

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 a 11.1% increase over the FY11 budget.
- As of June 30, 2010, the General Fund accrued liability for sick leave buyback payable at retirement was \$1,383,558 (-6.9%) for 125 eligible active Town employees. 65% of this liability is on account of uniformed Police and Fire personnel.
- At FY10 year-end, \$55,000 of the current appropriation was encumbered and reserved toward meeting this long-term liability.
- The accumulated reserve balance at June 30, 2010 was \$77,142.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$ 71,848	\$ 71,856	\$ 90,000	\$ 100,000
Other Funds	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 71,848	\$ 71,856	\$ 90,000	\$ 100,000

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. However, agreements with Police and Fire Unions do not restrict eligibility. 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 raised within the next few budget years to about \$100,000. The FY12 proposed budget increases this item by \$10,000, to a level of \$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 16 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 33

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Unused Sick Leave	-	13,161	80,000	90,000	90,000
Public Safety	978	185	2,500	2,500	2,500
Employee Assistance Program	8,370	3,510	7,500	7,500	7,500
Sick Leave Buyback Res.	62,500*	55,000	-	-	-
Totals	\$ 71,848	\$ 71,856	\$ 90,000	\$ 100,000	\$ 100,000

*Of the amount reserved at 6/30/09, \$40,358 was expensed for benefits payable to eligible employees who retired during FY10.

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 90,000	100.00%	\$ 100,000	100.00%	11.11%
Totals	\$ 90,000	100.00%	\$ 100,000	100.00%	11.11%

Sick Leave Buy-Back Liability at June 30				
	FY08	FY09	FY10	
Police Union	\$ 317,438	\$ 340,305	\$ 362,214	
Fire Union	615,928	573,734	540,478	
All Other Town Gov't	500,378	572,410	480,866	
Total Liability Payable From this Account**	\$ 1,433,744	\$ 1,486,449	\$ 1,383,558	
Concord Public Schools***	\$ 1,784,351	\$ 1,843,289	\$ 1,702,435	
Total General Fund Liability	\$ 3,218,095	\$ 3,329,738	\$ 3,085,993	

**Payout FY11-FY15 from this account is expected to exceed \$500,000.

***Payout charged to CPS budget.

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 FY11 budget.
- This account is less than 1% of Article 6, the accounts under the jurisdiction of the Town Manager.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Transfer to Other Accts.	\$ (78,168)	\$ (76,582)	N/A	N/A
Return to Revenue	\$ 146,832	\$ 148,418	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 41 separate appropriation accounts that constitute the Town Budget Article to be voted by the 2011 Annual Town Meeting (Article 6).

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 FY10 the Finance Committee made transfers summarized in the following table:

<u>Town Account</u>	<u>Amount</u>	<u>Purpose</u>
2010 Flood Emergency (Dept. 230)	\$66,582	Public Safety and Public Works; costs associated with March 15 – April 14 floods.
Land Fund (Dept. 188)	10,000	Removal of underground fuel storage tanks from Marshall and McGrath farm parcels.
Total	\$76,582	

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Total Transferred	(78,168)	(76,582)	N/A	N/A	N/A
Balance Unexpended (Return to Revenue)	146,832	148,418	N/A	N/A	N/A

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 225,000	100.00%	\$ 225,000	100.00%	0.00%
Totals	<u>\$ 225,000</u>	100.00%	<u>\$ 225,000</u>	100.00%	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 32 separate appropriation accounts and sub-accounts that include salary funds.

Budget Highlights:

- This budget represents a 34.3% increase in operating cost over that of the FY11 budget.
- A new Classification and Compensation Plan was implemented as of July 1, 2009– the first comprehensive update of job classifications and pay scales in seven years.
- Proposed funding is intended to provide scale adjustment, step, merit, and collective bargaining costs as well as reclassification and market adjustments pursuant to the new plan.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
Appropriation	\$ 600,000	\$ 300,000	\$ 350,000	\$ 470,000
Less Transfers & Encumbrances	\$ (560,013)	\$ (295,750)	\$ (292,936)	N/A
Balance Unexpended	\$ 39,987	\$ 4,250	\$ 57,064	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 32 separate accounts and sub-accounts that include salary funds.

The FY12 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 and fire and with public safety dispatchers. In accordance with Section 10.2 of the Personnel Bylaw, the Town Manager and Personnel Board will jointly establish the FY12 step increase and merit pay plan prior to July 1, 2011.

A comprehensive Classification and Compensation Study was completed in 2008 covering all pay scales.

