

Mission Statement:

The purpose of this funding is to provide for various miscellaneous benefit costs arising from the provisions of the Town's Personnel Bylaws, state statute, and collective bargaining agreements.

Budget Highlights:

- This budget represents no increase in the operating appropriation from that of the FY16 budget.
- As of June 30, 2015, the General Fund accrued liability for sick leave buyback payable at retirement was \$1,207,294. 65% of this liability is on account of uniformed Police and Fire personnel.
- At the end of FY15, \$90,000 of the current appropriation was encumbered and reserved toward meeting this long-term liability.
- The accumulated reserve balance at June 30, 2015 was \$180,361.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$ 97,240	\$ 97,334	\$ 100,000	\$ 100,000
Other Funds	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 97,240</b>	<b>\$ 97,334</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

Description:

The specific components of this budget are as follows:

Unused Sick Leave:

This benefit is received only upon retirement in accordance with collective bargaining agreements and the provisions of the Personnel Bylaw, section 11.3. Action at the 1992 Annual Town Meeting restricted this payment for non-union employees to those hired prior to July 1, 1992. The collective bargaining agreement with the Public Safety Dispatchers contains this identical provision. Agreements with Police and Fire Unions restrict eligibility to police officers hired prior to January 1, 2011 and to Firefighters hired prior to July 1, 2011. For eligible employees terminating by reason of retirement, the maximum payoff is 62 days of pay. In the Fire Union contract, the maximum payoff is established as 65 days.

While the annual expenditure for this benefit is erratic and unpredictable, the Town's financial statements measure the expected future liability and the budget provision seeks to allow for probable eligible retirements. Analyzing the overall liability with the age and length of service of eligible staff members indicates that this appropriation account should be maintained for the next five budget years at \$90,000.

Public Safety Medical Disability:

Chapter 41, section 100B of the Mass. General Laws, accepted by Article 10 of the 1976 Annual Town Meeting, permits the Town to indemnify police officers and firefighters who are retired on accidental disability for medical expenses incurred during their retirement. Such expenses must be "the natural and proximate result of the disability for which the police officer or firefighter was retired." Normally, these expenses are items not reimbursable by the Town's Health insurance plans or co-insurance payments.

There are presently 12 retirees eligible for this benefit. The statute does not require the Town to make payments in excess of funds appropriated for the purpose, but the Town's past practice suggests that it makes every practical effort to cover eligible expenses. At present, this account is projected to cover only minor expenses such as office visits and prescriptions not covered by the retiree's health insurance plan.

Employee Assistance Program:

The proposed budget funds an annual contract with Corporate EAP Resources, Inc. This agreement provides services such as orientation and training sessions, workshops to improve communication and team-building, personal development seminars, and one-on-one confidential counseling services.

**UNCLASSIFIED: Town Employee Benefits**

**Item 31**

Expenditure Detail					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Unused Sick Leave	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ 90,000
Public Safety Ch. 41 §100B	237	157	2,500	2,500	2,500
Employee Assistance Program	7,003	7,177	7,500	7,500	7,500
To Sick Leave Buyback Reserve	90,000	90,000	-	-	-
Totals	\$ 97,240	\$ 97,334	\$ 100,000	\$ 100,000	\$ 100,000

Funding Plan					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 100,000	100.00%	\$ 100,000	100.00%	0.00%
Totals	\$ 100,000	100.00%	\$ 100,000	100.00%	0.00%

General Fund Sick Leave Buy-Back Liability at June 30				
	FY12	FY13	FY14	FY15
Police Union	\$ 293,204	\$ 298,753	\$ 263,020	\$ 226,966
Fire Union	546,397	567,168	549,154	557,186
All Other Town Gov't	507,080	516,507	463,745	423,142
Total Town Liability	\$ 1,346,681	\$ 1,382,428	\$ 1,275,919	\$ 1,207,294
CPS Employees	\$ 1,674,836	\$ 1,796,597	\$ 1,760,537	\$ 1,710,696
Total Liability	\$ 3,021,517	\$ 3,179,025	\$ 3,036,456	\$ 2,917,990

Police Union Buyback Contract		
Service Date	%	Max. Payable
Prior to 1/1/92	50%	62.0 Days
1/1/92-12/31/96	40%	49.6 Days
1/1/97-12/31/01	30%	37.2 Days
1/1/02-12/31/10	25%	31.0 Days

Fire Union Buyback Contract		
Service Date	%	Max. Payable
Prior to 7/1/11	50%	65.0 Days

This account is responsible only for the General Fund "Town Liability" show in the table above. The Concord Public Schools (CPS) liability is payable from the annual CPS appropriation. The Total Liability is shown in the Town's Annual Financial Statements. Enterprise Fund Liabilities are paid from those funds.

The payout from FY17 through FY21 from this account is expected to be approximately \$630,000. To cover this expected payout, the Town plans to allocate \$90,000 each year to the Sick Leave Buyback "Reserve", which is estimated to have an ending balance of \$120,360 on June 30, 2016, as shown below.

General Fund Sick Leave Buyback Reserve				
	Beginning Balance	Uses	Added @ 6/30	Ending Balance
FY13	\$ 183,043	\$ (6,272)	\$ 90,000	\$ 266,771
FY14	\$ 266,771	\$ (118,473)	\$ 90,000	\$ 238,298
FY15	\$ 238,298	\$ (147,938)	\$ 90,000	\$ 180,360
FY16 (est.)	\$ 180,360	\$ (150,000)	\$ 90,000	\$ 120,360

**Mission Statement:**

The purpose of this contingency account is to allow the Finance Committee to meet extraordinary or unforeseen expenditures that may arise during the year.

**Budget Highlights:**

- This budget represents no change from that of the FY16 budget.
- This account is less than 0.6% of Article 7, the accounts under the jurisdiction of the Town Manager.
- One Reserve Fund requests was submitted to the Finance Committee during FY15, totaling \$10,000:

\* Veteran's Benefits (\$10,000)

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Transfer to Other Accts.	\$ (64,388)	\$ (10,000)	N/A	N/A
Return to Revenue	\$ 160,612	\$ 215,000	N/A	N/A

**Description:**

The Reserve Fund is an appropriated contingency account that is allocated during the year by vote of the Finance Committee pursuant to petition of the Town Manager on behalf of departments. In accordance with the provisions of Massachusetts General Laws Chapter 40, section 6, it is intended to meet "extraordinary or unforeseen expenditures."

While the Reserve Fund may be allocated for any Town purpose, the original Reserve Fund budget of each year has not been used for Education operating budgets (except through supplemental appropriations specifically earmarked by Town Meeting vote). This is because the Concord Public School Committee has the legal authority to transfer appropriations within the overall amount appropriated to it by Town Meeting. The Town Manager has no similar authority to make transfers among the 39 separate appropriation accounts that constitute the Town Budget Article to be voted by the 2016 Annual Town Meeting (Article 7).

Requests from town departments are first reviewed by the Finance Director and approved by the Town Manager before being submitted to the Finance Committee for its consideration. During FY15, the Finance Committee approved the following reserve fund transfers:

**FY15 Reserve Fund Transfers**

Account	Amount	Explanation
Veterans Services and Benefits	\$ 10,000	To provide benefits to additional veterans as specified by State law.

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Total Transferred	(64,388)	(10,000)	N/A	N/A	N/A
Balance Unexpended (Return to Revenue)	160,612	215,000	N/A	N/A	N/A

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 225,000		\$ 225,000		0
Totals	\$ 225,000		\$ 225,000		0.00%

Mission Statement:

The purpose of this funding is to allow the Town to pay for salary adjustments occurring in each of the Town's 30 separate appropriation accounts and sub-accounts that include salary funds.

Budget Highlights:

•Proposed funding is intended to provide scale adjustment, step, merit, and collective bargaining costs as well as reclassification and market adjustments pursuant to the plan.

