



# Town of Concord, Massachusetts Popular Annual Financial Report

Fiscal Year Ending June 30, 2018

## PAFR

As part of Concord's commitment to keeping residents informed about how tax dollars are being spent, the Town publishes a Popular Annual Financial Report (PAFR).

This PAFR presents a summary of financial information from the following sources: the audited Comprehensive Annual Financial Report (CAFR), Town Manager's Proposed Budget, Concord Pension Actuarial Valuation, Concord OPEB Actuarial Valuation, Public Employee Retirement Administration Commission, State's Division of Local Services, and Town Government Survey Report.

It is the hope that the information presented in this PAFR will allow the reader to gain a better understanding of the Town's financial health.

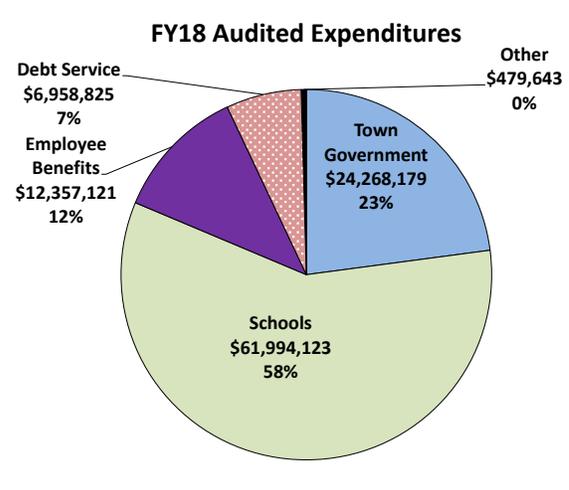
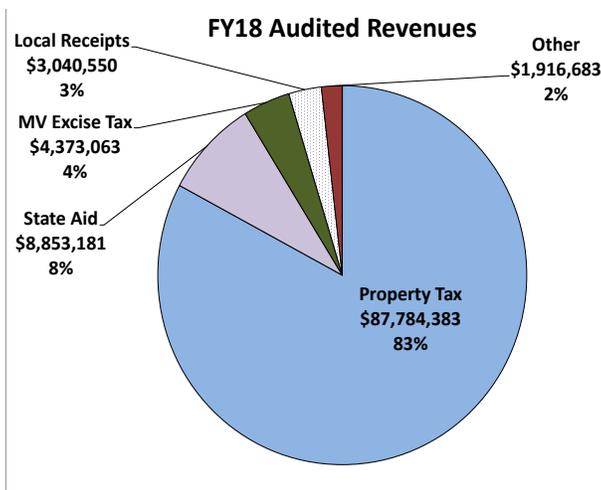
## Town of Concord

The Town of Concord was founded in 1635 and is located approximately 17 miles northwest of Boston. It is primarily a suburban bedroom community with approximately ninety percent of real estate tax generated from residential properties. Concord is most widely known as the birthplace of the American Revolution and the home of notable authors such as Louisa May Alcott, Ralph Waldo Emerson, and Henry David Thoreau.

An Open Town Meeting, in which every Concord registered voter may participate, serves as the Town's legislative body. An elected Select Board establishes policy which is implemented by an appointed Town Manager, who directs the day-to-day operations of the Town. School Committees oversee the three school districts, which are managed by School Superintendents.

## FY18 General Fund Revenues and Expenditures

(Stated on a GAAP basis, not Budgetary Basis)



**Revenues:** Concord is very dependent on property taxes as a source of revenue for its General Fund. Furthermore, since 91% of this tax revenue is derived from residential properties, more than three-quarters of town and school operations are funded from taxes paid by residents through their quarterly tax bills.

**Expenditures:** A majority (58%) of General Fund expenditures goes to the Schools (Concord Public Schools [CPS], Concord-Carlisle Regional School High School and Minuteman High School). Services provided by the Town Government make up 23% of expenditures; Employee Benefits (Town and CPS) 12%; and Debt Service (Town and CPS) 7%.