At July 1, 2009 the enacted budget allowed uniform 2% salary adjustments for all non-union staff under the Town Manager's jurisdiction, with no allowance for step increases or merit pay adjustments. The FY12 budget guideline established by the Finance Committee allows for increased funding for this purpose. The Town Manager is proposing a 1% market adjustment to pay scales and an average 3.5% allowance for step and merit adjustments.

Only longevity increments scheduled for existing staff are included in the proposed departmental budgets. All other salary changes for FY12 are proposed for funding from this account.

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Original Appropriation	\$ 600,000	\$ 300,000	\$ 350,000	\$ 500,000	\$ 470,000
Total Transfers	(550,013)	(295,750)	(292,936)	N/A	N/A
Encumbered	(10,000)	-	-	N/A	N/A
Balance Unexpended (Return to Revenue)	\$ 39,987	\$ 4,250	\$ 57,064*	N/A	N/A

*Balance not distributed to operating department accounts as of Dec. 31, 2010.

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 350,000	100.00%	\$ 470,000	100.00%	34.29%
Totals	<u>\$ 350,000</u>	100.00%	<u>\$ 470,000</u>	100.00%	34.29%

Mission Statement:

This account exists to acquire land for Town use.

Budget Highlights:

- No General Fund support is proposed in FY12.
- 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

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$ -	\$ 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. No appropriation is proposed for FY12. The balance of the fund as of June 30, 2010 was \$36,057.

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Purchased Services	\$ 5,200	\$ 3,150	\$ -	\$ -	\$ -
Other Charges & Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 5,200	\$ 3,150	\$ -	\$ -	\$ -

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ -	N/A	\$ -	N/A	N/A
Totals	\$ -	N/A	\$ -	N/A	N/A

Land Fund History

	FY06	FY07	FY08	FY09	FY10	FY11 Budgeted	FY12 Proposed
<u>Fund Source</u>							
Beginning Balance	\$ 32,508	\$ 19,691	\$ 20,738	\$ 16,170	\$ 24,010	\$ 36,057	\$ 36,157
Return to Fund	-	-	-	12,700 (g)	-	-	-
Sale of Land	-	-	-	-	-	-	-
Tax Levy	-	-	-	-	15,000	-	-
Gifts	-	-	-	-	-	-	-
Interest Earned	928	1,047	812	340	197	100	100
Total Available	\$ 33,436	\$ 20,738	\$ 21,550	\$ 29,210	\$ 39,207	\$ 36,157	\$ 36,257
<u>Fund Uses</u>							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Purchase	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-
Appraisal, Legal, Surveying, etc.	13,745	-	5,380 (f)	5,200	3,150	-	-
Total Used	\$ 13,745	\$ -	\$ 5,380	\$ 5,200	\$ 3,150	\$ -	\$ -
Ending Balance	\$ 19,691	\$ 20,738	\$ 16,170	\$ 24,010	\$ 36,057	\$ 36,157	\$ 36,257

Notes:

(f) Costs related to acquisition of Emerson Annex Unit 4.

(g) Unexpended balance of Article 49 of 2001 ATM returned to Land Fund fund balance.

Mission Statement:

The purpose of this funding is to provide for the cost of employee group insurance programs. Commencing in FY10, this budget also includes full funding of the Annual Required Contribution (ARC) for other post-employment benefits (OPEB) to be paid by the Town's Enterprise Funds and partial funding of the General Fund ARC.

Budget Highlights:

- This budget represents a 7.4% increase in insurance costs over those of the FY11 budget.
- The General Fund share of this account is budgeted to increase by 7.5% in FY12.
- About 70% of active employees select Town health insurance coverage.
- The Town has completed an actuarial study of its future post-employment group health cost, as required by GASB 45. This study indicates that full funding of post-retirement health insurance benefits would require a \$2 million increase in the General Fund appropriation. The FY12 proposed budget allocates \$150,000 toward the General Fund obligation.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$3,646,048	\$3,768,551	\$ 4,465,000	\$ 4,800,000
Transfer to Insurance Reserve	\$ 178,952	\$ 384,049	\$ -	\$ -
Other Funds	\$ 400,943	\$ 883,284	\$ 722,192	\$ 770,932
Total Expenditures	\$4,225,943	\$5,035,884	\$ 5,187,192	\$ 5,570,932

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.

The Town's group health insurance plan is provided through the **Minuteman Nashoba Health Group (MNHG)**, a consortium of thirteen towns, four regional school districts and a Special Education Collaborative. The group consists of the following: Ayer, Bolton, Boxborough, Clinton, Carlisle, Concord, Harvard, Groton, Lancaster, Pepperell, Phillipston, Stow, Tyngsboro, the Concord-Carlisle Regional School District, the Lincoln-Sudbury Regional School District, the North Middlesex Regional School District, the Naragansett Regional School District, and the Concord Area Special Education Collaborative. As of January 1, 2011, the MNHG Group covered 4,320 employees and retirees.