Expenditure Summary

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
Appropriation	\$ 460,000	\$ 555,434	\$ 643,404	\$ 755,708
Less Transfers & Encumbrances	\$ (473,680)	\$ (502,134)	N/A	N/A
Balance Unexpended	\$ (13,680)	\$ 53,300	N/A	N/A

Description:

Funding for salary adjustments is appropriated to a single reserve account and then, pursuant to the authorization of Town Meeting, is transferred (after the July 1 start of the fiscal year) to the various operating accounts based upon actual requirements. In accordance with the Town Meeting vote, the Town Manager reports all transfers to both the Board of Selectmen and the Finance Committee. This procedure avoids the need to estimate salary adjustment amounts in each of the 30 separate accounts and sub-accounts that include salary funds.

The FY17 recommendation is projected to be sufficient for approximately a 4.5% overall pay adjustment for non-union staff and for the funding of existing collective bargaining agreements with uniformed police officers, fire fighters, public safety dispatchers, and Library employees. In accordance with Section 10.2 of the Personnel Bylaw, the Town Manager and Personnel Board will jointly establish the FY17 step increase and merit pay plan prior to July 1, 2016.

The FY16 compensation plan allowed for an average 4.0% pay adjustment, with 1.5% for market adjustments and 2.5% for step and merit adjustments up to the allowable amount limited by the salary cap of the specific classification.

Only longevity increments scheduled for existing staff are included in the proposed departmental budgets. All other salary changes for FY17 are proposed for funding from this account.

The budget proposed for FY17 included an allowance for funding a settlement of a collective bargaining agreement with the Police Union that has not yet been concluded.

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 480,574	\$ 555,434	\$ 643,404	\$ 755,708	\$ 755,708
Less:					
Total Transfers	(417,680)	(355,966)	(376,271)	N/A	N/A
Encumbered	(56,000)	(146,168)	N/A	N/A	N/A
Balance Unexpended (Return to Revenue)	\$ 6,894	\$ 53,300	267,133	N/A	N/A

Note: The FY16 and FY17 Total Transfer amount does not include the amounts to be transferred to the Police Department account, as these amounts have yet to be determined due to ongoing collective bargaining negotiations.

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 643,404		\$ 755,708		17.45%
Totals	\$ 643,404		\$ 755,708		17.45%

<b>Salary Adjustment History - Non-Union Staff</b>			
<b>Beginning Date</b>	<b>Fiscal Year</b>	<b>July 1st Structure Increase</b>	<b>Step / Merit Increase*</b>
7/1/08	FY09	3.0%	2.5%
7/1/09	FY10	2.0%	0.0%
7/1/10	FY11	2.0%	0.0%
7/1/11	FY12	2.0%	2.5%
7/1/12	FY13	1.5%	2.5%
7/1/13	FY14	1.5%	2.5%
7/1/14	FY15	1.5%	2.5%
7/1/15	FY16	1.5%	2.5%

\* Based upon written performance evaluation

Mission Statement:

The purpose of this account is to facilitate the acquisition of land by providing resources for appraisals, surveys, and deposits.

Budget Highlights:

- General Fund support of \$15,000 is proposed in FY17.
- The balance of the fund is available for costs related to appraisals, surveys, and deposits in connection with land acquisition.
- This fund can accept gifts from private sources.

Appropriation Summary

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000

Description:

The Land Fund was established by Town Meeting vote on April 7, 1986 (Article 12). The Bylaw states that the Fund receives:

1. Appropriations voted at any Annual or Special Town Meeting;
2. Interest income on any available cash balance in the fund;
3. Gifts from private sources.

This budget account shows the appropriations voted by the Town, supported either by the property tax levy or by transfer from the available fund balance. An appropriation of \$15,000 is proposed for FY17.

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Purchased Services	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Other Charges & Expenses		\$ -	\$ -	\$ -	\$ -
<b>Total Expenditure</b>	<b>\$ 10,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 15,000	N/A	\$ 15,000	N/A	N/A
<b>Totals</b>	<b>\$ 15,000</b>	<b>N/A</b>	<b>\$ 15,000</b>	<b>N/A</b>	<b>N/A</b>

<b>Land Fund History</b>									
	FY11	FY12	FY13	FY14	FY15	FY16 Budgeted	FY17 Proposed		
<u>Fund Source</u>									
Beginning Balance	\$ 36,057	\$ 13,573	\$ 15,071	\$ 1,764	\$ 2	\$ 15,021	\$ 30,061		
Return to Fund		1,453	-	-					
Sale of Land	-	-	-	-					
Tax Levy	-	-	10,000	10,000	15,000	15,000	15,000		
Gifts	-	-	-	-					
Interest Earned	125	45	17	2	19	40	60		
<b>Total Available</b>	<b>\$ 36,182</b>	<b>\$ 15,071</b>	<b>\$ 25,088</b>	<b>\$ 11,766</b>	<b>\$ 15,021</b>	<b>\$ 30,061</b>	<b>\$ 45,121</b>		
<u>Fund Uses</u>									
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Land Purchase	-	-	-	-	-	-	-		
Options	-	-	-	-	-	-	-		
Appraisal, Legal, Surveying, etc.	22,609	-	23,324	11,764	-	-	-		
<b>Total Used</b>	<b>\$ 22,609</b>	<b>\$ -</b>	<b>\$ 23,324</b>	<b>\$ 11,764</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Ending Balance</b>	<b>\$ 13,573</b>	<b>\$ 15,071</b>	<b>\$ 1,764</b>	<b>\$ 2</b>	<b>\$ 15,021</b>	<b>\$ 30,061</b>	<b>\$ 45,121</b>		



**Mission Statement:**

The purpose of this funding is to provide for the cost of employee group insurance programs. The Town participates in a Joint Purchasing Group with 16 area towns and school districts. The Group Plan is self-funded and rates are set to cover expected claims, reinsurance cost for large claims, and administrative costs negotiated with Tufts, Harvard Pilgrim, and Fallon Health Plans.

**Budget Highlights:**

- This budget covers the employer share of group insurance costs for all town and Concord Public School (CPS) employees.
- The General Fund share of this account is level-funded for FY15.
- About 70% of active Town and CPS employees select Town health insurance coverage.
- Pursuant to a July 2011 state law, a revised health plan design was implemented on June 1, 2012. A 3-year Mitigation Plan was agreed upon to set up and fund a Health Reimbursement Account to offset a portion of higher out-of-pocket costs incurred by plan participants.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
Use for Group Insurance	\$3,795,617	\$3,838,943	\$ 4,095,000	\$ 4,350,000
Transfer to OPEB Trust Fund	\$ 800,000	\$ 775,000	\$ 555,000	\$ 300,000
Transfer to Insurance Reserve	\$ 54,383	\$ 36,057	\$ -	\$ -
<b>Total General Fund</b>	<b>\$4,650,000</b>	<b>\$4,650,000</b>	<b>\$ 4,650,000</b>	<b>\$ 4,650,000</b>
Other Funds	\$ 458,354	\$ 441,596	\$ 497,000	\$ 535,000
<b>Total Expenditures</b>	<b>\$5,108,354</b>	<b>\$5,091,596</b>	<b>\$ 5,147,000</b>	<b>\$ 5,185,000</b>

**Description:**

This budget provides for the Town's share of the cost of employee group insurance programs. It covers both Town government **and** Concord Public School employees. The Town offers health, dental and basic life insurance programs on a contributory basis. State law requires that the Town's contribution rate can be **no less than 50%**. This is the rate the Town contributes for retirees, but the contribution rate for active employees is slightly higher depending on the plan option. Overall, the Town contributes approximately 55% of the cost for active employees. The Town also provides supplemental life insurance and a disability income protection plan on a group basis but, in accordance with state law, no Town contribution is paid for these programs.

**New Health Plan Design effective June 1, 2012**

Legislation passed by the state legislature and signed by the Governor on July 12, 2011, Chapter 69 of the Acts of 2011, accompanied by detailed procedural regulations (801 CMR 52.00) provided a new process enabling changes in the design of municipal employee group health insurance plans outside of collective bargaining requirements. Local government was given the authority to design health plans with provisions for deductibles and co-pays of a dollar value no greater than those in the Tufts Navigator Plan offered through the state's Group Insurance Commission (GIC). Local governments were also given an expedited path to join the state GIC if local analysis of that option was the choice of local authorities and met certain savings thresholds. The state law further required that a Mitigation Plan valued at least at 25% of the first-year projected savings must be funded by the employer as a condition of implementation.

