834	\$3,775
C. Available Town Revenues (NET) (A - B)		\$85,636	\$89,560	\$92,418	\$95,347
Town of Acton Expenditures					
Town of Acton Municipal					
Nursing Enterprise Fund Tax Subsidy		\$27,213	\$28,341	\$28,632	\$29,571
Acton Annual Contribution to OPEB Trust Fund		\$432	\$333	\$870	\$1,057
Transportation Enterprise Fund Tax Subsidy				\$0	\$0
FY11 Acton Municipal Capacity Not Utilized			\$0	\$0	\$0
+ Transfer to Acton Municipal for APS Retiree Health Ins			\$588		
Transfer to ABRSD - Property & Liability Insurance			(\$100)		
Transfer to ABRSD - Workers Compensation			(\$95)		
+ Transfer to Acton Municipal for APS Debt		\$198	\$157	\$124	\$122
Total Acton Municipal Allocation		\$27,843	\$29,224	\$29,626	\$30,750
Percentage change year-to-year		2.91%	2.91%	1.38%	3.79%
Acton Public Schools Allocation					
- Transfer to Acton Municipal for APS Debt		(\$198)	\$0	\$0	\$0
- Transfer to Acton Municipal for COPS		\$0	\$0	\$0	\$0
Total Acton Public Schools Allocation		\$26,960	\$0	\$0	\$0
Percentage change year-to-year		-100.00%	-100.00%	#DIV/0!	#DIV/0!
Acton Portion of Annual ABRSD Budget					
Final Assessment Shift Per Appendix A of Regional Agreement		\$31,212	\$63,229	\$62,654	\$65,379
- Transfer to Acton Municipal for APS Debt			(\$992)	(\$1,005)	(\$1,005)
- Transfer to Acton Municipal for APS Retiree Health Ins			(\$157)	(\$124)	(\$122)
Transfer to ABRSD - Property & Liability Insurance			(\$588)		
Transfer to ABRSD - Workers Compensation			\$100		
Acton Portion of Contribution to ABRSD OPEB Trust Fund		\$306	\$425	\$530	\$643
Total Acton Contribution To ABRSD Budget		\$31,518	\$62,112	\$62,055	\$64,896
Percentage change year-to-year		106.62%	106.62%	-0.09%	4.58%
Total Minuteman Allocation					
Annual Minuteman Allocation		\$687	\$729	\$752	\$775
Acton Share of Trade Hall Remediation Project					
Percentage change year-to-year		-11.77%	-11.77%	3.09%	3.13%
D. Town of Acton Expenditures (NET)		\$87,008	\$92,065	\$92,433	\$96,420
E. Subtotal Town of Acton Projected Balance		(\$1,372)	(\$2,506)	(\$15)	(\$1,074)
F. Appropriation of Reserves (TOTAL)		\$1,919	\$2,176	\$2,730	\$2,730
G. Total Town of Acton Projected Balance		\$548	(\$330)	\$2,715	\$1,656

Annual Contributions Towards Long Term OPEB Liability				
Acton Annual Contribution to OPEB Trust Fund	\$432	\$333	\$870	\$1,057
Acton Portion of Contribution to ABRSD OPEB Trust Fund	\$306	\$425	\$530	\$643
Total	\$738	\$758	\$1,400	\$1,700

Town of Acton - Tax Impact		FY14	FY15	FY16	FY17
Existing Valuation ('000s)		\$3,716,266	\$3,716,266	\$3,780,827	\$3,846,049
New Growth value ('000s)		\$0	\$0	\$31,961	\$31,712
Total Valuation ('000s)		\$3,716,266	\$3,716,266	\$3,812,788	\$3,877,761
Tax Rate		\$19.56	\$19.56	\$19.71	\$20.00
SF Value		\$510,289	\$510,289	\$515,392	\$520,546
SF Tax Bill		\$9,979	\$9,979	\$10,158	\$10,409
% Change		3.46%	3.46%	1.79%	2.47%
Highly volatile number Subject to change		\$333.82	\$333.82	\$178.87	\$251.06

1-23-14
Updated ALG 1/30/2014

Acton-Boxborough Regional
School District
Introductory FY'15 Budget Presentation

Transitional Regional School Committee
Meeting
December 12, 2013

1

Introductory FY'15 Budget Presentation

TONIGHT'S FOCUS:
"Chart of Accounts" Development
ABRSD Reserves Review
New ABRSD Budget Process
Main Assumptions
What's On The Horizon?
FY'15 Budget Schedule

2

Introductory FY'15 Budget Presentation

"Chart of Accounts" Development

3

Introductory FY'15 Budget Presentation

New Chart of Accounts

- Built from scratch
- Hired Abrahams Group with design
- This effort began in late June, 2013
- Three (3) "Fact Check" Tests conducted
- "More intensive" testing will be performed by MUNIS in January & February, 2014
- Consistently making corrections
- SOP for municipal conversions: 6 months

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Introductory FY'15 Budget Presentation

The account numbers and titles for the FY'15 budget will be completely different than those used in previous budgets for APS, ABRSD and the Blanchard School.

Crosswalks will be provided to school staff to help familiarize them with the new structure.

Complex conversion due to three account structures using two systems into one

5

Review of ABRSD Reserves

Before we begin our discussion of FY'15, what is the current status of our reserves?

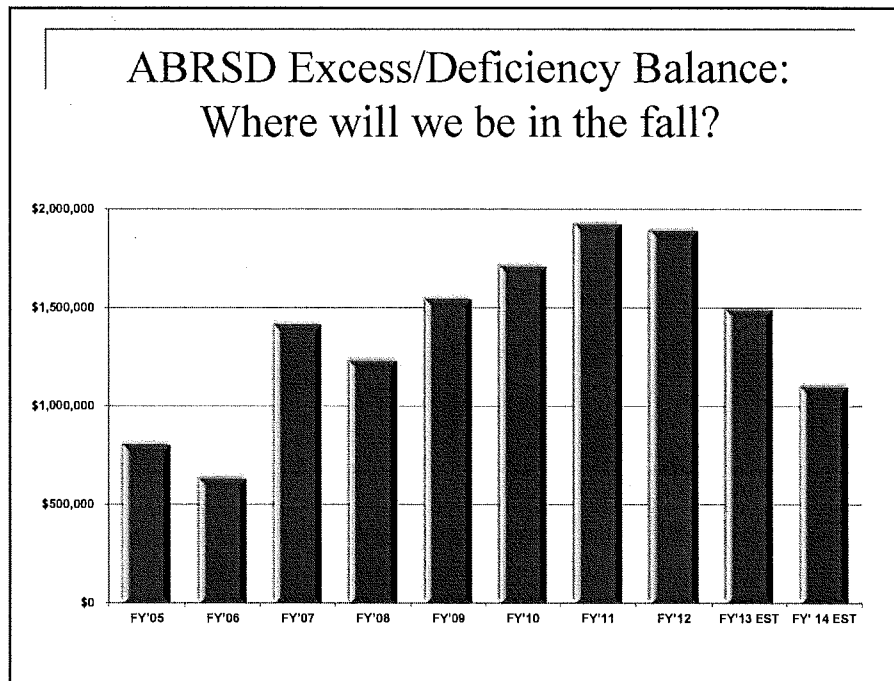
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**Acton Boxborough Regional School District
Use of E & D (Reserves, in thousands)**

FY	E & D	FY	E & D
FY'98	\$0	FY'07	\$284
FY'99	\$99	FY'08	\$359
FY'00	\$100	FY'09	\$650
FY'01	\$230	FY'10	\$450
FY'02	\$330	FY'11	\$924
FY'03	\$300	FY'12	\$318
FY'04	\$45	FY'13	\$519
FY'05	\$500	FY'14	\$729
FY'06	\$398	FY'15	\$300 TBD

**Acton Boxborough Regional School District
Excess & Deficiency Balance FY'98 to FY'14**

FY	E & D	FY	E & D
FY'98	\$391,959	FY'06	\$632,349
FY'99	\$460,077	FY'07	\$1,415,970*
FY'00	\$803,026	FY'08	\$1,231,767*
FY'01	\$427,861	FY'09	\$1,545,953
FY'02	\$467,258	FY'10	\$1,711,823
FY'03	\$767,772	FY'11	\$1,925,118**
FY'04	\$605,464	FY'12	\$1,892,740
FY'05	\$805,557	FY'13	\$1,492,363 EST
		FY'14	\$1,100,000 EST



Introductory FY'15 Budget Presentation

Budget Procedure for New ABRSD

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Introductory FY'15 Budget Presentation

Dr. Mills has received budget requests for
program expansion, capital requests, and
staff

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Introductory FY'15 Budget Presentation

Challenge for FY'14 to FY'15 comparisons:
Acton Public Schools
Boxborough Public Schools
Acton Boxborough Regional Schools
School Expenses located within Boxborough
Municipal Budget
School Expenses located within Acton
Municipal Budget

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Introductory FY'15 Budget Presentation

Three significant changes in this year's process:

- 1) One (not three!!!) budget group met
- 2) Boxborough Superintendent and Business Manager involved in all meetings
- 3) FY'15 "Base Budget" already included in new Regional Agreement

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Introductory FY'15 Budget Presentation

Complex Process for FY'15:

- A. Base: "essentially level service"
- B. Additions required to maintain level service
- C. (Vacancy Factor): Applied to select accounts
- D. (Regionalization Staff Savings)
- E. Retiree HI & Middlesex Retire & WC Adjusts
- F. (Regionalization Efficiencies/Enrollment Decline)
- G. Budget Drivers Reviewed/Corrections
- H. Proposed Additional Staff/Program Requests

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Introductory FY'15 Budget Presentation
Complex Process for FY'15:

$$A + B - C - D + E - F + G + H =$$

Recommended FY'15 Budget (January 2014)
Will Be Placed in new "Table 6" format

Comparison Can Be Made To "Net" Base
Budget As Outlined in Appendix A

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ABRSD FY'15 Operating Budget

The Administration will decide by the close of
this week evaluating new staffing & materials
requests-and how best to accomplish them

If unfulfilled, these requests should not be
considered to be "cuts" from current level of
service

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ABRSD FY'15 Operating Budget

Begun the process of converting all the numbers to the new budget accounts-solving/proofing/doublechecking

Successfully integrating Blanchard accounts (non-MUNIS) into new Chart continues to be largest challenge

"We anticipate turbulence during the flight..."

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ABRSD FY'15 Operating Budget

FY'15 Financial Overview:
Main Assumptions

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Current FY'15 ABRSD Budget Estimate

- 2.5% average total salary increase estimated for all employees including steps, lanes, longevity and Supermax for teachers
- Health Insurance: HMO 75/25%, Indemnity 50%/50%
- Health Insurance estimate 10% rate increase (still under consideration by Health Insurance Trust)
- Unified Middlesex retirement (for ABRSD non-teacher staff) preliminary annual assessment
- Updated all ABRSD debt service
- Circuit Breaker reimbursement assumed at 72%
- Workers Compensation & Property/Casualty unification from three districts (shift from towns towards ABRSD)
- OPEB Trust Contribution \$376k to \$506k (34% increase)
- No FY'14 to FY'15 budget impact from loss of EdJobs

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FY'14 ABRSD Budget Items

What will we be monitoring over the next several months?