Dental and basic life insurance and the non-contributory programs of supplemental life insurance and disability income protection are contracted jointly with the Concord-Carlisle Regional School District and provided to all eligible Town, CPS, and CCRSD employees.

OPEB Trust Fund

Transfers to the OPEB Trust Fund reflected in the FY10 actual and FY11/FY12 budgets shown above are:

	FY10	FY11	FY12
General Fund	\$ -	\$ -	\$ 150,000
Light Fund	254,364	138,424	151,436
Water Fund	123,883	68,097	74,498
Sewer Fund	30,971	17,025	18,625
Swim and Fitness Fund	71,462	39,646	43,373
Total	\$ 480,680	\$ 263,192	\$ 437,932

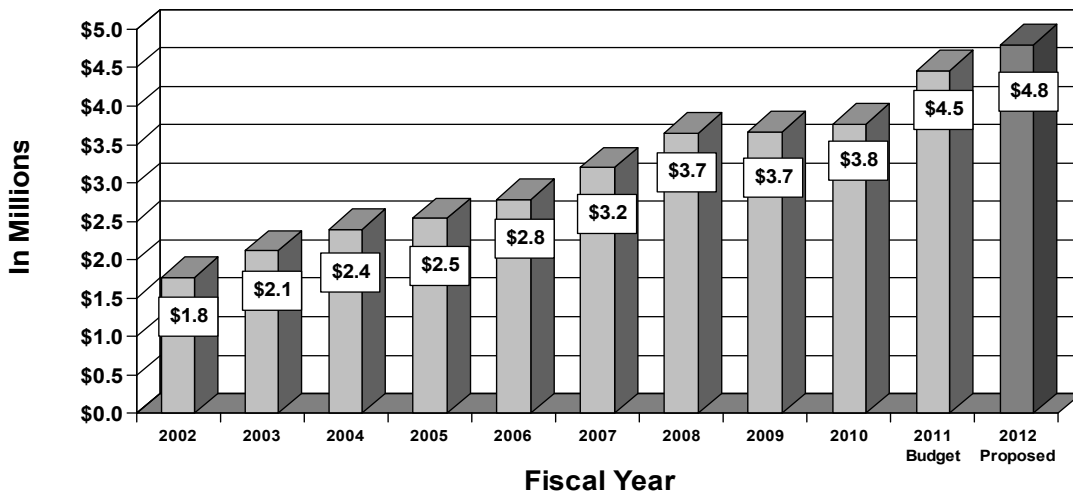
JOINT (TOWN-CPS): Group Insurance

Item 37A

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Health Insurance	\$ 3,771,535	\$ 3,912,924	\$ 4,600,000	\$ 4,800,000	\$ 4,800,000
Life Insurance	16,286	16,068	20,000	18,000	18,000
Dental Insurance	235,338	236,335	254,000	250,000	250,000
OPEB	-	480,680	263,192	437,932	437,932
Other Prof. Services	11,200	1,200	15,000	15,000	15,000
Medicare Part B Penalty Reimbursement	12,631	4,629	35,000	50,000	50,000
Transfer to Insurance Reserve Fund	178,952	384,049	-	-	-
Total Expenditure	\$ 4,225,943	\$ 5,035,884	\$ 5,187,192	\$ 5,570,932	\$ 5,570,932

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 4,465,000	86.08%	\$ 4,800,000	86.16%	7.50%
Light Fund	354,424	6.83%	379,354	6.81%	7.03%
Water Fund	133,097	2.57%	151,080	2.71%	13.51%
Sewer Fund	36,025	0.69%	37,770	0.68%	4.84%
Recreation Fund	66,000	1.27%	73,298	1.32%	11.06%
Swim & Fitness Center Fund	120,646	2.33%	115,970	2.08%	-3.88%
Retirement	12,000	0.23%	13,460	0.24%	12.17%
Totals	\$ 5,187,192	100.00%	\$ 5,570,932	100.00%	7.40%

Group Insurance Costs
(General Fund Only)



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:

- This budget projects an overall 5% decrease.
- 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 \$328,000 is projected to be apportioned as follows:

Expenditure Summary				
	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$ 133,487	\$ 119,769	\$ 175,000	\$ 175,000
Transfer to Insurance Reserve	\$ 91,513	\$ 80,232	\$ -	\$ -
Other Funds	\$ 147,293	\$ 160,971	\$ 180,000	\$ 163,000
Total Expenditures	\$ 372,293	\$ 360,971	\$ 355,000	\$ 338,000