The Town and Schools (CPS and CCRSD) successfully worked with our joint Town of Concord and Concord-Carlisle Regional School District Insurance Advisory Committee and through voluntary collective bargaining with the eleven town and school collective bargaining units. Pursuant to the objectives of the new state law, a new set of group health insurance plans was implemented on June 1, 2012 along with a 3-year Mitigation Plan to address the impacts of higher out-of-pocket expenses that will be incurred by subscribers. As part of the agreement, the Town Manager indicated its intention to maintain the Group Insurance appropriation account at \$4,650,000 and to direct any unexpended appropriation to the OPEB Trust Fund.

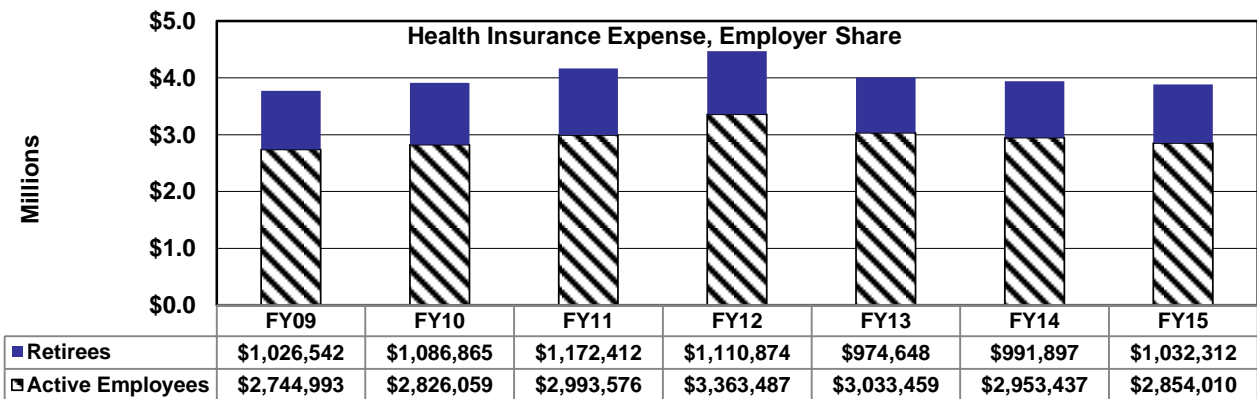
**JOINT (TOWN-CPS): Group Insurance**

**Item 35A**

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Health Insurance - Active	\$ 2,953,437	\$ 2,854,010	\$ 3,100,000	\$ 3,325,000	\$ 3,325,000
Health Insurance - Retired	991,897	1,032,312	1,135,000	1,190,000	1,190,000
Health Insurance - Ret. (MGL 32, 9A1/2)	5,328	4,241	20,000	25,000	25,000
Life Insurance	15,406	15,540	20,000	20,000	20,000
Dental Insurance	253,307	252,654	280,000	285,000	285,000
Other Prof. Services	13,982	21,439	20,000	25,000	25,000
Medicare Part B Penalty Reimbursement	17,500	14,604	17,000	15,000	15,000
Health Plan Mitigation Fund	3,116	85,739	-	-	-
Transfer to Insurance Reserve Fund	54,383	36,057	-	-	-
Transfer to OPEB Trust Fund	800,000	775,000	555,000	300,000	300,000
<b>Total Expenditure</b>	<b>\$ 5,108,355</b>	<b>\$ 5,091,596</b>	<b>\$ 5,147,000</b>	<b>\$ 5,185,000</b>	<b>\$ 5,185,000</b>

Note: OPEB information is presented in Item 35B

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 4,650,000	90.34%	\$ 4,650,000	89.68%	0.00%
Light Fund	260,000	5.05%	280,000	5.40%	7.69%
Water Fund	81,000	1.57%	87,000	1.68%	7.41%
Sewer Fund	17,000	0.33%	18,000	0.35%	5.88%
Recreation Fund	62,000	1.20%	67,000	1.29%	8.06%
Swim & Fitness Center Fund	70,000	1.36%	75,000	1.45%	7.14%
Retirement	7,000	0.14%	8,000	0.15%	14.29%
<b>Totals</b>	<b>\$ 5,147,000</b>	<b>100.00%</b>	<b>\$ 5,185,000</b>	<b>100.00%</b>	<b>0.74%</b>



Mission Statement:

The purpose of this funding is to provide resources to cover the Net OPEB Obligation (NOO) associated with Other Post-Employment Benefits (OPEB). The NOO is the Annual Required Contribution (ARC) after subtracting current contributions and factoring in several adjustments.

Budget Highlights:

- This budget represents a \$250,000 increase in General Fund allocation over the FY16 budgeted amount.
  - In FY17, an amount of \$1,700,000 has been proposed as the General Fund’s payment to the OPEB Trust; \$1.4 million from account 35B and \$300,000 estimated to be available from the Group Insurance appropriation account 35A.
  - The Enterprises (Light Plant, Water & Sewer Divisions, and Beede Center) will continue to fully fund their annual required contribution (ARC).
- These payments are based upon a periodic actuarial valuation analysis and a funding plan to fully meet the OPEB obligation by FY2039.

**Funding Summary**

Transferred to OPEB Trust	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund Appropriation	\$ 650,000	\$ 900,000	\$ 1,150,000	\$ 1,400,000
Enterprise Funds	\$ 68,237	\$ 71,000	\$ 75,000	\$ 80,000
Transfer from Group Ins. (#31A)	\$ 800,000	\$ 775,000	\$ 555,000	\$ 300,000
<b>Total Funding</b>	<b>\$1,518,237</b>	<b>\$1,746,000</b>	<b>\$ 1,780,000</b>	<b>\$ 1,780,000</b>

Description:

Prior to FY10, the Town budgeted funds to pay only for the annual benefits for current retirees, spouses, and survivors. However, these “pay-as-you-go” contributions did not take into account the accrued liability associated with future health care benefits for active employees or the funded past liability for current retirees, spouses, and survivors.

Since this liability is a nationwide issue, the Governmental Accounting Standards Board (GASB) issued Statement No.45, in June 2004, to provide accounting guidance and financial statement standards. The actuarial costs of health care benefits received or to be received by the Town’s active employees and the Town’s retirees, spouses, and survivors. This GASB statement became effective for financial reporting purposes as of June 30, 2009.

To comply with GASB 45, the Town conducted an initial Actuarial Study as of June 30, 2009 and has carried out recurring actuarial studies as required. Based on data as of the most recent actuarial report for June 30, 2014, the Actuarial Accrued Liability (AAL) was approximately \$33.5 million and the unfunded accrued liability (UAL) was \$26.9 million, with \$6.6 million accumulated in the OPEB Trust Fund at that date.

The Annual Required Contribution (ARC) is the yearly amount that the Town would need to set aside to cover the UAL on a schedule to fully fund the obligation by FY2039. The Annual Net OPEB Obligation (NOO) is then calculated essentially by subtracting the “pay-as-you-go” amount already contributed by the Town for the health care benefits for current retirees, spouse, and survivors. The Unfunded OPEB obligation reported on the Town’s financial statements is the total amount by which the town’s payments have been short of the ARC payment since FY2009. Refer to the charts on the facing page. For FY17, the NOO is projected to be \$1.37 million.

**JOINT (TOWN-CPS): Other Post Employment Benefits****Item 35B**

The table below shows the change in Annual Net OPEB Obligation (NOO) . This liability equals the adjusted Annual Required Contribution (ARC) after subtracting "pay-as-you-go" contributions that covers the existing health care benefits for current retirees. The total NOO is projected to be \$1.37 million in FY17.