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FY'15 ABRSD Budget Items To Be Closely Monitored In Coming Months

- Chapter 70: Will be a guess based on DESE's estimate from last year; first real number will be part of Governor's proposed FY'15
- Current Assumption: State Aid based on final FY'14 Cherry Sheet
- Another first: Regional Bonus Aid - what should we count on?
- Regional Transportation Revenue (**based on FY'14 expenditures- will be working with DESE throughout spring-500k increase?**)
- Circuit Breaker Reimbursement? (currently estimated at **72%**)
- Health Insurance Trust/Rates for FY'15 (currently at **10%**)?
- "E & D" Reserves Number Used to Support the ABRSD Budget?
- ERI numbers are still evolving (December 15th deadline)
- CASE assessments for Tuition & Transportation (still preliminary)

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Introductory FY'15 Budget Presentation

Upcoming Schedule

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Introductory FY'15 Budget Presentation

- | | |
|----------|--|
| 12/5/13 | ABRSD Transitional School Committee's introductory budget discussion |
| 12/12/13 | ABRSD Transitional School Committee budget discussion continues |
| 12/31/13 | Acton Town Meeting warrant closes |
| 1/7/14 | Beginning of budget review by AB Transitional Regional School Committee (overview/issues) |
| 1/16/14 | Continue discussion of preliminary budget with AB Transitional Regional School Committee |
| 2/1/14 | Transitional School Committee Saturday All-Day Session with presentations by school leaders; Selectmen / Finance Committee / public at large all encouraged to attend |
| 2/6/14 | AB Transitional Regional School Committee budget hearing (required by law) - <i>Possible Budget Vote</i> & Acton and Boxborough Finance Committees / Review / Comments to School |
| 2/13/14 | Possible AB Transitional School Committee meeting if vote needed on Regional budget/assessments |

Acton-Boxborough Regional School District

School Committee Meeting
January 7, 2014

1

ABRSD FY'15 Operating Budget

Superintendent's Introduction

2

ABRSD FY'15 Operating Budget

This Year's Priorities:

- 1) Develop Unified Pre-K to 12 Budget
- 2) Meet The Growing State and Federal Requirements for School Leadership
- 3) Meeting The Needs of Increasing Numbers of Our At-Risk Students

3

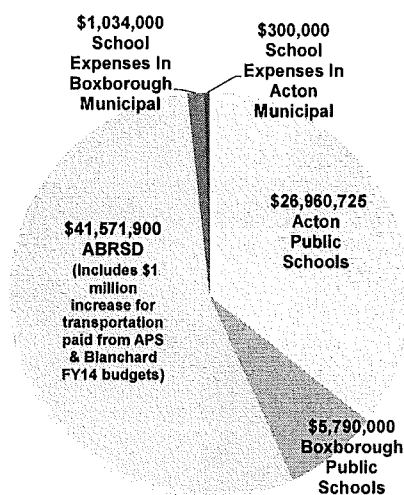
ABRSD FY'15 Operating Budget

ABRSD FY'15 Budget

4

ABRSD FY'15 Operating Budget

Challenge for FY'14 to FY'15 comparisons:



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ABRSD FY'15 Operating Budget (in thousands)

	AB
FY'14 Final (Constructed)	\$75,326
FY'15 Preliminary Budget	\$77,068
\$ Change from Final FY'14	\$1,742
% Change from Final FY'14	2.31%

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ABRSD FY'15 Operating Budget

Reminder:

For the most accurate presentation of the
annual FY14 to FY15 increase,
The FY14 base should be lowered by
\$1,089,570 to account for the change in
regional transportation for a "truer
presentation" of the annual increase

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ABRSD FY'15 Operating Budget

FY14 "Final" to FY15 Preliminary % Increase:
2.31%

FY14 "Adjusted/Lowered" (i.e. \$1,089,570 in
RT taken out)
to FY15 Preliminary
% Increase:
3.81%

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ABRSD FY'15 Operating Budget

Effect on FY15 Towns' Assessments of new Regional Agreement From Appendix A

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ABRSD FY'15 Operating Budget

When appropriated, the FY14 base was actually in
five different places-budgets & regional assessments

Then, the decision to accelerate regional transportation
expenses in FY14 changed things again-ABRSD budget
was increased by \$1million-paid for from APS & Blanchard

Can we put the pieces together
to create an "FY14 Base" in a way that makes the FY14 to
FY15 comparison make sense?

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FY14 to FY15 Comparison: Budgets & Assessments?

	Acton FY14	Boxborough FY14
School Expenses in Town Budgets (EST)	\$300,000	\$1,034,000
Elementary Budgets	\$26,960,725	\$5,798,321
ABRSD Assessments	\$26,459,873	\$5,822,527
Transp. Adjustment	<u>(\$889,198)</u>	<u>(\$200,372)</u>
FY14 TOTAL	\$52,831,400	\$12,454,476

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ABRSD FY'15 Operating Budget

	Acton FY15	Boxborough FY15
FY14 TOTAL	\$52,831,400	\$12,454,476
FY15 Actual (Pre-Shift)	<u>\$52,134,327</u>	<u>\$ 9,899,520</u>
FY14 to FY15 Variance	(\$ 697,073)	(\$ 2,554,956)
 FY15 Actual (Post-Shift)	 \$51,131,875	 \$10,901,972
FY14 to FY15 Variance	(\$ 1,699,525)	(\$ 1,552,504)

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ABRSD FY'15 Operating Budget

Comparison to Regional Agreement ABRSD FY'15 "Base" Budget

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ABRSD FY'15 Operating Budget

Estimated FY15 "Base Budget" from Appendix
A in Regional Agreement (After Funding
Sources Applied):

Boxborough & Acton combined \$62,885,811

Current FY15 "Base Budget" (After Funding
Sources Applied):

Boxborough & Acton combined \$62,033,847

Current Variance: \$851,964 Under

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ABRSD FY'15 Operating Budget

One Example of Regionalization Complexity:

Some Trains Are Leaving The Station....

Some Trains Are Entering The Station....

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ABRSD FY'15 Operating Budget

Complex Process for FY'15:

1. APS Retiree HI shift to Acton Municipal	(\$588k)
2. Middlesex Retirement Assessments Clarified	(\$148k)
3. Workers Compensation	+\$210k
4. Property & Liability	<u>+\$61k</u>
NET FY15 ABRSD Budgetary Effect	(\$465k)

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ABRSD FY'15 Operating Budget

How We Built The FY15 Budget

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Introductory FY'15 Budget Presentation

A. GOAL: Establish Level Service Base

B. Additions required to maintain \$188k
level service (Under Review)

C. (Vacancy Factor) Applied to (\$425k)
select accounts

D. (Regionalization Staff Savings) (\$416k)

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Introductory FY'15 Budget Presentation

E. Retiree HI shift to Acton Municipal / Middlesex Retire / Work Comp / Prop & Casualty	NET (\$465k)
F. (Regionalization Efficiencies)	(\$73k)
G. (3 FTEs/HI Enrollment Decline)	(\$211k)
H. (2.9 FTEs/HI Reduced)	(\$255k)

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Introductory FY'15 Budget Presentation

I. Other Budget Adjustments:	NET \$385k
Highlights:	
“Revised” CASE Tuition Assess - NET	\$148K
(Amount higher than initial FY15 estimate)	
CASE Transportation EST	(\$114k)
Health Insurance Adjustments	\$224k
Miscellaneous “Adjustments”	\$125k
J. Proposed Realignment of Staff (from reductions in G and H)	\$567k

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ABRSD FY'15 Operating Budget

D. Regionalization Staff Savings

Superintendent Salary Cut	(\$164,625)
Business Manager Salary Cut	(\$92,244)
Business Office Secretary Salary Cut	(\$22,846)
Sped Secretary Salary Cut	(\$22,845)
Contracted Services Cut	(\$35,000)
Assistant Principal Cut (.5 FTE)	
& Principal Addition – Reduction & Increase, net:	\$61,453
Clerk/Receptionist Cut	(\$36,424)
Tech Support Salaries - Data Entry Position Cut	(\$25,000)
Teacher – Art	\$7,872
Teacher - Phys Ed Cut	(\$47,623)
Cafeteria Manager Cut	(\$39,172)
	(\$416,454)

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Introductory FY'15 Budget Presentation

G. 3 FTEs/HI Positions Reduced-Enrollment Decline (\$211,130)

■ Grade One Blanchard Elementary School	\$50,123
■ Grade Six Blanchard Elementary School	\$59,614
■ Grade Two Gates Elementary School	\$52,982
■ Health Insurance Savings	\$48,411

H. 2.9 FTEs/HI Positions Reduced (\$255,242)

■ SPED Chairperson Blanchard Elementary	\$52,199
■ Curriculum Specialist Blanchard Elementary	\$77,491
■ Speech & Language Blanchard Elementary	\$52,550
■ Support Position ABRHS	\$24,892
■ Health Insurance Savings	\$48,411

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ABRSD FY'15 Operating Budget

Proposed Additional Staff/Program Requests

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ABRSD FY'15 Operating Budget

J. Proposed Additional Staff - Realignment for FY15:

Three (3.0) FTE Assistant Principals (would now achieve fulltime APs at all six (6) elementary schools)	\$271k
One (1.0) FTE Third SPED Coordinator for Grades 6-8	\$95k
0.5 FTE School Psychologist High School	\$35k
0.6 FTE School Psychologist (Merriam/McT)	\$42k
0.4 FTE School SPED Educator (Merriam)	\$21k
0.4 FTE Speech/Language Chairperson	\$28k
Health Insurance related to new positions included in FY15 budget	\$75k

Details/Justifications will be presented on
 "Budget Saturday," February 1, 2014
TOTAL: \$567k

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ABRSD FY'15 Operating Budget Realignment of Staff for FY15

Positions Reduced		Positions Added	
3 Classroom Teachers	\$ 162,269	3 Asst. Principals	\$ 271,000
0.8 Speech/Lang Specialist*	\$ 52,550	1 Gr 6-8 SPED Coord	\$ 95,000
0.6 SpEd Chairperson	\$ 52,199	0.6 Psych Merriam/McT	\$ 42,000
0.5 HS Support Person	\$ 24,892	0.5 Psych ABRHS	\$ 35,000
1.0 Curriculum Specialist	\$ 77,491	0.4 SPEDTchr Merriam	\$ 21,000
Boxborough Efficiencies	\$ 73,000	0.4 Speech/Lang Chair	\$ 28,000
Health Insurance Savings	\$ 96,822	Health Insurance	\$ 75,000
5.9 FTE	\$539,223	5.9 FTE	\$567,000

*0.4 FTE of this reduction is being re-allocated to new 0.4 FTE Speech/Lang Chairperson.

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ABRSD FY'15 Operating Budget

New FY15 Proposal:

\$110,100 in FY15 anticipated SH/JH energy savings
 \$45,100 in FY15 anticipated preK-6 energy savings
have been already taken out of FY15 budget

Savings placed in brand new accounts for FY15:
 \$110,100 in Capital Outlay-Buildings
 \$45,100 in Outlay/Replacement Equipment-Buildings

\$155,200 will be shown separately on Table 6

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ABRSD FY'15 Operating Budget

- 2.5% total salary increase estimated for all employees including steps, lanes, longevity and Supermax for teachers
- Health Insurance: HMO 75/25%, Indemnity 50/50%
- Health Insurance estimate 10% rate increase due to a combination of market rates and recent claims history (still under consideration by Health Insurance Trust)
- Circuit Breaker reimbursement assumed at 72%
- Updated all ABRSD debt service

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ABRSD FY'15 Operating Budget

What is the amount of "E & D" that we are using for the ABRSD FY'15 budget?

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**Acton Boxborough Regional School District
Use of E & D (Reserves, in thousands)**

FY	E & D	FY	E & D
FY'98	\$0	FY'07	\$284
FY'99	\$99	FY'08	\$359
FY'00	\$100	FY'09	\$650
FY'01	\$230	FY'10	\$450
FY'02	\$330	FY'11	\$924
FY'03	\$300	FY'12	\$318
FY'04	\$45	FY'13	\$519
FY'05	\$500	FY'14	\$729
FY'06	\$398	FY'15	\$300 TBD

**Acton Boxborough Regional School District
Excess & Deficiency Balance FY'98 to FY'14**

FY	E & D	FY	E & D
FY'98	\$391,959	FY'06	\$632,349
FY'99	\$460,077	FY'07	\$1,415,970*
FY'00	\$803,026	FY'08	\$1,231,767*
FY'01	\$427,861	FY'09	\$1,545,953
FY'02	\$467,258	FY'10	\$1,711,823
FY'03	\$767,772	FY'11	\$1,925,118**
FY'04	\$605,464	FY'12	\$1,892,740
FY'05	\$805,557	FY'13	\$1,492,363 EST
		FY'14	\$1,100,000 EST

ABRSD FY'15 Operating Budget

Welcome to The New Irony:

Estimated FY14 Year End Balance of E & D:
\$1,100,000 (current estimate)

Estimated FY15 Year End Balance of OPEB Trust:
\$1,142,000 (If \$506k proposed from FY15 budget
were to be approved)

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ABRSD FY'15 Operating Budget

Biggest Changes in Percentages?	FY'14 to FY'15
■ Principals (Increase due to 3.0 APs being requested)	20.81%
■ Athletics, Coaching and Athletic Supplies	9.68% and 60.48%
■ Health Insurance, Active (currently assuming 10% increase)	9.55%
■ Health Insurance, Retirees (shift to Acton Municipal)	(32.15%)
■ OPEB Trust Contribution	34.57%
■ Capital Outlay Increase and Utilities Decrease	31.53% and (9.67%)
■ SPED Tuition (new assessment formula???)	28.89%
■ Property/Casualty Insurance	178.66%
■ Unemployment Insurance	100%
■ Workers Compensation	167%
■ Middlesex Retirement Assessment for non-teachers	.39%

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ABRSD FY'15 Operating Budget

Because of how the \$1 million in transportation was handled in FY14, be cautious of FY14 to FY15 "Percentage" comparisons in two places:

Support Staff
Student Transportation

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ABRSD FY'15 Operating Budget

Additional Highlighted Details:

Salaries, Athletics-05 +\$31k shifted from Athletic Special Revenue
Other, Athletic Supplies-36 +\$35k shifted from Athletic Special Revenue

FY10 Athletic Special Revenue Balance: \$98,010

FY11 Athletic Special Revenue Balance: \$11,994

FY12 Athletic Special Revenue Balance: \$2,223

FY13 Athletic Special Revenue Balance: \$0

Adjustments made at the close of FY12 and FY13 to balance SRA
Expenses had to be moved into ABRSD general fund from SRA

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ABRSD FY'15 Operating Budget

Additional Highlighted Details:

Other Sped Tuition-41

CASE Tuition Assessment is being "combined" for first time -
"three" numbers into "one"

In December, 2013,
A change in the traditional "two year" time lag methodology is being
proposed by CASE collaborative

FY14 to FY15 "budget to budget" for CASE tuition comparison:
+\$547,000

Still under review - will be carefully monitored

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ABRSD FY'15 Operating Budget

What will we be monitoring in the next
few months for the ABRSD?