	<u>\$ in thousands</u>	<u>% of total</u>
Town Appropriation	\$165	50.3%
Public Schools (K-8)	45	13.7
CCRS	20	6.1
Light Fund	50	15.2
Water Fund	30	9.2
Sewer Fund	8	2.4
Swim & Fitness Ctr.	8	2.4
All Other	2	0.6
Total	\$328	100.0%

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 \$214.1 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 \$335,000, with an expected actual cost of \$289,000. Premium rates had increased 45% over the three year period from FY02 to FY05. The switch of coverage to MIIA in FY06 produced significant premium reductions for equivalent vehicle, property and general liability coverage. The budget estimate for FY12 (the rate adjustment in July, 2011) anticipates no change in premium rates but an increase to cover higher insured values and a drop in available "reward credits."

JOINT (TOWN-CPS): Property and Liability Insurance

Item 37B

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Insurance Premiums	\$ 280,780	\$ 272,360	\$ 335,000	\$ 328,000	\$ 328,000
Damages to Pers. & Prop.	-	8,380	10,000	5,000	5,000
Insurance Advisor	-	-	10,000	5,000	5,000
Transfer to Ins. Res. Fund	91,513	80,232	-	-	-
Total Expenditure	\$ 372,293	\$ 360,971	\$ 355,000	\$ 338,000	\$ 338,000

Insurance Premium Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Gross Budget	General Fund Only
Automobile	\$ 72,508	\$ 72,755	\$ 85,000	\$ 71,000	\$ 43,000
General Liability, Umbrella, Pub. Officer, School Board	108,181	79,408	108,000	120,000	45,000
Property Insurance	98,278	89,451	110,000	100,000	40,000
Police and Fire Medical	-	28,933	30,000	35,000	35,000
All Other	1,813	1,813	2,000	2,000	2,000
Total Expenditure	\$ 280,780	\$ 272,360	\$ 335,000	\$ 328,000	\$ 165,000

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 175,000	49.30%	\$ 175,000	51.78%	0.00%
Other Sources:					
CMLP	40,000	11.27%	50,000	14.79%	25.00%
Water	31,000	8.73%	30,000	8.88%	-3.23%
Sewer	9,000	2.54%	8,000	2.37%	-11.11%
Swim and Fitness	7,000	1.97%	8,000	2.37%	14.29%
CPS	55,000	15.49%	45,000	13.31%	-18.18%
CCRSD	30,000	8.45%	20,000	5.92%	-33.33%
Other	8,000	2.25%	2,000	0.59%	-75.00%
Totals	\$ 355,000	100.00%	\$ 338,000	100.00%	-4.79%

JOINT (TOWN-CPS): Unemployment & Workers' Compensation Item 38

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 \$629 per week. Claimant is eligible for 30x the weekly benefit or 36% of base period wages (12 months prior to claim date).

Workers Compensation

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

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$ 112,484	\$ 142,436	\$ 200,000	\$ 200,000
Other Funds	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 112,484	\$ 142,436	\$ 200,000	\$ 200,000

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 FY12 in relation to total projected payroll of about \$46 million is less than ¼ 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.

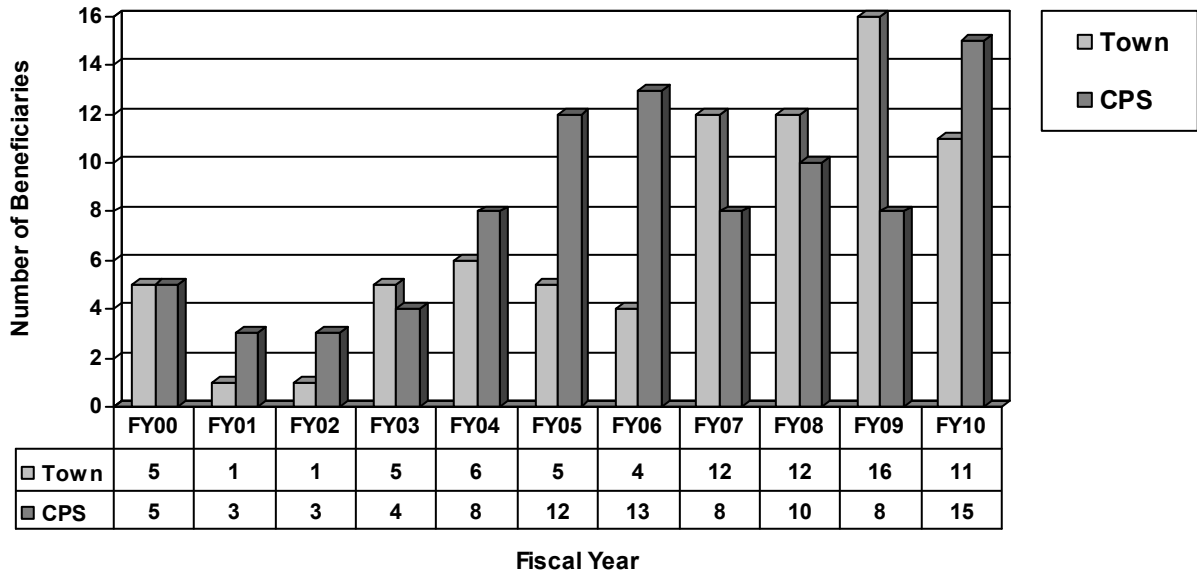
"Stop-Loss" coverage with an insured ceiling of \$2 million per year, a specific retention level of \$350,000 per accident and an aggregate retained loss of \$591,246 per year has been acquired for the current year (July 1, 2010 to June 30, 2011) at a premium of \$34,355, of which the General Fund's share was \$26,625.