<b>Annual Net OPEB Obligation (NOO) (Liability net of "pay as you go" Contributions)</b>					
	FY13 Actual	FY14 Actual	FY15 Projected*	FY16 Projected*	FY17 Projected*
General Fund	\$ 2,015,101	\$ 1,502,145	\$ 1,427,854	\$ 1,294,746	\$ 1,273,823
Light Fund	14,321	42,708	38,057	37,448	36,843
Water Fund	18,175	22,314	21,680	24,127	23,737
Sewer Fund	4,544	5,579	5,356	6,152	6,053
Swim & Fitness Center Fund	34,160	27,490	27,183	30,385	29,894
Totals	<u>\$ 2,086,301</u>	<u>\$ 1,600,236</u>	<u>\$ 1,520,130</u>	<u>\$ 1,392,858</u>	<u>\$ 1,370,349</u>

The Town has begun to set funds aside to cover the OPEB liability. Charges to the Enterprise funds have covered their full NOO.

<b>Payments To OPEB Annual Funding Plan</b>					
	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Projected
General Fund	\$ 400,000	\$ 650,000	\$ 900,000	\$ 1,150,000	\$ 1,400,000
Trans. from Group Ins. (#35A)	\$ 400,000	\$ 1,050,000	\$ 800,000	\$ 555,000	\$ 300,000
Light Fund	14,321	10,478	11,000	11,500	30,000
Water Fund	18,175	16,402	17,000	18,800	20,000
Sewer Fund	4,544	4,849	5,000	4,700	5,000
Swim & Fitness Center Fund	34,160	36,508	38,000	40,000	25,000
Totals	<u>\$ 871,200</u>	<u>\$ 1,768,237</u>	<u>\$ 1,771,000</u>	<u>\$ 1,780,000</u>	<u>\$ 1,780,000</u>

The cumulative net OPEB Obligation is shown below. The total amount equals the previous year's Unfunded OPEB Obligation (cumulative since FY2009) plus the current year NOO minus the current year funding amount.

<b>Cumulative Unfunded OPEB Obligation at June 30</b>					
	FY13 Actual	FY14 Actual	FY15 Projected*	FY16 Projected*	FY17 Projected*
General Fund	\$ 7,861,339	\$ 7,663,484	\$ 7,391,340	\$ 6,981,086	\$ 6,554,909
Light Fund	(119,351)	(87,121)	(60,065)	(34,117)	(27,274)
Water Fund	(52,501)	(46,589)	(41,908)	(35,781)	(32,044)
Sewer Fund	(13,125)	(12,396)	(12,040)	(11,388)	(10,335)
Swim & Fitness Center Fund	(10,210)	(19,228)	(30,045)	(39,660)	(34,766)
Totals	<u>\$ 7,666,152</u>	<u>\$ 7,498,150</u>	<u>\$ 7,247,282</u>	<u>\$ 6,860,140</u>	<u>\$ 6,450,489</u>

\* FY15, FY16, and FY17 Projections are based on an OPEB Actuarial Valuation Report dated June 30, 2014

**Mission Statement:**

This account funds property insurance coverage for all Town-owned property, liability coverage for Town officials, and special risk coverage for police and fire personnel. The objective is to provide affordable and comprehensive management of the Town's risks.

**Budget Highlights:**

- The General Fund share of this budget is proposed to increase by \$25,000 from that of FY16.
- Various MIIA discounts (of about 10%) have been received in recent years, but their continuation lacks predictability and, therefore, are not assumed in this proposed budget.
- Premium budget of \$440,000 is projected to be apportioned as follows:

Expenditure Summary				
	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$ 153,968	\$ 176,163	\$ 225,000	\$ 250,000
Transfer to Insurance Reserve	\$ 46,032	\$ 48,837		
Other Funds	\$ 177,916	\$ 186,807	\$ 200,000	\$ 220,000
<b>Total Expenditures</b>	<b>\$ 377,916</b>	<b>\$ 411,807</b>	<b>\$ 425,000</b>	<b>\$ 470,000</b>

	\$ in thousands	% of total
Town Appropriation	\$240	53.1%
Public Schools (K-8)	66	14.0%
CCRS	38	8.1%
Light Fund	59	12.5%
Water Fund	34	7.3%
Sewer Fund	12	2.6%
Swim & Fitness Ctr.	8	1.9%
All Other	2	0.5%
<b>Total</b>	<b>\$460</b>	<b>100.0%</b>

**Description:**

This account funds property insurance coverage for all Town-owned buildings and contents, vehicles, boilers and machinery; liability coverage for Town officials; and special risk coverage for police and fire personnel. Insurance policies cover the Concord Public Schools, the Concord-Carlisle Regional High School, 51 Walden Street (Friends of the Performing Arts in Concord - "FOPAC"), the Emerson Building ("Emerson Umbrella"), and all properties of Town departments including assets of the Town enterprises (Light, Water, Sewer, Beede Pool).

The Town purchases blanket insurance coverage for all municipal and school buildings (with a current direct damage blanket limit of \$282 million) and approximately 260 vehicles of all kinds, from police cars to school buses to backhoes, against damage or loss. Coverage includes any construction projects that are undertaken during the year. Excess umbrella liability coverage of \$5 million is also purchased.

The Town is advised by an insurance consulting firm on an as-needed basis in order to guarantee the Town meets all insurance requirements and is able to respond to fluctuating market changes. The insurance program is managed by the Assistant Town Manager.

Property and Liability insurance is currently purchased through the Massachusetts Interlocal Insurance Association (MIIA). The total annual premium budget for the current year is \$415,000, with an expected actual cost of \$350,000. The budget estimate for FY17 (the rate adjustment in July, 2016) anticipates no price or coverage change.

**JOINT (TOWN-CPS): Property and Liability Insurance**

**Item 35C**

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Insurance Premiums	\$ 331,884	\$ 362,970	\$ 415,000	\$ 460,000	\$ 460,000
Damages to Pers. & Prop.	-	-	5,000	5,000	5,000
Insurance Advisor	-	-	5,000	5,000	5,000
Transfer to Ins. Res. Fund	46,032	48,837			
<b>Total Expenditure</b>	<b>\$ 377,916</b>	<b>\$ 411,807</b>	<b>\$ 425,000</b>	<b>\$ 470,000</b>	<b>\$ 470,000</b>

<b>Insurance Premium Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Gross Budget	General Fund Only
Automobile	\$ 63,367	\$ 68,901	\$ 80,000	\$ 100,000	\$ 40,000
General Liability, Umbrella, Pub. Officer, School Board	102,364	110,612	128,000	135,000	60,000
Property Insurance	105,332	115,355	140,000	158,000	73,000
Police and Fire Medical	58,140	63,789	65,000	65,000	65,000
All Other	2,681	4,313	2,000	2,000	2,000
<b>Total Expenditure</b>	<b>\$ 331,884</b>	<b>\$ 362,970</b>	<b>\$ 415,000</b>	<b>\$ 460,000</b>	<b>\$ 240,000</b>

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 225,000	52.94%	\$ 250,000	53.19%	11.11%
Other Sources:					
CMLP	53,000	12.47%	59,000	12.55%	11.32%
Water	31,000	7.29%	34,000	7.23%	9.68%
Sewer	11,000	2.59%	12,000	2.55%	9.09%
Swim and Fitness	8,000	1.88%	8,800	1.87%	10.00%
CPS	60,000	14.12%	66,000	14.04%	10.00%
CCRSB	35,000	8.24%	38,000	8.09%	8.57%
Other	2,000	0.47%	2,200	0.47%	10.00%
<b>Totals</b>	<b>\$ 425,000</b>	<b>100.00%</b>	<b>\$ 470,000</b>	<b>100.00%</b>	<b>10.59%</b>

**Mission Statement:**

This account covers the cost of personnel claims for both Town and School (K-8) unemployment and workers' compensation insurance. Charges attributable to Enterprise departments are directly charged and do not appear here as allocable expenses.

**Budget Highlights:**

**Unemployment Compensation**

- The present maximum benefit is \$722 per week. Claimant must have earned at least \$3,500 during the last four quarters and at least 30 times the amount of the eligible weekly benefit.

**Workers Compensation**

- "Administrative services" is for a claims administration service contract.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$ 152,679	\$ 154,893	\$ 200,000	\$ 200,000
Other Funds	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 152,679</b>	<b>\$ 154,893</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>

**Description:**

**Unemployment Compensation**

This account covers the cost of claims for both Town and School (K-8) personnel involving layoff from service, layoff from subsequent employment, resignation due to a spouse's relocation, and under-employment. Employers pay a varying percent of covered payroll to the Commonwealth's Division of Unemployment Assistance. Public employers are also given the choice of paying this payroll tax or choosing the "reimbursement method." Concord has chosen this alternative method, which means that it pays for actual claims incurred. Claims costs estimated for FY17 in relation to total projected payroll of about \$54.8 million is less than 1/5 of 1%.