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FY'15 ABRSD Budget Items To Be Closely Monitored In Coming Months

- Chapter 70: "Guess" based on DESE's estimate from last year; first real number will be part of Governor's proposed FY'15
- Current Assumption: State Aid based on final FY'14 Cherry Sheet
- Another first: Regional Bonus Aid - what should we count on?
- Regional Transportation Revenue (**based on FY'14 expenditures - working with DESE. 500k increase?**)
- Circuit Breaker Reimbursement? (currently estimated at **72%**)
- Health Insurance Trust/Rates for FY'15 (currently at **10%**)?
- FY15 CASE "preliminary assessments" for Tuition are now in - still under review due to change in methodology; FY15 CASE Transportation assessments are in
- Will take second look to see if certain expenses can be moved to Special Revenue Accounts

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Current Unaddressed Needs

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ABRSD Highlighted Personnel Requests Not
Included In FY'15 Budget

	<u>Total Cost</u>
Curriculum Specialist (2 nd ELA Coordinator)	\$ 77,481
Increase Elementary School Psychologists	\$ 50,000
Increase Hours Regional Treasurer	\$ 60,000
2.0 FTEs Elementary Special Educators (Plus HI)	\$138,000
25 Hour Elementary School Technology Schools	\$ 75,000

Non-Level Service FY'15 Highlighted Budget Requests
– ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Blanchard School Math Program	\$60,000
Conant Stone Area Removal	\$10,000
Increase Learning Materials Line Item	\$22,800
Douglas School Art Room Smart Board	\$4,000
Increase Elementary Schools Supply Accounts	\$60,000
High School Sidewalk Repair	\$50,000
Gates Gambrel Shed Purchase	\$5,000
Musical Instrument Purchase Backlog	\$15,000

Non-Level Service FY'15 Highlighted Budget Requests
 – ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Gates Smart Board Music Room	\$4,000
Conant Main Front Office Refurbishment	\$10,000
Increase JH Textbook Purchase Line Item	\$7,000
High School Language Lab Software	\$24,644
SPED Technology: Desktops, Chromebooks, Ipads	\$15,940
High School Lower Gym Bleachers Repairs	\$10,000

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Non-Level Service FY'15 Highlighted Budget Requests
 – ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Blanchard School Window Replacement	\$180,000
Blanchard School Suppression Chamber Waterproofing	\$25,000
Blanchard School Driveway Repair	\$10,000
Blanchard School Parking Lot	\$80,000
Blanchard School Driveway & Lot	\$20,000
Blanchard School HVAC/Pneumatic Offices	\$16,000

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School Committee FY'15 Budget Schedule

Upcoming Schedule and
Material To Cover

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School Committee FY'15 Budget Schedule

January 15, 2014

Publication of new Budget Detail & Format

Review of New Account Structures

ALG & BLF Updates

OPEB Liability Update

February 1, 2014

FY15 "Budget Saturday" Presentations

Preliminary Budget Vote

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Introductory FY'15 Budget Presentation

- 12/5/13 ABRSD Transitional School Committee's introductory budget discussion
- 12/12/13 ABRSD Transitional School Committee budget discussion continues
- 12/31/13 Acton Town Meeting warrant closes
- 1/7/14 Beginning of budget review by AB Transitional Regional School Committee (overview/issues)
- 1/16/14 Continue discussion of preliminary budget with AB Transitional Regional School Committee
- 2/1/14 Transitional School Committee Saturday All-Day Session with presentations by school leaders; Selectmen / Finance Committee / public at large all encouraged to attend (preliminary vote)
- 2/6/14 AB Transitional Regional School Committee budget hearing (required by law) - *Possible Budget Vote* & Acton and Boxborough Finance Committees / Review / Comments to School
- 2/13/14 Possible AB Transitional School Committee meeting if vote needed on Regional budget/assessments

ABRSD Budget Presentation by Department for Public Input

Saturday, February 1, 2014
9 a.m. – 3 p.m.
R.J. Grey Junior High Library

Staff Presentations
School Committee Questions
Public Input

Acton-Boxborough Regional School District

School Committee Meeting
January 15, 2014

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ABRSD FY'15 Operating Budget

New Budget Format
Progress Made So Far.....

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ABRSD FY'15 Operating Budget

- Easier to read, booklet format
- Long Range Strategic Plan included
- Budget Challenges Memo
- New version of Table 6 Included
- New FY15 Budget by Character Code format
- Update of Special Revenue Account Balances
- Athletic Expense Information Added
- Glossary of Municipal Finance Terms

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ABRSD FY'15 Operating Budget

REMINDER FOR THE UPCOMING SEASON:

All final FY13 and FY14 Budget numbers are real to the best of our ability, but have been placed in context within the new FY15 budget structure

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Proposed Changes to FY15 Chart of Accounts

Salaries, Teaching - 01	Salaries, Teaching - 01
Salaries, Principals - 02	Salaries, Principals - 02
Salaries, Cntrl Admn - 03	Salaries, Central Administration - 03
Salaries, Supp Staff - 04	Salaries, Support Staff - 04
Salaries, Athletics - 05	Salaries, Athletics - 05
Salaries, Buildings - 06	Salaries, Buildings - 06
Salaries, Custodial - 07	Salaries, Custodial - 07
Salaries, Home Inetr - 08	Salaries, Home Instruction - 08
Salaries, Subs - 09	Salaries, Miscellaneous Pupil Services - 09
Fringes, Course Reimb - 10	Salaries, Subs Miscellaneous - 11
Fringes, Health Insurance - 11	Salaries, Subs Instructional - 12
Fringes, Other EE Ins. - 12	Salaries, Overtime - 13
Fringes, Unemployment - 13	Stipends, Curriculum/Instruction - 14
Fringes, Workers Comp. - 14	Fringe, Course Reimbursement - 15
Fringes, Pension - 15	Fringe, Health Insurance - 16
Instruction Supplies - 16	Fringe, Health Insurance, Retiree - 17
Instructional Textbooks - 17	Fringe, Life/Disability Insurance - 18
Instructional, Library - 18	Fringe, Unemployment Insurance - 19
Other, Capital Outlay - 19	Fringe, Workers Compensation - 20
Other, Debt Service - 21	Fringe, Middlesex County Retirement System - 21
Other, Property/Casualty - 22	Fringe, Medicare - 22
Other, Maint Buildings/Grounds - 23	Contributions, OPEB Trust Fund - 23
Other, Maintenance Equipment - 24	Instruction Supplies - 24
Other, Legal Service - 26	Instruction Textbooks - 25
Other, Admin Supplies - 27	Instructional, Library - 26
Other, Athletic Supp - 28	Other, Capital Outlay - 27
Other, Custodial Supp - 29	Other, Debt Service - 29
Other, Sped Transp - 30	Other, Property/Casualty - 30
Other, Student Trans - 31	Other, Maint Buildings/Grounds - 31
Other, Travel - 32	Other, Maintenance Equipment - 32
Other, Sped Tuition - 33	Other, Legal Service - 34
Other, Utilities - 34	Other, Admin Supplies - 35
Other, Sewer - 35	Other, Athletic Supplies - 36
	Other, Custodial Supplies - 37
	Other, Sped Transportation - 38
	Other, Student Transportation - 39
	Other, Travel, Conferences - 40
	Other, Sped Tuition - 41
	Other, Utilities - 42
	Other, Telephone - 43
	Other, Sewer - 44

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ABRSD FY'15 Operating Budget

- Substitutes now split in two: Miscellaneous and Instructional
- Overtime now broken out on its own
- Stipends now broken out on its own
- Health Institute now split in two: Active and Retirees
- Middlesex Retirement, Medicare, OPEB contribution all out on their own
- Utilities, Telephone, Sewer-now broken out
- All Other Character Code breakouts maintained

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ABRSD FY'15 Operating Budget

New Account Numbers and Accounts
Progress Made So Far.....

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ABRSD FY'15 Operating Budget

Last time Chart of Accounts (COA) was revamped
was approximately ten years ago

New COA was needed for uniting the three school
systems:

- APS and AB using MUNIS; Blanchard using VADAR

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ABRSD FY'15 Operating Budget

- All accounts had to be recoded (general fund, grants, special revenue accounts, revenue accounts, general ledger/balance sheet)
- First time Chart was developed for a Regional School System - not as part of Town of Acton
- Process now in seventh month

New budget accounts have an eight digit number = ORG

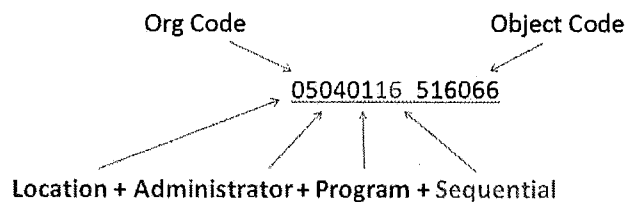
Then, a six digit number = OBJECT CODE

Budget Account Titles Are Now More Mainstreamed & Understandable

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ABRSD FY'15 Operating Budget

Numbers Sequence for "Appropriated" Organization (Org) Code:



Numbers Sequence for Object Code:

Six digits (increased from five) give us greater ability to describe the precise expense account.

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ABRSD FY'15 Operating Budget

New Chart of Accounts ...

Due to the complexity, many account numbers are not yet coded (mostly Blanchard accounts)

Pre-FY15 budgets have been reorganized and/or merged to include all schools

Testing in MUNIS is still ongoing

The finalization of accounts should be completed before the approval of FY15 budget

Presentation changes at CC level; but no overall increase

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ABRSD FY'15 Operating Budget

New Chart of Accounts ...

Increases ability to create useful reports in MUNIS

- ◆ for Superintendent, School Committee
- ◆ by Location or Administrator (i.e. Community Ed, Athletics)

Accounts are now in sequence

Improvements will aid in "End of Year Report" creation

- ◆ Location codes are better organized
- ◆ Decreases the number of manual adjustments in EXCEL
- ◆ Increases efficiency in EOY process

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ABRSD FY'15 Operating Budget

NEWSFLASH:

We tried; But we didn't do everything right

We will be making corrections, alterations as
we discover them

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ABRSD FY'15 Operating Budget

GETTING COMFORTABLE:

New Budget Format

New Budget Accounts and Titles

New Table 6 Implementing Appendix A

First Time APS & ABRSD & Blanchard
appear together in a new format

Exposure & Training for Administrators & staff

First Time Blanchard budget not seen
as a "stand alone" district/building budget

Intellectual and Informational Journey

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FY'15 Operating Budget

- Thanks to Administrators
- Thanks to Regional Treasurer Tess Summers
- Thanks to Dr. Curtis Bates & Clare Jeannotte, Boxborough Public Schools
- Special Thanks to Peter Ashton-new Table 6
- Special Thanks to Marie Altieri & Sharon Goose
- Special Thanks to Melissa Andrew, Tom Blondin and Denise Kelly
- Thanks to The Abrahams Group

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ABRSD FY'15 Operating Budget

Review of OPEB Liability

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ABRSD FY'15 Operating Budget

OPEB Trust Fund Contribution:

FY'13: \$236k FY'14: \$376k FY'15: \$506k

Part of ABRSD's annual operating budget

- Clearly Identified on Table 6
- Through 12/19/13: \$636,653 Balance
- Not Counted as part of our E & D balance

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ABRSD FY'15 Operating Budget

OPEB Trust Fund Contribution

Liability Through December 31, 2010 (Pay As You Go)

APS \$28,221,115

ABRSD \$43,598,441

TOTAL \$71,819,556

Liability Through December 31, 2012 (Partially Funded 6.25%
Discount Rate)

APS \$17,137,698

ABRSD \$22,926,000

TOTAL \$40,063,698

ABRSD FY'15 Operating Budget

OPEB Trust Fund Contribution
Next Valuation Will Be Through December 31, 2014:
First Time as preK-12 Regional District

Unfunded Pension Liability-Middlesex County
Beginning in FY15, we will be required to implement
GASB Statement No. 68

Will receive unfunded pension liability from Middlesex
County and will be placed on Statement of Net Assets for
first time

School Committee FY'15 Budget Schedule

Upcoming Schedule and
Material To Cover

School Committee FY'15 Budget Schedule

January 22, 2014
Governor's Proposed FY15 Budget

February 1, 2014
FY15 "Budget Saturday" Presentations

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Introductory FY'15 Budget Presentation

- | | |
|----------|--|
| 12/5/13 | ABRSD Transitional School Committee's introductory budget discussion |
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| 2/6/14 | Continue discussion of budget with AB Transitional Regional School Committee |
| 2/13/14 | AB Transitional Regional School Committee budget hearing (required by law) - <i>Possible Budget Vote</i> & Acton and Boxborough Finance Committees / Review / Comments to School |

ABRSD Budget Presentation
by Department for Public Input

Saturday, February 1, 2014
9 a.m. – 3 p.m.
R.J. Grey Junior High Library

Staff Presentations
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Public Input

5.