JOINT (TOWN-CPS): Unemployment & Workers' Compensation Item 38

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Unemployment Comp.	\$ 53,781	\$ 76,334	\$ 100,000	\$ 100,000	\$ 100,000
<u>Workers Comp.</u>					
Admin. Services	\$ 12,755	\$ 12,250	\$ 20,000	\$ 20,000	\$ 20,000
Reinsurance/Stop-loss	24,290	25,150	30,000	30,000	30,000
Medical Expenses	21,658	\$ 16,756	50,000	50,000	50,000
Settlements	-	11,946	-	-	-
Total Expenditure	\$ 112,484	\$ 142,436	\$ 200,000	\$ 200,000	\$ 200,000

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 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



Mission Statement:

The purpose of this funding is to provide for the costs 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.

Budget Highlights:

- At the most recent biennial actuarial valuation date of January 1, 2010, the Revised Funding Schedule projected full funding status as of FY21.
- Investment performance for the two-year period to January 1, 2010 was sharply negative, with a 11.4% loss for the 24-month period.
- Calendar year 2011 saw a market recovery, with a gain of about 12.5%.
- The next biennial actuarial valuation will be as of January 1, 2012.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$2,450,000	\$2,500,000	\$ 2,750,000	\$ 2,860,000
Other Funds	\$ 315,428	\$ 338,767	\$ 363,022	\$ 408,969
Total Expenditures	\$2,765,428	\$2,838,767	\$ 3,113,022	\$ 3,268,969

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.

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.

The actuarial valuation of January 1, 2010 reported pension benefit obligations as follows:

	At 1/1/08	At 1/1/10	% Change (2 years)
Obligations (AAL)	\$94,681,278	\$106,054,069	12.0%
Assets (AVA)	\$90,963,278	\$90,444,816	-0.6%
Unfunded Obligation	\$3,718,000	\$15,609,253	319.8%
Funded Ratio	96.1%	85.3%	n/a

AAL = Actuarial Accrued Liability

AVA = Actuarial Value of Assets

JOINT (TOWN-CPS): Retirement

Item 39

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Contributory Retirement	\$ 2,531,596	\$ 2,548,752	\$ 2,750,000	\$ 2,860,000	\$ 2,860,000
Transfer to Pension Reserve.	233,832	290,015	363,022	408,969	408,969
Total Expenditure	\$ 2,765,428	\$ 2,838,767	\$ 3,113,022	\$ 3,268,969	\$ 3,268,969

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 2,750,000	88.34%	\$ 2,860,000	87.49%	4.00%
Light Fund	265,196	8.52%	314,394	9.62%	18.55%
Water Fund	24,966	0.80%	35,345	1.08%	41.57%
Sewer Fund	6,241	0.20%	8,836	0.27%	41.58%
Swim and Fitness Fund	66,619	2.14%	50,394	1.54%	-24.35%
Totals	\$ 3,113,022	100.00%	\$ 3,268,969	100.00%	5.01%

Performance Highlights (amounts in thousands)						
Date of Actuarial Valuation and Data Provided	(1) Net Assets Available for Plan Benefit	(2) Actuarial Accrued 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%

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).