The budget recommendation allows for a continuation of the level of claims experienced in recent years. While we are not foreseeing any circumstance requiring extensive staff reductions, claims can arise from a variety of situations. The most common situations are termination for performance reasons and layoff from a subsequent employer.

**Workers' Compensation**

This account covers medical expenses for Town and School employees injured on the job. Salary continuation costs are charged to each department's budget. Our cost experience over the years has been highly favorable. The School Department (for CPS employee coverage only, not CCRSD) and the Town administration have jointly retained consulting services, claims administration services, and stop-loss reinsurance coverage.

"Stop-Loss" coverage with an insured ceiling of \$2 million per year, a specific retention level of \$600,000 per accident and an aggregate retained loss of \$874,282 per year has been acquired for the current year (July 1, 2015 to June 30, 2016) at a premium of \$44,363 of which the General Fund's share was \$34,171.

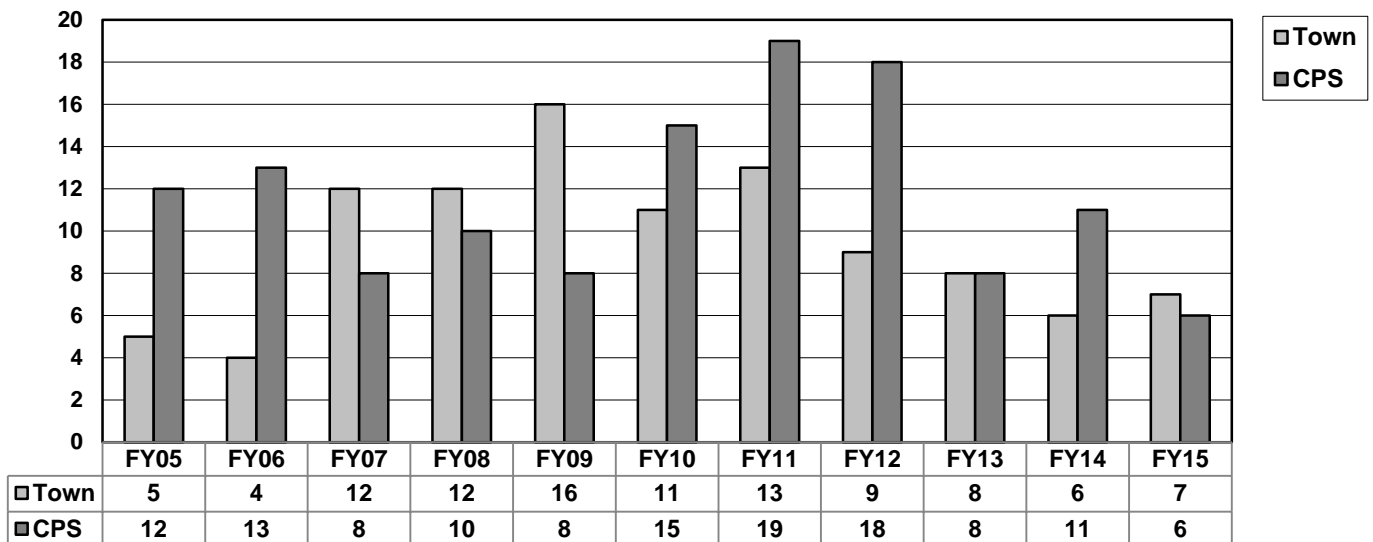
**JOINT (TOWN-CPS): Unemployment & Workers' Compensation Item 36**

Expenditure Detail					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Unemployment Comp.	\$ 67,101	\$ 54,433	\$ 100,000	\$ 100,000	\$ 100,000
<u>Workers Comp.</u>					
Admin. Services	\$ 24,807	\$ 31,935	\$ 15,000	\$ 15,000	\$ 15,000
Reinsurance/Stop-loss	33,317	33,044	35,000	35,000	35,000
Medical Expenses	\$ 27,455	\$ 35,481	50,000	50,000	50,000
Total Expenditure	\$ 152,679	\$ 154,893	\$ 200,000	\$ 200,000	\$ 200,000

Funding Plan					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 200,000	100.00%	\$ 200,000	100.00%	0.00%
Totals	\$ 200,000	100.00%	\$ 200,000	100.00%	0.00%

## Unemployment Compensation History

### Number of Recipients





**Mission Statement:**

The purpose of this funding is to provide for the cost of the Town's required annual payment to the Concord Contributory Retirement System, determined pursuant to a funding schedule based upon a biennial actuarial valuation. The Concord Retirement System is one of 106 Boards functioning as part of a statewide defined benefit pension system operated for all eligible employees of Massachusetts state and local government, in lieu of the federal Social Security system.

**Budget Highlights:**

- At the most recent actuarial valuation date of January 1, 2015, the Funding Schedule projects full funding status as of 2030.
  - Investment gain for the three-year period to December 31, 2014 is estimated at almost 41%. The 10-year rate of return was 7.00% annualized.
  - The valuation for January 1, 2015 lowered the assumed rate of return to 7.25%, a reduction of 0.25% which increased the actuarial accrued liability by \$4.1 million.
- The expected required General Fund appropriation is projected at a 3% annual increase.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$3,035,000	\$3,125,000	\$ 3,220,000	\$ 3,317,000
Other Funds	\$ 524,304	\$ 538,669	\$ 559,937	\$ 616,485
<b>Total Expenditures</b>	<b>\$3,559,304</b>	<b>\$3,663,669</b>	<b>\$ 3,779,937</b>	<b>\$ 3,933,485</b>

**Description:**

The Concord Retirement Board administers a defined benefit contributory retirement plan established under Massachusetts General Laws, Chapter 32, that is partially funded by employee contributions and is supervised by the Public Employee Retirement Administration Commission (PERAC), Commonwealth of Massachusetts.

Employer groups covered by the System include the Town of Concord (including the Concord Public School Department, CPS), the Concord-Carlisle Regional School District (CCRS) and the Concord Housing Authority (CHA).

The Retirement System covers substantially all municipal employees working at least 25 hours per week, except for teaching personnel (who are members of the State Teachers Retirement System, a single statewide system for which the employer cost is covered by the state budget).

Employees contribute varying rates dependent on the date of membership in the system. New members since July 1, 1996 contribute 9% of regular compensation. Overtime and other forms of "bonus" pay are excluded both for employee contribution purposes and from the calculation of retirement benefits. \*State legislation enacted in the 2011 session (Chapter 176) makes substantial changes affecting new hires on and after April 2, 2012, but the impact of these changes on pension liabilities will be gradual and in the near term not significant.

**Results of Actuarial Valuation**

	At 1/1/12	At 1/1/14	At 1/1/15	Δ% (2014 to 2015)
Obligations (AAL)	\$123,797,875	\$142,404,644	\$156,552,131	9.9%
Assets (AVA)	\$94,996,144	\$115,339,593	\$126,816,839	10.0%
Unfunded AAL	\$28,801,731	\$27,065,051	\$29,735,292	9.9%
Funded Ratio	76.7%	81.0%	81.0%	N/A
Earning Rate Assumed	7.50%	7.50%	7.25%	N/A
Amortization Increase*	2%	2%	2%	N/A
Funding Year Projected**	2030	2030	2030	N/A
Asset Market Value	\$94,704,818	\$122,155,363	\$133,074,229	8.9%

AAL = Actual Accrued Liability; AVA = Actual Value of Assets

\* Max permitted = 4%; \*\* Max permitted = 2040; Governing Statute: 5.22F of M.G.L Ch. 32.