ACTON HEALTH INSURANCE TRUST

Balance Sheet
November 30, 2013

ASSETS

Current Assets		
Sovereign Checking	\$	1,411,271.77
Sovereign Savings		686,839.82
Lowell Five - Due 8/2014		766,005.20
Citizens - Money Market		103,307.32
Citizens - Checking		57,217.68
Citizens - MM Savings		10,158.06
A/R Acton-Boxborough		106,154.80
Prepaid Expenses		3,666.50
		<hr/>
Total Current Assets		3,144,621.15

Total Assets	\$	<u><u>3,144,621.15</u></u>
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LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	(367,854.51)
IBNR		850,000.00
Prepaid Revenue (12 mos)		265,143.11
APS Prepaid Revenue (10 mos)		149,720.28
AB Prepaid Revenue (10 mos)		202,997.30
		<hr/>
Total Current Liabilities		1,100,006.18
		<hr/>
Total Liabilities		1,100,006.18
Capital		
UNDESIGNATED FUND BALANCE		2,299,608.46
Net Income		(254,993.49)
		<hr/>
Total Capital		2,044,614.97
		<hr/>
Total Liabilities & Capital	\$	<u><u>3,144,621.15</u></u>

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ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
BC MHP -EE	\$ 6,668.86	\$ 5,868.98	\$ 29,934.51	\$ 27,901.77
BC MHP -ER	4,811.17	4,142.72	24,377.39	22,743.10
NWB HMO -EE	133,756.45	123,149.42	636,757.62	612,063.39
NWB HMO -ER	349,033.92	318,273.31	1,752,459.76	1,685,723.10
HPHC -EE	120,625.82	108,855.57	565,202.32	533,908.41
HPHC -ER	314,235.73	291,767.86	1,552,580.15	1,501,170.37
BC RETIREE -EE	14,039.00	20,788.50	76,842.75	101,373.00
BC RETIREE -ER	15,259.00	18,610.50	77,452.75	101,591.00
NWB RETIREE -EE	33,394.00	27,665.00	178,647.00	142,736.00
NWB RETIREE -ER	35,500.00	30,315.00	177,969.00	142,824.50
HPHC RETIREE EE	10,626.00	13,617.50	56,676.00	67,394.60
HPHC RETIREE ER	10,150.00	13,925.50	56,261.50	69,272.26
MEDEX -EE	69,013.00	60,300.45	373,503.75	331,071.84
MEDEX -ER	73,548.14	65,086.20	365,407.67	326,196.72
REINSURANCE RECOVERY	0.00	0.00	88,751.83	0.00
INTEREST INCOME	933.25	610.70	5,095.36	4,795.08
MEDICARE REIMBURSEMENT	0.00	35,656.91	76,721.94	69,159.23
Total Revenues	1,191,594.34	1,138,634.12	6,094,641.30	5,739,924.37
Gross Profit	1,191,594.34	1,138,634.12	6,094,641.30	5,739,924.37
Expenses				
BANK FEES & S/C	0.00	0.00	69.00	0.00
IBNR ADJUSTMENT	0.00	0.00	0.00	(800,000.00)
LEGAL & ACCOUNTING	0.00	9,000.00	9,000.00	9,000.00
OFFICE SUPPLIES & EXPENSES	0.00	0.00	46.00	0.00
TREASURY SERVICES	1,610.00	1,610.00	8,050.00	8,050.00
CONTRACTUAL SERVICES	3,666.50	3,333.00	22,833.50	21,167.00
REINSURANCE - IND.	9,196.32	7,628.50	45,415.16	38,752.78
REINSURANCE - FAMILY	42,665.60	36,601.26	213,726.00	183,951.72
HEALTH INS - BC MHP	38,900.00	66,000.00	173,414.18	330,000.00
HEALTH INS - NETWORK BLUE	674,600.00	608,900.00	3,039,844.02	3,263,465.30
HEALTH INS - BC MEDEX	138,800.00	138,000.00	626,525.37	690,000.00
HEALTH INS - HPHC	400,000.00	462,000.00	2,059,984.04	2,935,737.23
HPHC ADMINISTRATION FEES	30,152.12	30,027.26	150,727.52	166,106.54
Total Expenses	1,339,590.54	1,363,100.02	6,349,634.79	6,846,230.57
Net Income	\$ (147,996.20)	\$ (224,465.90)	\$ (254,993.49)	\$ (1,106,306.20)

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2 of 7

ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

BLUE CROSS MHP	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
BC MHP -AB EE	\$ 4,570.80	\$ 4,032.00	\$ 18,837.11	\$ 18,340.44
BC MHP -AP EE	867.60	754.20	4,945.10	3,606.04
BC MHP -TA EE	1,230.46	1,082.78	6,152.30	5,955.29
BC MHP -AB ER	4,570.80	4,032.00	18,837.12	18,340.44
BC MHP AB 1/20 PAYS	(1,359.37)	(1,260.96)	(4,059.95)	(3,785.77)
BC MHP -AP ER	867.60	754.20	4,945.11	3,606.04
BC MHP AP 1/20 PAYS	(498.32)	(465.30)	(1,497.19)	(1,372.90)
BC MHP -TA ER	1,230.46	1,082.78	6,152.30	5,955.29
Total Revenues	11,480.03	10,011.70	54,311.90	50,644.87
 BC RETIREE -AB EE	 3,163.00	 7,162.50	 23,745.00	 28,843.50
BC RETIREE -AP EE	7,085.00	6,159.50	35,425.00	32,683.00
BC RETIREE -TA EE	3,791.00	7,466.50	17,672.75	39,846.50
BC RETIREE -AB ER	4,383.00	4,984.50	24,355.00	29,061.50
BC RETIREE -AP ER	7,085.00	6,159.50	35,425.00	32,683.00
BC RETIREE -TA ER	3,791.00	7,466.50	17,672.75	39,846.50
Total Revenues	29,298.00	39,399.00	154,295.50	202,964.00
Gross Profit	40,778.03	49,410.70	208,607.40	253,608.87
 Expenses				
HEALTH INS - BC MHP	38,900.00	66,000.00	173,414.18	330,000.00
Total Expenses	38,900.00	66,000.00	173,414.18	330,000.00
Net Income	\$ 1,878.03	\$ (16,589.30)	\$ 35,193.22	\$ (76,391.13)

ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

BLUE CROSS HMO	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
NWB HMO -AB EE	\$ 66,114.28	\$ 61,513.08	\$ 309,220.43	\$ 290,165.05
NWB HMO -AP EE	39,138.70	35,395.16	183,029.42	172,568.41
NWB HMO -TA EE	28,503.47	26,241.18	144,507.77	149,329.93
NWB HMO -AB ER	203,437.17	188,017.46	942,495.11	889,687.63
NWB HMO AB 1/20 PAYS	(34,663.84)	(32,785.03)	(102,857.27)	(98,429.82)
NWB HMO -AP ER	118,760.95	106,185.36	551,759.12	516,299.91
NWB HMO AP 1/20 PAYS	(23,919.57)	(21,868.72)	(72,364.97)	(65,433.43)
NWB HMO -TA ER	85,419.21	78,724.24	433,427.77	443,598.81
Total Revenues	482,790.37	441,422.73	2,389,217.38	2,297,786.49
NWB RETIREE -AB EE	12,081.00	10,967.50	62,237.00	57,769.50
NWB RETIREE -AP EE	10,112.00	8,749.00	62,850.00	45,224.00
NWB RETIREE -TA EE	11,201.00	7,948.50	53,560.00	39,742.50
NWB RETIREE -AB ER	12,896.00	12,138.50	64,545.00	58,597.50
NWB RETIREE -AP ER	8,958.00	10,228.00	57,419.00	44,484.50
NWB RETIREE -TA ER	13,646.00	7,948.50	56,005.00	39,742.50
Total Revenues	68,894.00	57,980.00	356,616.00	285,560.50
Gross Profit	551,684.37	499,402.73	2,745,833.38	2,583,346.99
Expenses				
HEALTH INS - NETWORK BLUE	674,600.00	608,900.00	3,039,844.02	3,263,465.30
Total Expenses	674,600.00	608,900.00	3,039,844.02	3,263,465.30
Net Income	\$ (122,915.63)	\$ (109,497.27)	\$ (294,010.64)	\$ (680,118.31)

ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

HARVARD PILGRIM	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
HPHC -AB EE	\$ 56,568.04	\$ 48,773.84	\$ 265,203.01	\$ 243,597.51
HPHC -AP EE	43,277.10	41,293.19	196,005.52	187,938.98
HPHC -TA EE	20,780.68	18,788.54	103,993.79	102,371.92
HPHC -AB ER	105,263.83	164,719.54	750,194.80	788,943.80
HPHC AB 1/20 PAYS	(31,945.12)	(29,002.14)	(96,080.08)	(87,072.51)
HPHC -AP ER	203,990.48	123,879.53	662,346.71	562,411.27
HPHC AP 1/20 PAYS	(25,414.54)	(24,195.20)	(75,858.12)	(70,482.71)
HPHC -TA ER	62,341.08	56,366.13	311,976.84	307,370.52
Total Revenues	434,861.55	400,623.43	2,117,782.47	2,035,078.78
HPHC RETIREE -AB EE	2,308.00	5,977.00	12,218.00	27,358.50
HPHC RETIREE -AP EE	4,041.00	4,806.00	23,073.00	25,863.60
HPHC RETIREE -TA EE	4,277.00	2,834.50	21,385.00	14,172.50
HPHC RETIREE -AB ER	2,308.00	5,977.00	12,218.00	27,358.50
HPHC RETIREE -AP ER	3,565.00	5,114.00	21,504.50	27,426.66
HPHC RETIREE -TA ER	4,277.00	2,834.50	22,539.00	14,487.10
Total Revenues	20,776.00	27,543.00	112,937.50	136,666.86
Gross Profit	455,637.55	428,166.43	2,230,719.97	2,171,745.64
Expenses				
HEALTH INS - HPHC	400,000.00	462,000.00	2,059,984.04	2,935,737.23
HPHC ADMINISTRATION FEES	30,152.12	30,027.26	150,727.52	166,106.54
Total Expenses	430,152.12	492,027.26	2,210,711.56	3,101,843.77
Net Income	\$ 25,485.43	\$ (63,860.83)	\$ 20,008.41	\$ (930,098.13)

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ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

MEDEX	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
MEDEX -AB EE	\$ 34,112.14	\$ 30,054.51	\$ 187,321.00	\$ 163,953.45
MEDEX -AP EE	21,492.62	19,143.00	107,265.92	99,160.74
MEDEX -TA EE	13,408.24	11,102.94	78,916.83	67,957.65
MEDEX -AB ER	37,267.02	32,351.67	182,391.50	162,141.21
MEDEX -AP ER	21,295.44	19,525.86	105,294.12	97,820.73
MEDEX -TA ER	14,985.68	13,208.67	77,722.05	66,234.78
Total Revenues	142,561.14	125,386.65	738,911.42	657,268.56
Gross Profit	142,561.14	125,386.65	738,911.42	657,268.56
Expenses				
HEALTH INS - BC MEDEX	138,800.00	138,000.00	626,525.37	690,000.00
Total Expenses	138,800.00	138,000.00	626,525.37	690,000.00
Net Income	\$ 3,761.14	\$ (12,613.35)	\$ 112,386.05	\$ (32,731.44)

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ACTON HEALTH INSURANCE TRUST
Income Statement
For the Five Months Ending November 30, 2013

ADMINISTRATION	Current Month This Year	Current Month Last Year	Year to Date This Year	Year to Date Last Year
Revenues				
REINSURANCE RECOVERY	\$ 0.00	\$ 0.00	\$ 88,751.83	\$ 0.00
INTEREST INCOME	933.25	610.70	5,095.36	4,795.08
MEDICARE REIMBURSEMENT	0.00	35,656.91	76,721.94	69,159.23
Total Revenues	<u>933.25</u>	<u>36,267.61</u>	<u>170,569.13</u>	<u>73,954.31</u>
Gross Profit	<u>933.25</u>	<u>36,267.61</u>	<u>170,569.13</u>	<u>73,954.31</u>
Expenses				
BANK FEES & S/C	0.00	0.00	69.00	0.00
IBNR ADJUSTMENT	0.00	0.00	0.00	(800,000.00)
LEGAL & ACCOUNTING	0.00	9,000.00	9,000.00	9,000.00
OFFICE SUPPLIES & EXPENSES	0.00	0.00	46.00	0.00
TREASURY SERVICES	1,610.00	1,610.00	8,050.00	8,050.00
CONTRACTUAL SERVICES	3,666.50	3,333.00	22,833.50	21,167.00
REINSURANCE - IND.	9,196.32	7,628.50	45,415.16	38,752.78
REINSURANCE - FAMILY	42,665.60	36,601.26	213,726.00	183,951.72
Total Expenses	<u>57,138.42</u>	<u>58,172.76</u>	<u>299,139.66</u>	<u>(539,078.50)</u>
Net Income	<u>\$ (56,205.17)</u>	<u>\$ (21,905.15)</u>	<u>\$ (128,570.53)</u>	<u>\$ 613,032.81</u>

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BF**Bill Fraher, CPA**

**ACTON HEALTH INSURANCE TRUST
FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2013 and 2012
WITH INDEPENDENT AUDITOR'S REPORT**

ACTON HEALTH INSURANCE TRUST
FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
Acton Health Insurance Trust:

Report on the Financial Statements

I have audited the accompanying financial statements of the Acton Health Insurance Trust (the Trust), as of and for the years ended June 30, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of a material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

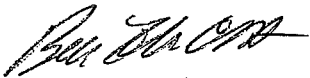
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Acton Health Insurance Trust as of June 30, 2013 and 2012, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 4 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge obtained during the audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Management has omitted ten year claims development information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. My opinion on the financial statements is not affected by this missing information.