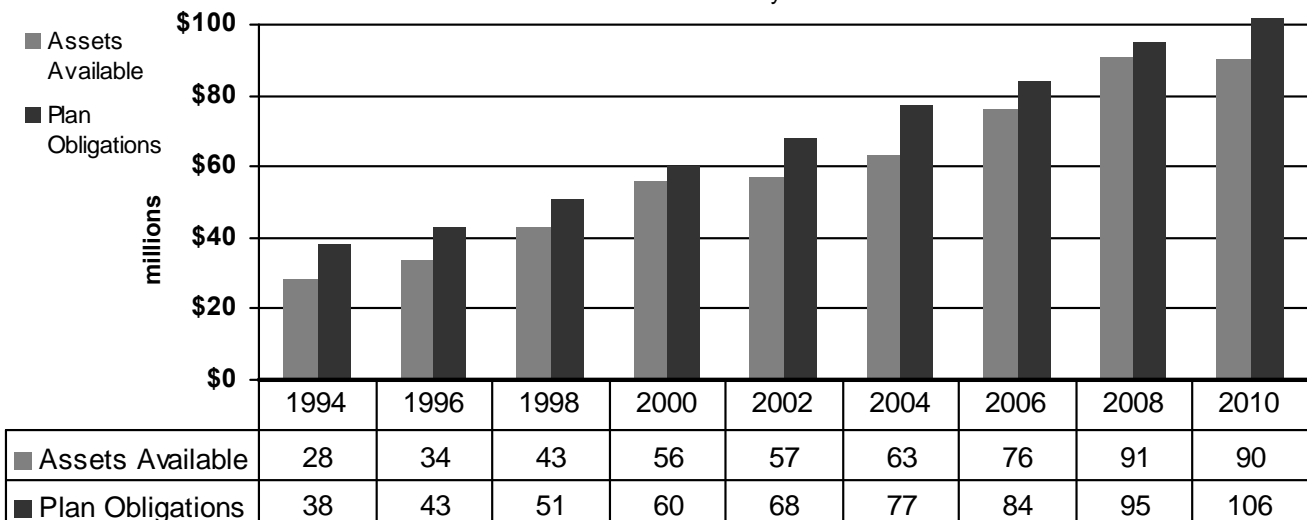
The System is “unfunded” in that, since its inception in 1937, and continuing until 1992, the employer contribution had been related solely to pension payments for current retirees. A “funded” system would require that, upon retirement, assets had been accumulated on behalf of each member sufficient, 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 7.75%.

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 1st, 2010, the Retirement System was 85.3% funded. Calendar 2008 investment results were sharply negative. While calendar year 2009 saw a rebound, the two-year period to December 31, 2009 shows a loss of more than 11%.

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 (a maximum adjustment of \$306 per year) without regard to whether the 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.

Concord Retirement System – Funding Progress

Based on actuarial accrued liability method



*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 \$5,247,787 on December 31, 2010 (an increase of 19% for the calendar year). As of that date, the market value of the system's assets was estimated at \$92,143,000 (an increase of almost \$10 million for the calendar year).

The Pension Fund contribution required from the employers for FY12 is \$3,352,832. The Cost of Benefits required to be funded in FY12 is estimated at \$4,331,566. This difference of \$978,734 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). FY09-11 costs and projected FY12 costs are:

	FY09	FY10	FY11	FY12
Pension Fund	\$3,726,459	\$3,870,991	\$4,207,352	\$4,331,566
Less cost payable only by CHA	11,336	11,336	11,336	11,336
Less PRF transfer	773,801	859,359	980,770	978,734
Net Funding (all employers)	<u>\$2,941,322</u>	<u>\$3,000,296</u>	<u>\$3,215,246</u>	<u>\$3,352,832</u>

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 FY12 will be:

	FY10		FY11		FY12	
Town (including CPS)	\$2,548,752	84.95%	\$2,750,000	85.53%	\$2,855,976	85.47%
CCRS D	431,742	14.39%	432,772	13.46%	452,439	13.54%
Housing Authority (CHA)	19,802	0.66%	32,474	1.01%	33,081	0.99%

Performance Information: The Retirement System operates on a calendar year fiscal period. For the year ended December 31, 2009, system receipts of \$19.6 million were derived as follows:

Employee Contributions	\$2,239,377
Employer Contributions	\$3,011,632
Commonwealth (COLA)	\$114,526
Investment Earnings (Losses)	\$14,235,633

For the five-year period 2005-2009, the Concord Retirement System's investment performance showed an annualized return of 3.60% compared to a composite rate of return of 3.97% for all 106 retirement boards in the MGL Chapter 32 pension system.

Concord's funded ratio of 85.3% at January 1, 2010 ranked 8th out of 106 retirement boards as reported on PERAC's website as of January 1, 2011.