**JOINT (TOWN-CPS): Retirement**

**Item 37**

<b>Uses</b>				
	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Proposed
Required Employer Share to Pension Fund	\$ 3,384,709	\$ 3,467,672	\$ 3,901,380	\$ 4,449,269
Transfer to (from) Town Pension Reserve Fund	\$ 174,595	\$ 195,997	\$ (121,443)	\$ (515,784)
<b>Total Uses</b>	<b>\$ 3,559,304</b>	<b>\$ 3,663,669</b>	<b>\$ 3,779,937</b>	<b>\$ 3,933,485</b>

<b>Funding Sources</b>				
	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Proposed
<u>General Fund Appropriation</u>	\$ 3,035,000	\$ 3,125,000	\$ 3,220,000	\$ 3,317,000
<u>Enterprise Funds (Actuarial Charge):</u>				
Light Fund	\$ 392,747	\$ 403,508	\$ 392,481	\$ 423,095
Water Fund	\$ 62,590	\$ 64,305	\$ 72,280	\$ 86,179
Sewer Fund	\$ 12,490	\$ 12,832	\$ 18,070	\$ 21,545
Swim & Fitness Fund	\$ 56,477	\$ 58,024	\$ 77,106	\$ 85,666
<b>Subtotal Enterprises</b>	<b>\$ 524,304</b>	<b>\$ 538,669</b>	<b>\$ 559,937</b>	<b>\$ 616,485</b>
<b>Total Sources</b>	<b>\$ 3,559,304</b>	<b>\$ 3,663,669</b>	<b>\$ 3,779,937</b>	<b>\$ 3,933,485</b>

<b>Performance Highlights (amounts in thousands)</b>						
Date of Actuarial Valuation and Data Provided	(1) Actuarial Value of Net Assets Available for Plan Benefits	(2) Actuarial Accrual Liability	(3) Percentage Funded: (1)÷(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll
January 1, 1994	\$ 27,603	\$ 38,207	72.25%	\$ 10,604	\$ 11,011	96.30%
January 1, 1996	\$ 33,678	\$ 42,701	78.87%	\$ 9,023	\$ 11,655	77.42%
January 1, 1998	43,221	51,392	84.10%	8,171	13,676	59.75%
January 1, 2000	56,251	59,720	94.19%	3,469	14,807	23.43%
January 1, 2002	56,748	67,763	83.74%	11,014	16,776	65.65%
January 1, 2004	63,067	76,564	82.37%	13,496	17,996	74.99%
January 1, 2006	75,974	83,989	90.46%	8,015	18,925	42.35%
January 1, 2008	90,963	94,681	96.07%	3,718	21,295	17.46%
January 1, 2010	90,445	106,054	85.28%	15,609	24,097	64.78%
January 1, 2012	94,996	123,798	76.73%	28,802	25,221	114.20%
January 1, 2014	115,340	142,405	80.99%	27,065	27,514	98.37%
January 1, 2015	126,817	156,552	81.01%	29,735	29,283	101.54%

**Program Implementation**

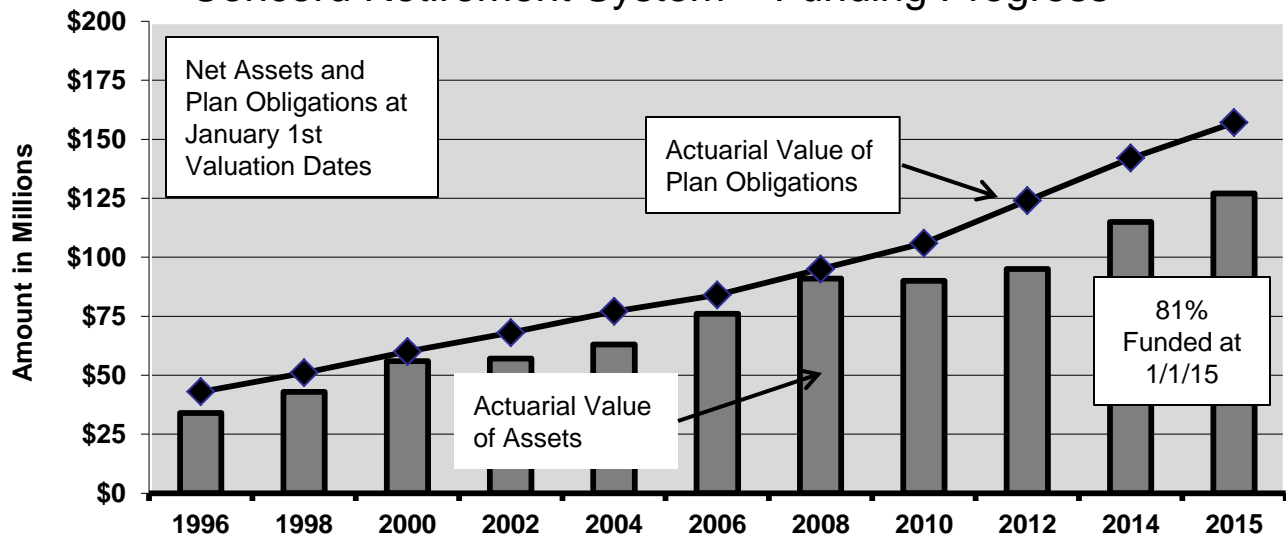
The 106 Local Retirement Boards operate under the rules of MGL Ch. 32. Most small towns are members of a County Retirement System. The Concord Retirement Board is a five-member body consisting of the Town Accountant, 2 elected members, 1 appointee of the Board of Selectmen, and 1 member appointed by the other four members. The system is administered with the assistance of the Town's Finance Department; the Town Treasurer is custodian of the System's assets. The Board is supervised by a state agency, the Public Employee Retirement Administration Commission (PERAC).

The System is "unfunded" in that, since its inception in 1937, and continuing until 1992, the employer contribution had been related solely to pension payments for current retirees. A "funded" system would require that, upon retirement, assets had been accumulated on behalf of each member sufficient, with continued investment earnings, to meet pension obligations for the projected life of the beneficiary. The "unfunded liability" of a system is a measure of the shortfall between projected actuarial obligations and accumulated assets. A pension system can be fully funded at one point in time and then be underfunded later even while making required funding plan payments if the investment yield falls below the actuarial projection. Concord's assumed annual investment yield for the purpose of calculating its future obligations is 7.25%.

Recognizing the adverse fiscal implications of a funding shortfall, the Town of Concord commenced in 1978 a program of funding its accumulated past service liability. At January 1, 1993, assets amounting to \$5,492,405 were transferred from the special "Pension Reserve" fund to the Retirement System in connection with the formal adoption of a twenty-year funding plan to amortize the remaining unfunded liability. As of January 1<sup>st</sup>, 2015, the Retirement System was 81% funded.

Plan obligations include the impact of acceptance by the 1998 Town Meeting of a state law governing cost of living adjustments (COLA) to retirees. The COLA statute provided for a pension increase equal to the social security percentage increase each year, or 3%, whichever is less, on the first \$12,000 of annual pension payment. The 1999 State Legislature enacted a further revision, permitting the granting of a full 3% COLA adjustment on the first \$12,000 per year, without regard to whether the federal Social Security adjustment was lower than 3%. This revision was accepted by a 2000 Town Meeting vote. The Concord Retirement Board's Funding Plan assumes a 3% annual COLA on the first \$12,000 (a \$1,000 per month COLA base; a maximum \$360 annual COLA increase).

**Concord Retirement System – Funding Progress**



\*Net Assets and Plan Obligations shown according to **January 1st** valuation dates.

**Additional Retirement System Information**

In addition to the system's assets, the Town continues to maintain a Pension Reserve Fund that had a market value of \$9,471,897 on June 30, 2015 (an increase of 6.2% for the fiscal year). As of January 1, 2015, the market value of the system's assets was estimated at \$133,074,229 (an increase of \$10.9 million during the calendar year 2014).

The Pension Fund contribution required from the employers for FY17 is \$5,157,337. The Cost of Benefits required to be funded in FY17 is estimated at \$5,689,153. This difference of \$531,776 between the required appropriation and the Cost of Benefits amount (which is a measure of projected benefit outlays) may be drawn from the Retirement System's Pension Reserve Fund ("PRF" shown in the table below, which is different from the Town's Pension Reserve Fund shown in the accompanying Expenditure Detail).