Bill Fraher, CPA
December 19, 2013

Acton Health Insurance Trust
Management's Discussion & Analysis
June 30, 2013

The management of Acton Health Insurance Trust (the Trust) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the fiscal year ending June 30, 2013. Please read this discussion and analysis in conjunction with the Trust's basic financial statements on the accompanying pages.

The Trust

The Health Insurance Trust offers a variety of health insurance products to employees and retirees of the general government and schools (K-6) of Acton and of the Acton-Boxborough Regional School District.

<u>Plan</u>	<u>FY 13</u> <u>Individuals</u>	<u>FY 13</u> <u>Families</u>	<u>FY 12</u> <u>Individuals</u>	<u>FY 12</u> <u>Families</u>
Blue Cross Master Health (Indemnity Plan)	10	4	21	11
Blue Cross Elect (PPO)	10	1	10	7
Blue Cross (HMO)	155	282	166	283
Harvard Pilgrim (HMO)	93	248	93	250
Blue Cross Medex (Medicare Supplement)	370		342	
Medicare Plans (Premium Based)	72		54	
Total	710	535	686	551

(Enrollment for FY 12 and for FY 13 from Cash Flow Report for June)

Basic Financial Statements

The basic financial statements are prepared using the accrual basis of accounting. Revenues are recorded when received or earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position; a statement of cash flows and notes to the financial statements.

The statement of net position presents information on the assets and liabilities of the Trust, with the difference being reported as net position.

The statement of revenues, expenses, and changes in net position reports the operating and non-operating revenues and expenses of the Trust for the fiscal year 2013. The net result of these activities combined with the beginning of the year net position reconciles to the net position at the end of the current fiscal year. Health insurance claims and administrative charges are presented net of reimbursements received from reinsurance.

Acton Health Insurance Trust
Management's Discussion & Analysis
June 30, 2013

The statement of cash flows reports the changes in cash for the year resulting from operating and investing activities. Cash at the end of the year is the net result of changes in cash for the year when added to the balance of cash at the beginning of the year.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements follow the basic financial statements described above.

Financial Highlights

- Revenues in the form of participant contributions fell in FY 13 to \$13,553,316 compared to \$14,252,148 in FY 12, a decrease of 4.9%. Revenue from the federal government was \$164,964 from Medicare part D. Medicare part D revenue was \$17,396 less than in FY 12.
- Health claims and administration charges were \$13,854,308, a decrease of \$681,968 compared to FY 12. This was a decrease of 4.7 percent. Total operating expenses (including the cost of stop-loss insurance and consulting services) were \$14,465,373, a 4.5 percent decrease compared to FY 12.
- Assets exceeded liabilities by \$2,299,608 at the end of the fiscal year. This did not include funds (IBNR) held to pay claims incurred during fiscal 13 but not yet submitted to the Trust for payments.
- For the year ended June 30, 2013, net position decreased by \$731,553. This largely reflects the operating loss of \$747,093. This loss and subsequent decline in net position represented a continuation of the trend since FY 11.
- Net assets as a percentage of operating expenses were 15.9% at the close of the fiscal year, down from the previous year's 20.0% which its self was down from the previous year's 25.9%.

Actuarial Assumptions

Each year the Trustees make actuarial assumptions to project annual claims costs for each health plan. These are on a-per member/per month basis. The Trust establishes rates on a plan by plan basis, though it treats the two HMO plans as if they were a single plan.

Beginning in FY 05 the Trustees attempted to establish rates that would fund anticipated costs. Extraordinary claims costs led to a deficit in FY 05. In FY 07 the Trustees increased rates to cover not only expenses but also to begin to rebuild net position. This continued in FY 08. In FY 09 and FY 10 the increased rates were designed to only cover increased expenses while the forecast for FY 13 had been for a modest decrease in net position to counter the previous year's unexpected increase in net position. That the decline was much larger than expected reflects an overly optimistic expectation of the impact on the Trust's finances stemming from the agreement with employees for their paying a greater proportion of the "premiums" and a standardized system for co-pays, as well as significant claims for a number of members' claims which did not reach the threshold for re-insurance.

Acton Health Insurance Trust
Management's Discussion & Analysis
June 30, 2013

Condensed Financial Information

Acton Health Insurance Trust
Comparative Summary
2012 to 2013

	2013	2012	Change	% Change
Cash	\$3,818,978	\$5,446,742	\$(1,627,764)	(29.8)
Other Assets	790,942	2,165,666	(1,374,724)	(63.5)
Total Assets	<u>4,609,920</u>	<u>7,612,408</u>	<u>(3,002,448)</u>	<u>(39.4)</u>
Claims liabilities	850,000	1,850,000	(1,000,000)	(54.1)
Other current liabilities	1,460,312	2,731,247	(1,270,935)	(46.5)
Total Liabilities	<u>2,310,312</u>	<u>4,581,247</u>	<u>(2,270,935)</u>	<u>(49.5)</u>
Unrestricted net position	<u>2,299,606</u>	<u>3,031,161</u>	<u>(731,555)</u>	<u>(24.1)</u>
Member contributions	13,553,316	14,252,148	(698,832)	(4.9)
Medicare Part D & ERRP	164,964	295,436	(130,472)	(44.2)
Claims expense	13,854,308	14,536,276	(681,968)	(4.7)
Other expenses	611,065	613,328	(2,263)	(0.4)
Operating income	<u>(747,093)</u>	<u>(602,020)</u>	<u>(145,073)</u>	<u>(24.1)</u>
Investment income	15,540	18,141	(2,601)	(14.3)
Change in net position	<u>\$(731,553)</u>	<u>\$(583,879)</u>	<u>\$(147,674)</u>	

Economic Factors Affecting the Subsequent Year

The Trust is operating in an environment of continuing rapid changes in health care costs and health insurance plans. The advent of the Affordable Care Act will present the Trust with unknown issues. The Trust will attempt to anticipate their impact rather than just react.

Requests for information

This financial report is intended to provide an overview of the finances of the Trust. Any questions concerning this report, or for additional information, please contact the Trust's Chair, Robert Evans Jr., through Sharon Summers, Treasurer of the Acton-Boxborough Regional District School System at 978-264-4700.

ACTON HEALTH INSURANCE TRUST

Statement of Net Position

June 30, 2013 and 2012

	<u>2013</u> <u>Total</u>	<u>2012</u> <u>Total</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,818,978	\$ 5,446,742
Receivables:		
Member accounts	-	-
Reinsurance claims	14,564	2,165,666
Total receivables	14,564	2,165,666
Prepaid expenses	776,378	-
Total assets	<u>\$ 4,609,920</u>	<u>\$ 7,612,408</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	825	1,342,474
Claims liabilities	850,000	1,850,000
Participants' advance contributions	1,459,487	1,388,773
Total liabilities	<u>2,310,312</u>	<u>4,581,247</u>
<u>NET POSITION</u>		
Unrestricted	<u>2,299,608</u>	<u>3,031,161</u>
Total net position	<u>2,299,608</u>	<u>3,031,161</u>
Total liabilities and net position	<u>\$ 4,609,920</u>	<u>\$ 7,612,408</u>

See the accompanying notes to the financial statements.

ACTON HEALTH INSURANCE TRUST
Statement of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012

	2013	2012
	<u>Total</u>	<u>Total</u>
Operating revenues:		
Participants' contributions	\$ 13,553,316	\$ 14,252,148
Intergovernmental revenue - ERRP	-	113,076
Intergovernmental revenue - Medicare Part D	<u>164,964</u>	<u>182,360</u>
Total operating revenues	<u>13,718,280</u>	<u>14,547,584</u>
Operating expenses:		
Health claims and administration charges	13,854,308	14,536,276
Stop loss insurance premiums	535,540	502,176
Consulting services and other	<u>75,525</u>	<u>111,152</u>
Total operating expenses	<u>14,465,373</u>	<u>15,149,604</u>
Operating income (loss)	(747,093)	(602,020)
Nonoperating revenues:		
Investment income	<u>15,540</u>	<u>18,141</u>
Changes in net position	(731,553)	(583,879)
Net position, beginning of year	<u>3,031,161</u>	<u>3,615,040</u>
Net position, end of year	<u>\$ 2,299,608</u>	<u>\$ 3,031,161</u>

See the accompanying notes to the financial statements.

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ACTON HEALTH INSURANCE TRUST

Statement of Cash Flows

Years Ended June 30, 2012 and 2011

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from participants	\$ 13,788,994	\$ 14,373,603
Cash paid to insurance providers and other vendors	<u>(15,432,298)</u>	<u>(14,911,014)</u>
Net cash provided (used) by operating activities	<u>(1,643,304)</u>	<u>(537,411)</u>
Cash flows from investing activities:		
Interest on deposits	<u>15,540</u>	<u>18,141</u>
Net cash provided by investing activities	<u>15,540</u>	<u>18,141</u>
Net increase (decrease) in cash	(1,627,764)	(519,270)
Cash, beginning of year	<u>5,446,742</u>	<u>5,966,012</u>
Cash, end of year	<u><u>\$3,818,978</u></u>	<u><u>\$5,446,742</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	(\$747,093)	(\$602,020)
Changes in operating assets and liabilities:		
Accounts receivable	-	-
Prepaid expenses	(776,378)	105,617
Accounts payable	(1,341,649)	1,295,533
Reinsurance receivable	2,151,102	(1,962,560)
Claims liabilities	(1,000,000)	800,000
Participant advanced contributions	<u>70,714</u>	<u>(173,981)</u>
Net cash provided (used) by operating activities	<u><u>(\$1,643,304)</u></u>	<u><u>(\$537,411)</u></u>

See the accompanying notes to the financial statements.

ACTON HEALTH INSURANCE TRUST
Notes to Financial Statements
June 30, 2013 and 2012

Note 1. Organization

The Acton Health Insurance Trust (the Trust) Acton, Massachusetts, is a Massachusetts Municipal Joint Health Insurance Purchase Trust formed pursuant to Massachusetts General Laws, Chapter 32B, Section 12 and Chapter 40, Section 4A under a certain joint purchase agreement which became effective in July 2003. As a governmental entity, the Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 nor is it subject to federal and state income taxes.

The Trust offers health benefits to all eligible employees and retirees of its two participating governmental units, the Town of Acton and the Acton-Boxborough Regional School District. The number of subscribers in the self-funded medical plans was 1,170 at June 30, 2013 and 1,196 at June 30, 2012.

Governmental units may apply for membership and be added to the Trust, commencing on a date mutually agreed upon, provided that no less than two-thirds of the Board representatives present at a duly called meeting of the Board vote to accept such additional participants.

Any participating governmental unit may withdraw participation at its discretion. A governmental unit that elects to terminate participation in the Trust must notify the Trustees of such intent to withdraw 60 days prior to the end of the fiscal year, to be effective at the end of the fiscal year.

There is no liability for premium or administrative expense following the effective date of termination of a participating governmental unit's coverage under a contract purchased through the Trust except for the governmental unit's proportionate share of any deficit in the Trust as of its termination date, or of any premium expense or any subsequent expense for its covered individuals continued on the plan after termination. Any net position is apportioned to the terminating member on a pro rata basis.

Contributions to the Trust's trust fund from participating governmental units are on a monthly basis. The payment is calculated by the Board and is determined to be 100% of the cost of coverage of the Trust as a whole (including, but not limited to, anticipated incurred claims, retention, risk, and Trust administration expenses) as established through underwriting and/or actuarial estimates.