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 3.1%, to \$500,000, 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.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
General Fund	\$ 512,633	\$ 539,611	\$ 580,000	\$ 610,000
Other Funds	\$ 136,528	\$ 129,765	\$ 148,000	\$ 140,000
Total Expenditures	\$ 649,162	\$ 669,376	\$ 728,000	\$ 750,000

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 83% in FY10 and is projected to be 86% in FY12 (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%. For calendar year 2011, the employee tax has been reduced to 4.2%, but the employer share is 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 Medicare tax even if initially hired by the Town prior to April 1, 1986.

Medicare Tax

% of Payroll Covered	FY06	FY07	FY08	FY09	FY10	Est. FY11	Est. FY12
Town	75%	76%	77%	78%	77%	79%	80%
CPS	80%	81%	85%	88%	88%	89%	91%

Social Security Tax

% of Expense	FY09 Actual	FY10 Actual
Town – General Fund	27%	25%
Recreation	28%	25%
Swim & Fitness	14%	12%
CPS	29%	37%
Other	2%	1%

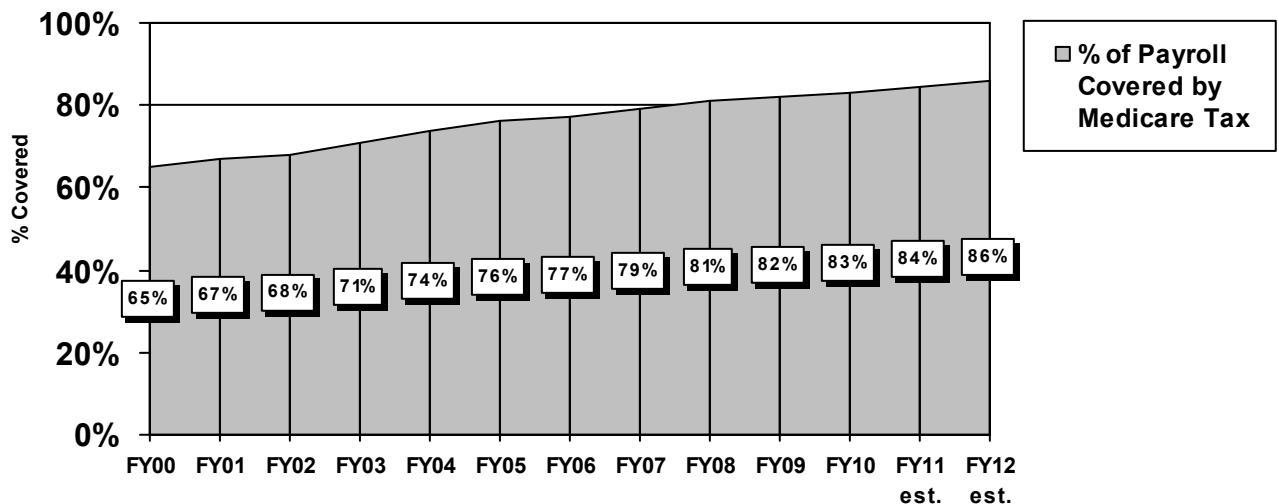
JOINT (TOWN-CPS): Social Security/Medicare

Item 40

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
Medicare Tax	\$ 489,176	\$ 512,829	\$ 558,000	\$ 575,000	\$ 575,000
Social Security Tax	159,986	156,547	170,000	175,000	175,000
Total Expenditure	\$ 649,162	\$ 669,376	\$ 728,000	\$ 750,000	\$ 750,000

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
General Fund	\$ 580,000	79.67%	\$ 610,000	81.33%	5.17%
Light Fund	29,500	4.05%	30,500	4.07%	3.39%
Water Fund	11,500	1.58%	11,000	1.47%	-4.35%
Sewer Fund	3,000	0.41%	3,000	0.40%	0.00%
Recreation Fund	64,000	8.79%	54,000	7.20%	-15.63%
Swim and Fitness Center	36,000	4.95%	36,000	4.80%	0.00%
Solid Waste Disposal Fund	1,000	0.14%	1,400	0.19%	40.00%
Parking Meter Fund	1,000	0.14%	1,000	0.13%	0.00%
Gift Fund	1,400	0.19%	2,400	0.32%	71.43%
Retirement Admin. Fund	600	0.08%	700	0.09%	N/A
Totals	\$ 728,000	100.00%	\$ 750,000	100.00%	3.02%

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 January 2010, in connection with the sale of a \$15.1 million General Obligation Bond, Moody's Investors Service reaffirmed the Town's credit rating of Aaa, its highest rating category.
- Concord is one of twelve Massachusetts municipalities to hold this rating, which it has maintained since November of 1987.
- Total FY12 tax-supported debt service – within the Levy Limit and excluded – is projected to be 9.2% of the total proposed General Fund budget.
- The next long-term bond issuance is scheduled for mid-May 2011 in the approximate amount of \$9,160,000. The estimate of FY12 debt service for this issuance is included in the proposed budget.