The Pension Fund is the portion of the System's total assets from which the employer share of retirement allowance is payable (the employee contributions are held in the Annuity Fund). FY14-16 costs and projected FY17 costs are:

	FY14	FY15	FY16	FY17
Pension Fund – Cost of Benefits	\$4,894,690	\$5,171,941	\$5,343,220	\$5,689,153
Less cost payable only by CHA	11,336	11,311	11,311	0
Less PRF transfer	950,872	1,119,996	805,421	531,776
Net Funding (all employers)	\$3,932,507	\$4,040,634	\$4,526,488	5,157,377

Net funding is apportioned among the employer groups in accordance with the share of annualized covered payroll as of the preceding September 30th (in accordance with state law). The shares for FY15-17 are:

	FY15		FY16		FY17	
Town (including CPS)	\$3,467,672	85.82%	\$3,901,380	86.19%	\$4,449,269	86.27%
CCRSD	533,364	13.20%	580,748	12.83%	666,849	12.93%
Housing Authority (CHA)	39,598	0.98%	44,360	0.98%	41,259	0.80%

**Performance Information:** The Retirement System operates on a calendar year fiscal period. For the year ending December 31, 2014, system receipts were derived as follows:

Employee Contribution	\$2,786,717
Employer Contribution	4,051,945
Commonwealth Contribution (COLA)	73,819
Investment Earnings (Losses)	11,449,578
Other	442,048
<b>Total</b>	<b>\$18,804,107</b>

For the five-year period 2010-2014, the Concord Retirement System's investment performance showed an annualized return of 10.52% compared to a composite rate of return of 9.7% for all 106 retirement boards in the MGL Chapter 32 pension system.

Concord's funded ratio of 81.0% at January 1, 2015 ranked 7<sup>th</sup> out of 106 retirement boards as reported on PERAC's website as of October 1, 2015.

**Mission Statement:**

The purpose of this funding is to provide for the costs of the Town's Social Security and Medicare obligations.

**Budget Highlights:**

- The General Fund Cost for the Town's share of Medicare coverage is increased 4.9%, to \$640,000, reflecting both a higher payroll base and a higher proportion of covered payroll as employees of the Town and CPS hired prior to April 1986 retire or leave Town service and are replaced.
- Social Security coverage applies to those town and school employees not members of the town's retirement system under state law, MGL, CH 32. The General Fund cost for FY17 is projected to be \$125,000, a decrease of \$5,000 which is a result of few employees qualifying for Social Security coverage.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
General Fund	\$ 647,788	\$ 675,047	\$ 740,000	\$ 765,000
Other Funds	\$ 129,826	\$ 139,398	\$ 162,800	\$ 151,300
<b>Total Expenditures</b>	<b>\$ 777,614</b>	<b>\$ 814,445</b>	<b>\$ 902,800</b>	<b>\$ 916,300</b>

**Description:**

**Medicare Tax:**

Federal legislation enacted in 1986 extended mandatory Medicare coverage to employees of state and local governments who were hired on or after April 1, 1986. Covered employees are required to pay withholding tax of 1.45% on regular earnings, matched by an equal 1.45% from the employer. This budget covers the employer share for both the Town and CPS employees. The escalating cost is related directly to the rate of employee turnover. Since inception of this tax, the covered percentage of the gross payroll has risen to 87% in FY15 and is projected to reach 90% in FY17 (see chart below for a Town-CPS break-out of these costs ).

**Social Security Tax:**

Pursuant to legislation enacted by Congress in 1990 and effective July 1, 1991, town and CPS non-certified employees who are not members of the Town's retirement system are required to be covered by Social Security. The Town and the employee each pay the Social Security tax of 6.2%. From January 1, 2011 to December 31, 2012, the employee tax was reduced to 4.2% by an act of Congress, but the employer share remains unchanged at 6.2%. Membership in the Town's retirement system requires a minimum 25-hour per week permanent position. Thus most part-time employees are covered by Social Security. Departments placing particular emphasis on part-time employment include: Recreation (including the Beede Swim & Fitness Center), Library, Concord Public Schools. Employees required to pay the Social Security tax also lose exemption from the requirement to pay the Medicare tax even if initially hired by the Town prior to April 1, 1986.

**Medicare Tax**

<b>% of Payroll Covered</b>	FY11	FY12	FY13	FY14	FY15	EST FY16	EST FY17
Town	78%	78%	79%	80%	82%	83%	84%
CPS	88%	89%	90%	91%	92%	93%	94%

**Social Security Tax**

<b>% of Expense</b>	FY14 Actual	FY15 Actual
Town – General Fund	25%	25%
Recreation	23%	23%
Swim & Fitness	10%	10%
CPS	40%	40%
Other	2%	2%

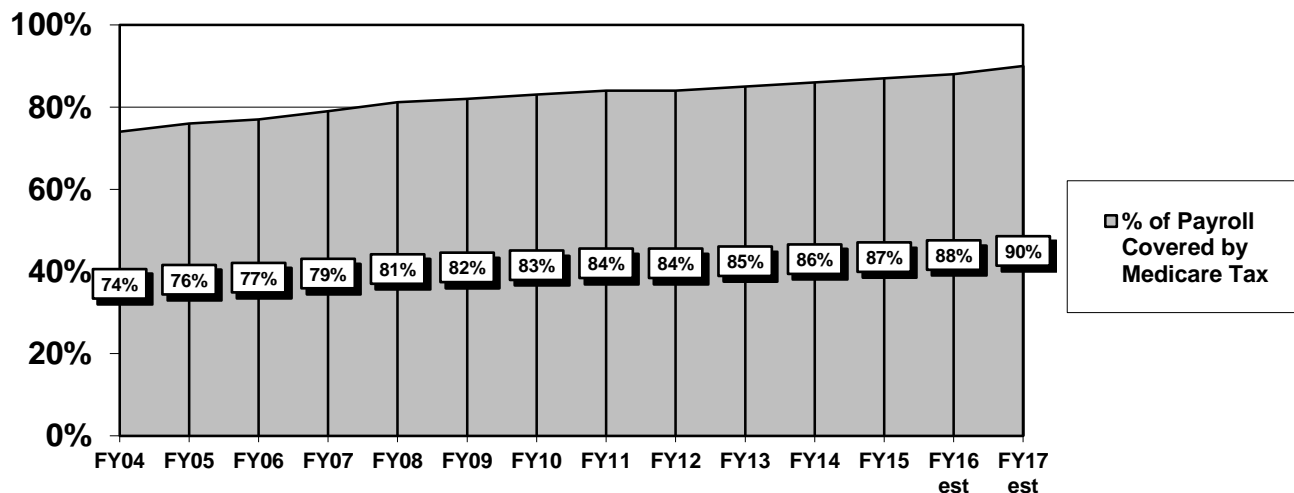
**JOINT (TOWN-CPS): Social Security/Medicare**

**Item 38**

Expenditure Detail					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
Medicare Tax	\$ 605,688	\$ 657,000	\$ 697,800	\$ 725,300	\$ 725,300
Social Security Tax	171,926	180,000	205,000	191,000	191,000
<b>Total Expenditure</b>	<b>\$ 777,614</b>	<b>\$ 837,000</b>	<b>\$ 902,800</b>	<b>\$ 916,300</b>	<b>\$ 916,300</b>

Funding Plan					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 740,000	81.97%	\$ 765,000	83.49%	3.38%
Light Fund	38,000	4.21%	40,000	4.37%	5.26%
Water Fund	13,000	1.44%	12,500	1.36%	-3.85%
Sewer Fund	4,500	0.50%	4,500	0.49%	0.00%
Recreation Fund	64,000	7.09%	52,000	5.67%	-18.75%
Swim and Fitness Center	35,500	3.93%	35,000	3.82%	-1.41%
Solid Waste Disposal Fund	1,400	0.16%	1,400	0.15%	0.00%
Parking Meter Fund	1,200	0.13%	1,200	0.13%	0.00%
Gift Fund	4,000	0.44%	3,500	0.38%	-12.50%
Retirement Admin. Fund	1,200	0.13%	1,200	0.13%	0.00%
<b>Totals</b>	<b>\$ 902,800</b>	<b>100.00%</b>	<b>\$ 916,300</b>	<b>100.00%</b>	<b>1.50%</b>

**Percent of Total Payroll Covered by Medicare Tax**



**Mission Statement:**

The mission of the Finance Director in managing the Debt Service account is to achieve the lowest possible interest cost while meeting the Town's capital financing requirements and maintaining the Town's credit rating.