The Trust's plans consist of a traditional medical indemnity program with Blue Cross/Blue Shield of Massachusetts, an Exclusive Provider Organization plan with Harvard Pilgrim Health Care and Blue Cross/Blue Shield and an Optional Medicare Extension plan with Blue Cross/Blue Shield. All of these plans are self-funded. Medicare plans with Harvard Pilgrim Health Care and Tufts Health Care are premium based plans.

The Trust has a specific excess medical reinsurance contract with an insurance carrier covering claims paid in excess of \$110,000, to a lifetime maximum amount payable of \$4,000,000 (includes a \$200,000 corridor). The policy covers claims incurred, on a yearly basis, within twelve months and paid within eighteen months. Amounts recoverable through reinsurance are recorded as a receivable and a reduction of claims expense.

The Trust employs the services of Cook & Company, Marshfield, Massachusetts, to provide certain management, consulting, and technical functions and to review medical claims paid. The current agreement with Cook & Company is for a one-year term ending June 30, 2014, and provides for an annual fee based on the number of subscribers. The Trust also employs the Certified Public Accounting firm of Borgatti Harrison & Co. to provide Treasury services under a contract that expires June 30, 2015.

ACTON HEALTH INSURANCE TRUST

Notes to Financial Statements

June 30, 2013 and 2012

Note 2. Summary of Significant Accounting Policies

Financial statements present net position at June 30, 2013 and 2012 and revenues, expenses, and changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, which recognize revenues from contributions and earnings when earned and expenditures when liabilities are incurred.

Contributions to the plans from participating governmental units are determined annually for the next fiscal year based on current operating results and estimated program costs for that year. Participants make contributions approximately twice a month in conjunction with related employee payrolls. Participant advance contributions are recorded as liabilities until earned.

Cash and Cash Equivalents

Generally, the Trust is authorized to invest in the following investments: term deposits or certificates of deposit, trust companies, national banks, savings banks or banking companies, or obligations issued or unconditionally guaranteed by the United States Government or an agency thereof and having a maturity from date of purchase of one year or less with certain other limitations, or such securities as are legal for the investment of funds of savings banks under the bank's laws of the Commonwealth of Massachusetts based on a legal opinion received by the Trust.

Cash and cash equivalents consist of cash on hand and cash in checking, savings, money market or certificate of deposit accounts.

Claims' Liabilities

The Trust's obligations include estimated health claims incurred but not reported at June 30th. The Trust uses the latest reported claims to record the Trust's payable of reported claims and to estimate health claims incurred but not reported as of that date. Actual claims reported differ from claims estimated, but the stop-loss coverage minimizes the risk of a significant difference. Claims' liabilities are reviewed periodically using claims data adjusted for the Trust's current experience. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made.

Reinsurance

The Trust does not include reinsured risks as liabilities unless it is probable that those risks will not be covered by the reinsurer. Amounts recoverable through reinsurers on paid claims are classified as receivable and as a reduction of claims expense.

Advanced Contributions

The Trust collects some participant contributions in advance of the month they are due. At the end of the year, this amount can be significant as it includes contributions from teaching employees for the months of July and August. At the end of the year, any amounts collected by the Trust that relate to contributions for the subsequent year are reported as advanced contributions (liabilities) in the financial statements.

ACTON HEALTH INSURANCE TRUST

Notes to Financial Statements

June 30, 2013 and 2012

Note 2. Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results will differ from estimates.

Note 3. Cash, Cash Equivalents, and Investments

The Trust maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned. The Trust does not have a formal deposit policy for custodial credit risk. At June 30, 2013 deposits in the financial institution totaled \$3,701,363 and had a carrying amount of \$3,818,978. Of the deposit amounts at June 30, 2013, \$1,263,134 was covered by FDIC insurance, leaving \$2,438,229 exposed to custodial credit risk because it was uninsured and uncollateralized. At June 30, 2012 deposits in the financial institution totaled \$5,445,117 and had a carrying amount of \$5,446,742. Of the deposit amounts at June 30, 2012, \$1,256,674 was covered by FDIC insurance, leaving \$4,188,443 exposed to custodial credit risk because it was uninsured and uncollateralized. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

Note 4. Unpaid Claims

The Trust establishes a liability for both reported and unreported incurred events which includes estimates of both future payments of losses and related adjustment expenses, if any. The following represents changes in claims liabilities during the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unpaid claims and claims administration expenses – beginning of year	\$ 3,192,474	\$ 1,096,941
Incurring claims and claims administration expenses:		
Provision for insured events and admin. expenses - current fiscal year	13,854,308	14,536,276
Increase (decrease) in provision for insured events of prior fiscal years	<u>13,854,308</u>	<u>14,536,276</u>
Payments:		
Claims and expenses attributable to insured events – current year	(13,004,308)	(11,343,802)
Claims and expenses attributable to insured events – prior years	<u>(3,192,474)</u>	<u>(1,096,941)</u>
	<u>(16,196,782)</u>	<u>(12,440,743)</u>
Total unpaid claims and claims adjustment expenses – end of year	<u>\$ 850,000</u>	<u>\$ 3,192,474</u>



COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP

1025 Plain Street, P.O. Box 1068

Marshfield, MA 02050 (781) 837-7300

ACTION

CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014

7.

											Coverage: MEDEX
<u>Month</u>	<u>Ind.</u>	<u>Fam.</u>	<u>Paid</u> <u>Claims</u>	<u>Admin.</u> <u>Fee</u>	<u>*Reinsurance</u> <u>Premiums</u>	<u>Other</u> <u>Costs</u>	<u>Total</u> <u>Costs</u>	<u>*Contribution</u> <u>To Trust</u>	<u>Variance</u>	<u>Level</u> <u>Monthly</u>	Type of Reinsurance: N/A
JUL	372		121,423	8,873	0	0	130,295	146,702	16,407	138,800	Reinsurance Carrier: N/A
AUG	367		136,773	8,801	0	0	145,573	144,730	(843)	138,800	Reinsurance Level N/A
SEP	380		129,623	9,112	0	0	138,735	149,857	11,122	138,800	W.C. Carrier:
OCT	382		143,454	9,160	0	0	152,614	150,646	(1,968)	138,800	
NOV	383		169,846	9,184	0	0	179,030	151,040	(27,991)	138,800	
DEC											Reinsurance:
JAN											Funding Rate 394.36
FEB											Funding -Employer% 50.00
MAR											Employee % 50.00
APR											Employee \$: 0
MAY											LEVEL MO. 138,800
JUN											Administrative Fee: \$23.96
											21-23 No
TOTALS			701,118	45,130	0	0	746,248	742,974	(3,274)	694,000	
PROJECTIONS:											
ORIGINAL	367		1,507,166	105,680		9,000	1,621,846	1,738,733	116,887		
REVISED	380	-	1,580,298	109,421	0	0	1,689,719	1,800,253	110,535		

OTHER COSTS

State fees-Jul				Contacts	Telephone	Ext
				Executive: Bob Evans	978-263-5557	
				Coordinator: Tess Summers	978-264-4700	3210
				Other: Kim McOsker	978621-3394	
				Mike Gowing	978-264-0921	Home
				Stephen Barrett	978-929-6621	
				Don Aicardi	978-264-4700	3205
				BC Rep Tanya Chakmakian	617-246-5742	
				HPHC Rep David Kieser	800-848-9995	32223
				ACSI:	4,154.12	

CASH FLOW REMARKS

107

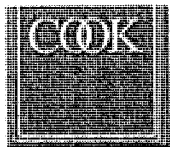
ACTON HEALTH INSURANCE TRUST

FY 2014

Month	MHP Claims	Admin	Bl Care El Claims	Admin	HMO Blue Claims	Admin	Medex Claims	Admin	HPHC	Total	Level Monthly	Variance
Jul 13	11,283	1,075	1,368	798	443,680	31,909	121,423	8,873	532,465	1,152,874	1,252,300	99,426
Aug 13	9,997	1,075	12,834	798	603,085	32,054	136,773	8,801	429,506	1,234,923	1,252,300	17,377
Sep 13	31,846	1,075	7,736	798	494,752	32,344	129,623	9,112	298,013	1,005,299	1,252,300	247,001
1st Qrt	53,126	3,225	21,938	2,394	1,541,517	96,307	387,819	26,786	1,259,984	3,393,096	3,756,900	363,804
Oct 13	17,479	1,075	11,201	798	571,796	32,199	143,454	9,160	382,088	1,169,250	1,252,300	83,050
Nov 13	16,783	1,075	5,358	725	691,862	32,054	169,846	9,184	349,639	1,276,526	1,252,300	(24,226)
Dec 13										0		0
2nd Qrt	34,262	2,150	16,559	1,523	1,263,658	64,253	313,300	18,344	731,727	2,445,776	2,504,600	58,824
Jan 14										0		0
Feb 14										0		0
Mar 14										0		0
3rd Qrt	0	0	0	0	0	0	0	0	0	0	0	0
Apr 14										0		0
May 14										0		0
Jun 14										0		0
4th Qrt	0	0	0	0	0	0	0	0	0	0	0	0
Total	87,388	5,375	38,497	3,917	2,805,175	160,560	701,119	45,130	1,991,711	5,838,872	6,261,500	422,628

Level Monthly

	<u>FY 2013</u>		
MHP	25,900		
Bl Care El	13,000		
HMO Blue	674,600		
HPHC	400,000		
Medex	138,800	Total	1,252,300



COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP

1025 Plain Street, P.O. Box 1088

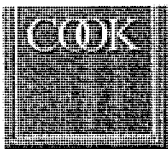
Marshfield, MA 02050 (781) 837-7300

ACTION**CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014**

											Coverage: COMBINED		
											Type of Reinsurance:	SPECIFIC	
Month	Ind.	Fam.	Paid Claims	Admin. Fee	*Reinsurance Premiums	Other Costs	Total Costs	*Contribution To Trust	Variance	Level Monthly	Reinsurance Carrier:	BCBS	COOK
JUL	267	542	1,110,219	72,370	52,040	0	1,234,628	1,232,946	(1,682)	1,252,300	Reinsurance Level	125k	12/24
AUG	266	541	1,192,194	72,965	51,927	0	1,317,086	1,228,666	(88,420)	1,252,300	W.C. Carrier:	MIIA	
SEP	274	540	961,969	72,843	52,114	(141)	1,086,784	1,236,289	149,504	1,252,300		Ind	Fam
OCT	275	538	1,126,016	73,667	51,988	(77,907)	1,173,764	1,235,794	62,029	1,252,300	Reinsurance:	33.32	79.60
NOV	272	538	1,233,488	73,190	51,888	(28,701)	1,329,865	1,233,612	(96,253)	1,252,300	Funding Rate	variable	variable
DEC											Funding -Employer%	variable	
JAN											Employee %	variable	
FEB											Employee \$:	0	0
MAR											Working Deposit:	1,252,300	
APR													
MAY											Administrative Fee:	variable	
JUN											21-23	No	
TOTALS			5,623,887	365,034	259,956	(106,749)	6,142,128	6,167,306	25,178	6,261,500			
PROJECTIONS:													
ORIGINAL	266	543	13,881,173	867,540	624,985	90,000	15,463,698	14,784,133	(679,565)				
REVISED	272	539	13,721,238	877,365	623,171	(106,749)	15,115,025	14,802,589	(312,435)				

OTHER COSTS

					Contacts	Telephone	Ext
CASH FLOW REMARKS					Executive: Bob Evans	978-263-5557	
					Coordinator: Tess Summers	978-264-4700	3210
					Other: Kim McOsker	978621-3394	
					Mike Gowing	978-264-0921	Home
					Stephen Barrett	978-929-6621	
					Don Aicardi	978-264-4700	3205
					BC Rep Tanya Chakmakian	617-246-5742	
					HPHC Rep David Kieser	800-848-9995	32223
					ACSI:	16,932.83	



COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP

1025 Plain Street, P.O. Box 1066

Marshfield, MA 02050 (781) 837-7300

ACTION :

**CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014**

											Coverage: MASTER HEALTH PLUS		
											Type of Reinsurance:	SPECIFIC	
Month	Ind.	Fam.	Paid Claims	Admin. Fee	*Reinsurance Premiums	Other Costs	Total Costs	*Contribution To Trust	Variance	Level Monthly	Reinsurance Carrier:	BCBS	COOK
JUL	10	4	11,283	1,075	652	0	13,009	28,340	15,331	25,900	Reinsurance Level	125k	12/24
AUG	10	4	9,997	1,075	652	0	11,723	28,340	16,617	25,900	W.C. Carrier:	MIIA	
SEP	10	4	31,846	1,075	652	486	34,058	28,340	(5,718)	25,900		Ind	Fam
OCT	10	4	17,479	1,075	652	0	19,205	28,340	9,135	25,900	Reinsurance:	33.32	79.60
NOV	10	4	16,783	1,075	652	(20)	18,490	28,340	9,850	25,900	Funding Rate	1,446.00	3,470.00
DEC											Funding -Employer%	50.00	
JAN											Employee %	50.00	
FEB											Employee \$:	0	0
MAR											LEVEL MO.	25,900	
APR											Administrative Fee:	\$76.76	
MAY											21-23	No	
JUN													
TOTALS			87,387	5,373	3,258	466	96,484	141,700	45,216	129,500			
PROJECTIONS:													
ORIGINAL	10	4	400,000	12,896	7,819	5,400	426,115	340,080	(86,035)				
REVISED	10	4	320,721	12,896	7,819	466	341,901	340,080	(1,821)				