Expenditure Summary

	FY09 Actual	FY10 Actual	FY11 Budgeted	FY12 Proposed
Within the Levy Limit	\$2,928,429	\$2,961,880	\$3,175,000	\$3,275,000
Excluded Debt Levy	3,297,379	4,073,397	3,432,986	3,746,921
Thoreau Grant Transfer	-	-	431,796	427,413
Total General Fund Appropriation	\$6,225,808	\$7,035,277	\$7,039,782	\$7,449,334
Debt Stabilization	-	-	1,000,000	700,000
Premium Reserve	3,956	3,636	5,395	4,937
Total*	\$6,229,764	\$7,038,913	\$8,045,177	\$8,154,271

*Total does not include assessable share of CCRSD debt.

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 III-167/168 shows all debt service for bonds issued through January 15, 2010 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 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 resource budget;
- A rapid debt repayment schedule should be maintained for tax-supported debt, with a goal (for "within the levy limit" debt) of 65% 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; finally, rapid principal repayment serves as a key foundation element of the Town's 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 might be structured for a longer repayment depending on the nature of the project. Revenue-supported debt (water, sewer, light) is subject to different 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 41

Expenditure Detail					
	Previous Fiscal Years			FY12	
	FY09 Actual	FY10 Actual	FY11 Budgeted	Department Request	Town Manager's Proposed
i. Long-Term Debt					
Town - Principal	\$ 1,761,000	\$ 1,750,000	\$ 2,125,000	\$ 2,220,000	\$ 2,220,000
Interest	290,184	245,134	240,517	262,966	262,966
Sub Total	\$ 2,051,184	\$ 1,995,134	\$ 2,365,517	\$ 2,482,966	\$ 2,482,966
School - Principal	685,000	875,000	655,000	575,000	575,000
Interest	88,270	95,590	85,568	84,716	84,716
Sub Total	\$ 773,270	\$ 970,590	\$ 740,568	\$ 659,716	\$ 659,716
A. Within the Levy Limit Total	\$ 2,824,454	\$ 2,965,724	\$ 3,106,085	\$ 3,142,682	\$ 3,142,682
Debt Exclusion - Town Principal	270,326	171,747	173,196	174,675	174,675
Interest	58,543	50,572	48,718	44,253	44,253
Subtotal	\$ 328,869	\$ 222,319	\$ 221,914	\$ 218,928	\$ 218,928
Debt Exclusion - School - Principal	1,635,000	2,325,000	2,990,000	3,080,000	3,080,000
Interest	994,827	1,339,154	1,648,263	1,578,738	1,578,738
Subtotal	\$ 2,629,826	\$ 3,664,154	\$ 4,638,263	\$ 4,658,738	\$ 4,658,738
B. Excluded Debt Total	\$ 2,958,696	\$ 3,886,473	\$ 4,860,177	\$ 4,877,666	\$ 4,877,666
Long-Term Debt Total (A+B)	\$ 5,783,150	\$ 6,852,197	\$ 7,966,262	\$ 8,020,348	\$ 8,020,348
ii. Short-Term Debt					
BAN Interest - within levy limit	99,444	-	38,000	97,318	97,318
BAN Interest - debt exclusion	240,426	81,078	10,000	1,605	1,605
Principal Paydown - debt exclusion (Willard BAN)	100,000	100,000	-	-	-
Sub Total	\$ 439,870	\$ 181,078	\$ 48,000	\$ 98,923	\$ 98,923
iii. Issuance Costs					
Issuance costs within levy limit	6,744	5,639	30,915	35,000	35,000
Grand Total	\$ 6,229,764	\$ 7,038,913	\$ 8,045,177	\$ 8,154,271	\$ 8,154,271

Funding Plan					
	FY11 Budgeted	% of Budget	FY12 Proposed	% of Budget	% Change in Dollars
Gen. Fund - within levy limit	\$ 3,175,000	39.46%	\$ 3,275,000	40.16%	3.15%
Gen. Fund - Debt Exclusion	3,864,782	48.04%	4,174,334	51.19%	8.01%
General Fund Total	\$ 7,039,782	87.50%	\$ 7,449,334	91.35%	5.82%
Stab. Fund - Debt Exclusion	1,000,000	12.43%	700,000	8.58%	N/A
Premium Reserve	5,395	0.07%	4,937	0.06%	-8.49%
Totals	\$ 8,045,177	100.00%	\$ 8,154,271	100.00%	1.36%

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