**Budget Highlights:**

- In May 2015, Moody's Investor Services reviewed Concord's fiscal management and reaffirmed the Town's credit rating of Aaa, the highest rating category. Concord has maintained this rating since 1987.
- With a credit rating of Aaa, the Town is deemed to be among the most credit worthy of municipalities and can borrow funds at favorable rates.
- Total FY17 Town debt service budgeted in this account – within the Levy Limit and excluded – is projected to be 7.8% of the total proposed General Fund budget.
- The debt service shown in this section does not include the assessment to the Concord – Carlisle Regional School District for payment to cover the borrowing for the new Concord – Carlisle High School.

**Expenditure Summary**

	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
Within the Levy Limit	\$3,324,950	\$3,456,055	\$3,719,217	\$3,730,000
Excluded Debt	4,624,454	4,495,632	4,206,283	4,007,828
<b>Total Expenditure</b>	<b>\$7,949,404</b>	<b>\$7,951,687</b>	<b>\$7,925,500</b>	<b>\$7,737,828</b>

**Funding Summary**

General Fund	\$6,574,526	\$7,041,809	6,015,622	6,327,950
Stabilization Funds	965,000	500,000	1,500,000	1,000,000
Thoreau MSBA Grant	409,878	409,878	409,878	409,878
<b>Total Funding</b>	<b>\$7,949,404</b>	<b>\$7,951,687</b>	<b>\$7,925,500</b>	<b>\$7,737,828</b>

**Description:**

This budget provides for principal and interest repayment on the Town's tax-supported long-term debt, short-term note interest for cash flow and construction financing needs, and costs associated with debt issuance. All debt is issued as "General Obligation" based on the full faith and credit of the Town, but debt issued on behalf of the Town's enterprises (Water, Sewer, Light) is supported fully by the respective enterprise revenue. This budget, however, shows only the General Fund debt service (principal and interest repayment) and costs. The table on pages 58 to 59 shows all debt service for bonds issued through June 30, 2015 including debt service supported from the enterprise funds and from betterment assessments.

Capital financing and debt management policy for debt supported by property taxation within the levy limit is subject to the following guidelines:

- The total General Fund budget allocation for capital needs should be in the range of 7-8%;
- One-third of capital needs should be met from current resources; the cost of borrowing (principal and interest repayment, together with related issuance costs and short-term interest expense) should not exceed approximately 5% of the current General Fund resource budget;
- A rapid debt repayment schedule should be maintained for tax-supported debt, with a goal (for "within the levy limit" debt) of 60% repayment within five years and 90% repayment within ten years.

These guidelines serve several important purposes:

- Capital investment needs are not "squeezed out" of the budget by the demands of current operations;
- The appetite for meeting capital needs through potentially excessive borrowing is controlled;
- Rapid repayment schedules serve to hold down the amount expended in the form of interest costs; and new capacity for debt issuance is continually made available, thereby enabling newly recognized capital needs to be addressed annually; rapid principal repayment serves as a key foundation element of the Town's Aaa credit rating.

Debt supported through a ballot vote to exclude such debt from the property tax levy limit ("excluded debt"), is above the base 7-8% budget policy allocation and may be structured for a longer repayment depending on the nature of the project. Revenue-supported debt (water, sewer, light) is subject to guidelines which relate to the useful life of the project and the current interest rate environment. Generally, debt issued for longer periods and/or with a slower repayment schedule incurs a higher interest rate.

**JOINT (TOWN-CPS): Debt Service**

**Item 39**

<b>Expenditure Detail</b>					
	Previous Fiscal Years			FY17 Proposed	
	FY14 Actual	FY15 Actual	FY16 Budgeted	Department Request	Town Manager's Proposed
<b>i. Long-Term Debt</b>					
Town - Principal	\$ 2,270,000	\$ 2,275,000	\$ 2,305,000	\$ 2,435,000	\$ 2,435,000
Town - Interest	<u>227,867</u>	<u>264,919</u>	<u>246,988</u>	<u>316,725</u>	<u>316,725</u>
Subtotal	\$ 2,497,867	\$ 2,539,919	\$ 2,551,988	\$ 2,751,725	\$ 2,751,725
School - Principal	740,000	800,000	850,000	770,000	770,000
School - Interest	<u>70,895</u>	<u>106,030</u>	<u>90,113</u>	<u>113,375</u>	<u>113,375</u>
Subtotal	\$ 810,895	\$ 906,030	\$ 940,113	\$ 883,375	\$ 883,375
Refunding Savings	\$ -	\$ -	\$ 114,217	\$ -	\$ -
<b>Within the Levy Limit Total</b>	<b><u>\$ 3,308,762</u></b>	<b><u>\$ 3,445,950</u></b>	<b><u>\$ 3,606,318</u></b>	<b><u>\$ 3,635,100</u></b>	<b><u>\$ 3,635,100</u></b>
Town - Excluded Principal	177,723	179,293	180,895	82,529	82,529
Town - Excluded Interest	<u>34,563</u>	<u>29,428</u>	<u>24,011</u>	<u>18,560</u>	<u>18,560</u>
Subtotal	\$ 212,286	\$ 208,721	\$ 204,906	\$ 101,089	\$ 101,089
School - Excluded Principal	3,035,000	3,005,000	3,020,000	3,000,000	3,000,000
School - Excluded Interest	<u>1,377,168</u>	<u>1,281,911</u>	<u>981,377</u>	<u>906,738</u>	<u>906,738</u>
Subtotal	\$ 4,412,168	\$ 4,286,911	\$ 4,001,377	\$ 3,906,738	\$ 3,906,738
<b>Excluded Debt Total</b>	<b><u>\$ 4,624,454</u></b>	<b><u>\$ 4,495,632</u></b>	<b><u>\$ 4,206,283</u></b>	<b><u>\$ 4,007,828</u></b>	<b><u>\$ 4,007,828</u></b>
<b>Long-Term Debt Total</b>	<b><u>\$ 7,933,216</u></b>	<b><u>\$ 7,941,582</u></b>	<b><u>\$ 7,812,601</u></b>	<b><u>\$ 7,642,928</u></b>	<b><u>\$ 7,642,928</u></b>
<b>II. Short-Term Debt</b>					
BAN Interest - within levy limit	3,104	1,538	72,899	54,900	54,900
<b>III. Issuance Costs</b>					
Issuance costs within levy limit	13,082	8,567	40,000	40,000	40,000
<b>Grand Total</b>	<b><u>\$ 7,949,404</u></b>	<b><u>\$ 7,951,687</u></b>	<b><u>\$ 7,925,500</u></b>	<b><u>\$ 7,737,830</u></b>	<b><u>\$ 7,737,830</u></b>

<b>Funding Plan</b>					
	FY16 Budgeted	% of Budget	FY17 Proposed	% of Budget	% Change in Dollars
Gen. Fund - Within levy Limit	\$ 3,605,000	45.49%	\$ 3,730,000	48.20%	3.47%
Gen. Fund - Debt Exclusion	<u>2,410,622</u>	<u>30.42%</u>	<u>2,597,950</u>	<u>33.57%</u>	<u>7.77%</u>
<b>General Fund Total</b>	<b><u>\$ 6,015,622</u></b>	<b><u>75.90%</u></b>	<b><u>\$ 6,327,950</u></b>	<b><u>81.78%</u></b>	<b><u>5.19%</u></b>
Stabilization Fund Allocation	1,500,000	18.93%	1,000,000	12.92%	-33.33%
Thoreau MSBA Grant	<u>409,878</u>	<u>5.17%</u>	<u>409,878</u>	<u>5.30%</u>	<u>0.00%</u>
<b>Totals</b>	<b><u>\$ 7,925,500</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 7,737,828</u></b>	<b><u>100.00%</u></b>	<b><u>-2.37%</u></b>



**SECTION II: Town Government Accounts**

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