OTHER COSTS

Claim Recovery Fees-Sep,Nov

Contacts	Telephone	Ext
Executive: Bob Evans	978-263-5557	
Coordinator: Tess Summers	978-264-4700	3210
Other: Kim McOsker	978621-3394	
Mike Gowing	978-264-0921	Home
Stephen Barrett	978-929-6621	
Don Aicardi	978-264-4700	3205
BC Rep Tanya Chakmakian	617-246-5742	
HPHC Rep David Kieser	800-848-9995	32223

CASH FLOW REMARKS

ACSI: 22,908.62

4 of 7



COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP

1025 Plain Street, P.O. Box 1068

Marshfield, MA 02050 (781) 837-7300

ACTION

**CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014**

											Coverage: Blue Care Elect		
											Type of Reinsurance:	SPECIFIC	
Month	Ind.	Fam.	Paid Claims	Admin. Fee	*Reinsurance Premiums	Other Costs	Total Costs	*Contribution To Trust	Variance	Level Monthly	Reinsurance Carrier:	BCBS	COOK
JUL	10	1	1,368	798	413	0	2,578	15,128	12,550	13,000	Reinsurance Level	125k	12/24
AUG	10	1	12,834	798	413	0	14,045	15,128	1,083	13,000	W.C. Carrier:	MIAA	
SEP	10	-	7,736	798	333	0	8,867	12,200	3,333	13,000		Ind	Fam
OCT	10	1	11,201	798	413	0	12,411	15,128	2,717	13,000	Reinsurance:	33.32	79.60
NOV	9	1	5,358	725	379	0	6,462	13,908	7,446	13,000	Funding Rate	1,220.00	2,928.00
DEC											Funding -Employer%	50.00	
JAN											Employee %	50.00	
FEB											Employee \$:	0	0
MAR											LEVEL MO.	13,000	
APR											Administrative Fee:	\$72.52	
MAY											21-23	No	
JUN													
TOTALS			38,497	3,916	1,951	0	44,364	71,492	27,128	65,000			
PROJECTIONS:													
ORIGINAL	10	1	240,635	9,573	4,954	3,600	258,762	181,536	(77,226)				
REVISED	9	1	178,867	8,992	4,607	0	192,467	168,848	(23,619)				

OTHER COSTS

		Contacts	Telephone	Ext
CASH FLOW REMARKS		Executive: Bob Evans	978-263-5557	
		Coordinator: Tess Summers	978-264-4700	3210
		Other: Kim McOsker	978621-3394	
		Mike Gowing	978-264-0921	Home
		Stephen Barrett	978-929-6621	
		Don Alicardi	978-264-4700	3205
		BC Rep Tanya Chakmakian	617-246-5742	
		HPHC Rep David Kleser	800-848-9995	32223

ACSI: 17,309.74

5 of 7



COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP
1025 Plain Street, P.O. Box 1068
Marshfield, MA 02050 (781) 837-7300

ACTION
CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014

											Coverage: Network Blue		
											Type of Reinsurance:	SPECIFIC	
<u>Month</u>	<u>Ind.</u>	<u>Fam.</u>	<u>Paid Claims</u>	<u>Admin. Fee</u>	<u>*Reinsurance Premiums</u>	<u>Other Costs</u>	<u>Total Costs</u>	<u>*Contribution To Trust</u>	<u>Variance</u>	<u>Level Monthly</u>	Reinsurance Carrier:	BCBS	COOK
JUL	156	286	443,680	31,909	27,964	0	503,553	571,948	68,395	674,600	Reinsurance Level	125k	12/24
AUG	155	287	603,085	32,054	28,010	0	663,148	572,900	(90,248)	674,600	W.C. Carrier:	MIIA	
SEP	159	287	494,752	32,344	28,143	(627)	554,612	575,612	21,000	674,600		<u>Ind</u>	<u>Fam</u>
OCT	160	284	571,796	32,199	27,938	9	631,941	571,400	(60,541)	674,600	Reinsurance:	33.32	79.60
NOV	158	284	691,862	32,054	27,871	(687)	751,099	570,044	(181,055)	674,600	Funding Rate	678.00	1,630.00
DEC											Funding -Employer%	75.00	
JAN											Employee %	25.00	
FEB											Employee \$:	0	0
MAR											LEVEL MO.	674,600	
APR											Administrative Fee:	\$72.52	
MAY											21-23	No	
JUN													
TOTALS			2,805,174	160,559	139,925	(1,305)	3,104,353	2,861,904	(242,449)	3,373,000			
PROJECTIONS:													
ORIGINAL	155	287	6,927,291	384,501	336,071	40,500	7,688,363	6,873,848	(814,515)				
REVISED	158	285	6,846,094	384,936	335,022	(1,305)	7,564,747	6,852,212	(712,535)				

OTHER COSTS

Claim Recovery Fees-Sep,Nov
Blue Card Adj-Sep
State Surcharge-Oct
Recovery Checks-Nov

Contacts	Telephone	Ext
Executive: Bob Evans	978-263-5557	
Coordinator: Tess Summers	978-264-4700	3210
Other: Kim McOsker	978621-3394	
Mike Gowing	978-264-0921	Home
Stephen Barrett	978-929-6621	
Don Aicardi	978-264-4700	3205
BC Rep Tanya Chakmakian	617-246-5742	
HPHC Rep David Kieser	800-848-9995	32223

CASH FLOW REMARKS

ACSI: 15,471.40

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COOK & COMPANY, INC. HEALTH PLAN MANAGEMENT GROUP
1025 Plain Street, P.O. Box 1066
Marshfield, MA 02050 (781) 837-7300

ACTION
CASH FLOW SUMMARY REVIEW
FOR THE PERIOD OF JULY 2013 THROUGH JUNE 2014

											Coverage: HARVARD PILGRIM		
<u>Month</u>	<u>Ind.</u>	<u>Fam.</u>	<u>Paid Claims</u>	<u>Admin. Fee</u>	<u>*Reinsurance Premiums</u>	<u>Other Costs</u>	<u>Total Costs</u>	<u>*Contribution To Trust</u>	<u>Variance</u>	<u>Level Monthly</u>	Type of Reinsurance:	SPECIFIC	
JUL	91	251	532,465	29,716	23,012	0	585,193	470,828	(114,365)	400,000	Reinsurance Carrier:	BCBS	Cook
AUG	91	249	429,506	30,238	22,853	0	482,596	467,568	(15,028)	400,000	Reinsurance Level	125k	12/24
SEP	95	249	298,013	29,514	22,986	0	350,513	470,280	119,767	400,000	W.C. Carrier:	MIIA	
OCT	95	249	382,088	30,435	22,986	(77,916)	357,593	470,280	112,687	400,000		<u>Ind</u>	<u>Fam</u>
NOV	95	249	349,639	30,152	22,986	(27,994)	374,783	470,280	95,497	400,000	Reinsurance:	33.32	79.60
DEC											Funding Rate	678.00	1,630.00
JAN											Funding -Employer%	75.00	
FEB											Employee %	25.00	
MAR											Employee \$:	0	0
APR											Level Monthly	400,000	
MAY											Administrative Fee:	23.98	
JUN											21-23	No	
TOTALS			1,991,711	150,055	114,822	(105,910)	2,150,678	2,349,236	198,558	2,000,000			
PROJECTIONS:													
ORIGINAL	91	251	4,806,081	354,890	276,141	31,500	5,468,612	5,649,936	181,324				
REVISED	94	249	4,795,258	361,120	275,722	(105,910)	5,326,191	5,641,196	315,005				

OTHER COSTS

Recovery checks-Oct,Nov

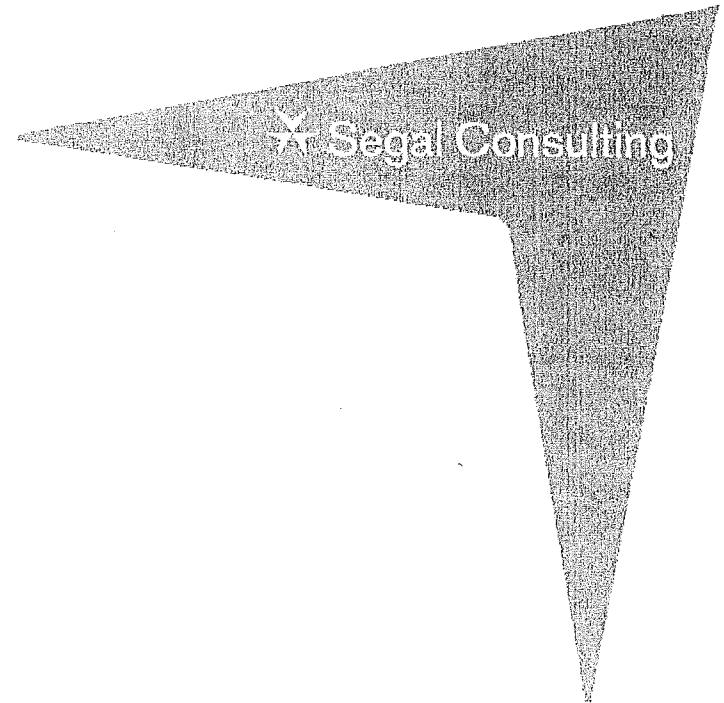
CASH FLOW REMARKS

Contacts	Telephone	Ext
Executive: Bob Evans	978-263-5557	
Coordinator: Tess Summers	978-264-4700	3210
Other: Kim McOsker	978-621-3394	
Mike Gowing	978-264-0921	Home
Stephen Barrett	978-929-6621	
Don Aicardi	978-264-4700	3205
BC Rep Tanya Chakmakian	617-246-5742	
HPHC Rep David Kieser	800-848-9995	32223

ACSI: 13,959.99

Acton-Boxborough Regional School District and Town of Acton

**Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) as of
December 31, 2012 in accordance with GASB
Statements No. 43 and No. 45**





116 Huntington Ave., 8th Floor Boston, MA 02116
T 617.424.7300 F 617.424.7390 www.segalco.com

July 31, 2013

Stephen Barrett, CPA
Finance Director
Town of Acton
472 Main Street
Acton, MA 01720

Mr. Donald Aicardi
Director of Finance
Acton-Boxborough Regional School District
16 Charter Road
Acton, MA 01720-2995

Dear Mr. Barrett and Mr. Aicardi:

We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of December 31, 2012 under GASB Statements Number 43 and 45. It establishes the liabilities of the postemployment welfare benefit plan in accordance with GASB Statements Number 43 and 45 for the fiscal year beginning July 1, 2012 and summarizes the actuarial data.

This report is based on information received from the Acton-Boxborough Regional School District and the Town of Acton. The actuarial projections were based on the assumptions and methods described in Exhibit II and on the plan of benefits as summarized in Exhibit III.

We look forward to discussing this material with you at your convenience.

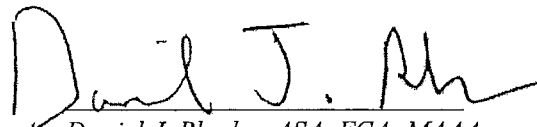
Sincerely,

THE SEGAL COMPANY

By:

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

7833281v2/04036.023


Daniel J. Rhodes, ASA, FCA, MAAA
Vice President and Consulting Actuary

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**SECTION 1: Introduction for Acton-Boxborough Regional School District and Town of Acton December 31, 2012
Measurement under GASB**

PURPOSE

This report presents the results of our actuarial valuation of the Acton-Boxborough Regional School District and the Town of Acton (the "Employers") postemployment welfare benefit plan as of December 31, 2012. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes. The accounting standard supplements cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

HIGHLIGHTS OF THE VALUATION

During the fiscal year ending June 30, 2013, we project the School District will pay benefits (net of retiree contributions) on behalf of retired employees of about \$910,000 and the Town will pay about \$1,119,000. This amount is less than the annual "cost" (the "Annual Required Contribution", or ARC) of \$2,076,000 for the School District and \$2,594,000 for the Town.

The School District and the Town have established OPEB trusts, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the trust are irrevocable, trust assets are dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and trust assets are legally protected from creditors of the employer.

Chapter 68 of the Acts of 2011 permits municipalities, authorities and certain other government entities of the Commonwealth to establish a liability trust fund for funding

retiree benefits (other than pension), also known as Other Post-Employment Benefits (OPEB). The legislation also ensures that these entities have access to the state's investment trust, the State Retiree Benefits Trust Fund (SRBTF) for purposes of investment OPEB funds.

The Town of Acton has established an OPEB Trust Fund, which includes \$310,000 in assets maintained by the SRBTF, transferred in June 2013. The Town plans to contribute \$432,000 in fiscal year 2014 and a similar amount per year thereafter.

The Acton-Boxborough Regional School District has established an OPEB Trust Fund with an initial contribution of \$236,000 in fiscal year 2013 (contributed prior to the measurement date of December 31, 2012). These assets are not currently managed by the SRBTF. The School District plans to contribute the following amounts for the next five fiscal years:

- > Fiscal year 2014: \$376,000
- > Fiscal year 2015: \$420,000
- > Fiscal year 2016: \$520,000
- > Fiscal year 2017: \$610,000
- > Fiscal year 2018: \$700,000

For the purposes of this report, we have assumed the School District will continue to make a funding contribution of \$700,000 per year in fiscal year 2019 and beyond.

Because the School District and the Town are partially funding the ARC, we have used a blended discount rate of 7.00% for the School District and 6.25% for the Town to discount the liability. The blend is based on 4.50% for the

**SECTION 1: Introduction for Acton-Boxborough Regional School District and Town of Acton December 31, 2012
Measurement under GASB**

unfunded portion and 8.00% rate for the funded portion. For illustrative purposes, we have also shown what the obligations would be on a fully funded basis, assuming an interest rate of 8.00%.

To determine the amortization payment on the unfunded actuarial accrued liability (UAAL), an amortization period and amortization method must be selected. We have used a 30-year open amortization of the UAAL (the maximum permitted by the GASB statements), with payments increasing at 3.5% year. The GASB statements allow for either an open or closed amortization period. In open amortization, the period is reset to the initial value every year and the UAAL is reamortized, while under a closed amortization, the remaining period decreases and the UAAL is eventually "paid off."

Pages 10 and 11 show a funding schedule using the 8.00% funding assumption and a 30-year closed amortization. These are an illustration of how assets and liabilities would increase if the Town or School District were to fund the "additional funding" amount shown on the schedule. Pages 12 and 13 are similar illustrations of how the partially funded liabilities and the ARC will change over time.

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsidies that the Employer may be eligible to receive.

Employer decisions regarding plan design, cost sharing between the Employer and its retirees, actuarial cost method, amortization techniques, and integration with Medicare are just some of the decisions that affect the magnitude of OPEB

obligations. We are available to assist you with any investigation of such options you may wish to undertake.

This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the excise tax on high cost health plans beginning in 2018 (reflected with this valuation) and those previously adopted as of the valuation date.

KEY VALUATION RESULTS

- The **unfunded actuarial accrued liability (UAAL)** as of December 31, 2012 is \$22,926,000 for the Acton-Boxborough Regional School District and \$31,188,000 for the Town of Acton. Going forward, net unfunded plan obligations will be expected to change due to normal plan operations, which consist of continuing accruals for active members, plus interest on the total actuarial accrued liability, less expected benefit payments and contributions. Future valuations will analyze the difference between actual and expected unfunded actuarial accrued liabilities.
- The **Annual Required Contribution (ARC)** for fiscal year 2013 is \$2,076,000 for the Acton-Boxborough Regional School District and \$2,594,000 for the Town of Acton. The ARC is expected to remain relatively level as a percentage of payroll, as long as the ARC is fully funded each year. If the ARC is not fully funded, it may be expected to increase as a percentage of payroll over time.

**SECTION 1: Introduction for Acton-Boxborough Regional School District and Town of Acton December 31, 2012
Measurement under GASB**

Plan obligations as of December 31, 2012, of \$23,166,000 for the Acton-Boxborough Regional School District and \$31,188,000 for the Town of Acton represent decreases from the December 31, 2010 valuation.

Plan obligations had been expected to increase due to normal plan operations, which consist of continuing accruals for active members, plus interest on the total obligation, less expected benefit payments. The decrease was the net effect of the following:

- **Actuarial experience gains** decreased obligations slightly. This was the net result of gains and losses due to demographic changes.
- **Valuation assumption changes and plan changes** decreased obligations significantly. This was the net result of a decrease in obligations due to 1) valuation year per capita health costs not increasing as much as projected due to the plan design changes adopted on July 1, 2012 and 2) increasing the discount rate from 4.5% to 6.25% for the Town and to 7.00% for the School District, partially offset by increases in obligations due to 3) changes in the mortality assumptions noted in Section 4 and 4) reflecting the excise tax on high cost health plans beginning in 2018. We estimated the impact of the excise tax in this valuation by applying a 1.5% increase in the actuarial accrued liability and a 3.0% increase in normal cost. The complete set of assumptions is shown in Exhibit II, and the summary of plan design is shown in Exhibit III.

**SECTION 2: Valuation Results for the Acton-Boxborough Regional School District and the Town of Acton
December 31, 2012 Measurement under GASB**

The key results for the current year are shown on a funded basis and a partially funded basis.

SUMMARY OF VALUATION RESULTS – ACTON-BOXBOROUGH REGIONAL SCHOOL DISTRICT

	Funded (8.00% discount rate)	Partially Funded (7.00% discount rate)
Actuarial Accrued Liability by Participant Category		
1. Current retirees, beneficiaries and dependents	\$10,632,599	\$11,621,402
2. Current active employees	<u>9,891,812</u>	<u>11,544,452</u>
3. Total as of December 31, 2012: (1) + (2)	\$20,524,411	\$23,165,854
4. Actuarial value of assets as of December 31, 2012	<u>239,760</u>	<u>239,760</u>
5. Unfunded actuarial accrued liability (UAAL) as of December 31, 2012: (3) – (4)	\$20,284,651	\$22,926,094
Annual Required Contribution for Fiscal Year Ending June 30, 2013		
6. Normal Cost as of December 31, 2012	\$741,307	\$888,481
7. 30-year increasing amortization (3.5% per year) of the UAAL as of December 31, 2012	<u>1,172,141</u>	<u>1,187,935</u>
8. Total Annual Required Contribution (ARC): (6) + (7)	\$1,913,448	\$2,076,416
9. Total projected benefit payments	910,251	910,251

Note: Assumes payment in the middle of the fiscal year.

**SECTION 2: Valuation Results for the Acton-Boxborough Regional School District and the Town of Acton
December 31, 2012 Measurement under GASB**

The key results for the current year are shown on a funded basis and a partially funded basis.

SUMMARY OF VALUATION RESULTS – TOWN OF ACTON

	Funded (8.00% discount rate)	Partially Funded (6.25% discount rate)
Actuarial Accrued Liability by Participant Category		
1. Current retirees, beneficiaries and dependents	\$13,463,444	\$15,837,631
2. Current active employees	<u>11,521,163</u>	<u>15,350,179</u>
3. Total as of December 31, 2012: (1) + (2)	\$24,984,607	\$31,187,810
4. Actuarial value of assets as of December 31, 2012	<u>0</u>	<u>0</u>
5. Unfunded actuarial accrued liability (UAAL) as of December 31, 2012: (3) – (4)	\$24,984,607	\$31,187,810
Annual Required Contribution for Fiscal Year Ending June 30, 2013		
6. Normal Cost as of December 31, 2012	\$797,336	\$1,111,491
7. 30-year increasing amortization (3.5% per year) of the UAAL as of December 31, 2012	<u>1,443,726</u>	<u>1,482,069</u>
8. Total Annual Required Contribution (ARC): (6) + (7)	\$2,241,062	\$2,593,560
9. Total projected benefit payments	1,118,908	1,118,908

Note: Assumes payment in the middle of the fiscal year.

Acton-Boxborough Regional School District

Number of Students

<u>Grade</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
7	500	476	487	503	475	473	469	460	468
8	454	514	476	500	504	481	488	475	463
O.D.SPED 7-8	<u>22</u>	<u>21</u>	<u>23</u>	<u>20</u>	<u>19</u>	<u>14</u>	<u>12</u>	<u>12</u>	<u>10</u>
Totals	976	1011	986	1023	998	968	969	947	941
"School Choice"/tuition students included ->	8	9	5	2	2	8	16	18	16
9	502	470	517	478	505	514	471	491	475
10	463	501	468	521	477	497	527	473	486
11	450	477	499	465	512	475	493	530	482
12	434	439	478	495	459	508	464	486	517
O.D.SPED 9-12	<u>44</u>	<u>43</u>	<u>48</u>	<u>40</u>	<u>39</u>	<u>41</u>	<u>44</u>	<u>42</u>	<u>41</u>
Totals	1893	1930	2010	1999	1992	2035	1999	2022	2001
"School Choice"/tuition students included ->	56	77	71	69	47	26	25	30	32

Number of Certified Staff

JH	68.30	68.50	69.80	74.50	74.50	74.10	75.10	75.30	73.80
HS	120.10	132.00	138.60	142.60	142.60	142.20	143.20	147.20	152.05
System Wide	<u>3.83</u>	<u>3.83</u>	<u>3.83</u>	<u>3.83</u>	<u>3.83</u>	<u>3.87</u>	<u>3.87</u>	<u>4.07</u>	<u>4.07</u>
Totals	192.23	204.33	212.23	220.93	220.93	220.17	222.17	226.57	229.92
Funded by "school choice" included ->	5.0 FTE	5.0 FTE	5.2 FTE	7.2 FTE	7.2 FTE	7.0 FTE	3.8 FTE	2.8 FTE	2.8 FTE

Average Teacher's Salary

03/13/2013	\$61,591	\$63,192	\$64,278	\$66,445	\$70,200	\$70,619	\$72,989	\$74,853	\$75,320
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Acton-Boxborough Regional School District

Number of Non-Certified Staff

<u>Grade</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
JH	23.76	23.76	19.14	20.18	16.02	24.15	24.15	25.41	25.22
HS	38.46	40.86	43.29	47.49	41.05	42.83	42.83	44.59	42.30
System Wide	<u>33.64</u>	<u>33.56</u>	<u>33.64</u>	<u>35.51</u>	<u>32.87</u>	<u>34.02</u>	<u>34.52</u>	<u>36.07</u>	<u>36.40</u>
	95.86	98.18	96.07	103.18	89.94	101.00	101.50	106.07	103.92

Funded by "school choice"
included ->

Class Size Information

Class Size Average

JH	23.3	25.0	22.9	22.0	20.7	21.70	22.48	22.10	22.32
HS	24.8	23.2	23.2	22.1	21.8	22.10	21.60	21.68	22

Class Size Range

JH	16 to 30	18 to 33	13 to 35	11 to 33	15 to 25	14 to 28	14 to 29	14 to 29	14 to 27
HS	10 to 51	5 to 56	5 to 62	4 to 68	5 to 51	5 to 55	5 to 56	3 to 58	1 to 56

Number of Classes Below 20/Above 25

JH	14/37	7/53	29/46	20/25	29/0	40/20	40/28	29/56	25/10
HS	57/169	65/94	25/114	138/98	132/77	122/92	135/84	130/94	125/105

Acton Public School District Historical Information

Number of Students

<u>Grade</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Preschool	45	46	44	38	58	41	38	42	49
K	308	311	294	304	340	328	301	273	288
1	353	316	325	328	336	353	341	320	308
2	360	371	341	341	351	344	361	356	322
3	374	376	389	351	363	346	353	390	374
4	382	377	394	382	361	374	353	356	382
5	376	389	385	404	392	364	374	356	357
6	372	392	399	386	408	395	365	387	360
O.D.SPED K-6	<u>21</u>	<u>25</u>	<u>27</u>	<u>25</u>	<u>14</u>	<u>18</u>	<u>15</u>	<u>20</u>	<u>24</u>
Totals	2591	2603	2598	2559	2623	2563	2501	2500	2464
"School Choice"/tuition students included ->	9	14	13	15	20	28	35	39	39

Number of Certified Staff

K-6	165.87	165.49	165.58	167.28	166.93	170.26	172.02	174.66	175.76
System Wide	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.76</u>	<u>3.76</u>	<u>3.93</u>	<u>3.93</u>
Totals	169.33	168.95	169.04	170.74	170.39	174.02	175.78	178.59	179.69

Average Teacher's Salary

	\$60,099	\$62,162	\$64,495	\$67,695	\$70,796	\$71,585	\$73,996	\$75,772	\$74,619
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Acton Public School District Historical Information

Number of Non-Certified Staff

<u>Grade</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
K-6	78.63	86.62	93.02	96.69	89.54	94.75	102.45	112.62	110.9
System Wide	<u>31.94</u>	<u>32.08</u>	<u>32.28</u>	<u>33.28</u>	<u>31.72</u>	<u>31.35</u>	<u>30.85</u>	<u>31.92</u>	<u>32.54</u>
	110.57	118.70	125.30	129.97	121.26	126.10	133.30	144.54	143.44

Class Size Information

Average Class Size	23.4	23.4	23.6	23.0	23.6	23.2	22.9	23.0	22.8
Class Size Range	19 to 26	17 to 26	18 to 28	19 to 27	20 to 26	19 to 26	19 to 26	18 to 27	20 to 25
# Below 20	1	5	7	5	0	2	3	7	0
# Above 25	2	8	22	5	1	1	2	13	0