# General Fund Financial Statements

## Balance Sheet

	<u>FY17</u>	<u>FY18</u>	<u>Amount Change</u>	<u>Percent Change</u>
<b>Assets</b>				
Cash and Short-Term Investments	\$15,350,614	\$13,104,070	(\$2,246,544)	-14.6%
Investments	\$24,068,526	\$27,697,995	\$3,629,469	15.1%
Receivables	\$1,847,136	\$1,713,708	(\$133,428)	-7.2%
Other	<u>\$46,253</u>	<u>\$36,206</u>	<u>(\$10,047)</u>	<u>-21.7%</u>
<b>Total Assets</b>	<b>\$41,312,529</b>	<b>\$42,551,979</b>	<b>\$1,239,450</b>	<b>3.0%</b>
<b>Liabilities</b>				
Warrants Payables	\$300,192	\$526,009	\$225,817	75.2%
Accrued Liabilities	\$3,548,563	\$3,648,918	\$100,355	2.8%
Other	<u>\$416,865</u>	<u>\$362,314</u>	<u>(\$54,551)</u>	<u>-13.1%</u>
<b>Total Liabilities</b>	<b>\$4,265,620</b>	<b>\$4,537,241</b>	<b>\$271,621</b>	<b>6.4%</b>
<b>Deferred Inflows</b>				
Unavailable Revenues	\$1,600,356	\$1,580,315	(\$20,041)	-1.3%
<b>Fund Balance</b>				
Nonspendable	\$0	\$0	\$0	0.0%
Restricted	\$10,025,132	\$10,323,885	\$298,753	3.0%
Committed	\$7,170,438	\$5,218,845	(\$1,951,593)	-27.2%
Assigned	\$6,614,824	\$7,879,697	\$1,264,873	19.1%
Unassigned	<u>\$11,636,159</u>	<u>\$13,011,996</u>	<u>\$1,375,837</u>	<u>11.8%</u>
<b>Total Fund Balance</b>	<b>\$35,446,553</b>	<b>\$36,434,423</b>	<b>\$987,870</b>	<b>2.8%</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balance</b>	<b>\$41,312,529</b>	<b>\$42,551,979</b>	<b>\$1,239,450</b>	<b>3.0%</b>

### Balance Sheet Highlights

- Assets (resources owned) = Liabilities (amounts owed) + Deferred Inflows (resources to be recognized in the future) + Fund Balance (reserves).
- Fund balance has specific restrictions: nonspendable (as to principal like endowments), restricted (for a purpose like grants), committed (by Town Meeting like stabilization funds), assigned (by Town Manager like purchase orders), and unassigned (available).
- FY17 committed funds were greater than those in FY18 due to unassigned funds being committed in FY17 at Town Meeting for 55 Church Street, (\$1,200,000), Junction Village (\$1,000,000), and IT Improvements (\$1,500,000).

## Statement of Revenues, Expenditures, and Changes in Fund Balance

	<u>FY17</u>	<u>FY18</u>	<u>Amount Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Property Tax	\$83,894,401	\$87,784,383	\$3,889,982	4.6%
State Aid	\$11,566,782	\$8,853,181	(\$2,713,601)	-23.5%
MV Excise Tax	\$3,971,709	\$4,373,063	\$401,354	10.1%
Local Receipts	\$2,592,517	\$3,040,550	\$448,033	17.3%
Other	<u>\$1,883,322</u>	<u>\$1,916,683</u>	<u>\$33,361</u>	<u>1.8%</u>
<b>Total Revenue</b>	<b>\$103,908,731</b>	<b>\$105,967,860</b>	<b>\$2,059,129</b>	<b>2.0%</b>
<b>Expenditures</b>				
Town Government	\$21,322,422	\$24,268,179	\$2,945,757	13.8%
Schools	\$63,810,170	\$61,994,123	(\$1,816,047)	-2.8%
Employee Benefits	\$11,712,436	\$12,357,121	\$644,685	5.5%
Debt Service	\$7,611,667	\$6,958,825	(\$652,842)	-8.6%
Other	<u>\$487,356</u>	<u>\$479,643</u>	<u>(\$7,713)</u>	<u>-1.6%</u>
<b>Total Expenditures</b>	<b>\$104,944,051</b>	<b>\$106,057,891</b>	<b>\$1,113,840</b>	<b>1.1%</b>
<b>Other Financing Sources (Uses)</b>				
Refunding of Bonds	\$60,278	\$0	(\$60,278)	N/A
Issuance of Capital Lease	\$0	\$146,115	\$146,115	N/A
Transfers In	\$1,115,265	\$1,030,982	(\$84,283)	-7.6%
Transfers Out	<u>(\$97,529)</u>	<u>(\$99,196)</u>	<u>(\$1,667)</u>	<u>1.7%</u>
<b>Total Other Financing</b>	<b>\$1,078,014</b>	<b>\$1,077,901</b>	<b>(\$113)</b>	<b>0.0%</b>
<b>Changes in Fund Balance</b>	<b>\$42,694</b>	<b>\$987,870</b>	<b>\$945,176</b>	<b>2213.8%</b>
<b>Fund Balance</b>				
Beginning of Year	\$35,403,859	\$35,446,553	\$42,694	0.1%
<b>End of Year</b>	<b>\$35,446,553</b>	<b>\$36,434,423</b>	<b>\$987,870</b>	<b>2.8%</b>

### Statement of Rev., Exp., and Changes in Fund Bal. Highlights

- Total revenues increased by \$2.0 million from FY17 to FY18.
- The increase in property tax revenue was \$3.8 million or 4.6%.
- FY18 state aid decreased by \$2.7 million and correspondingly school expenditures decreased by \$1.8 million due to a change in the accounting presentation for payments by the State for the Massachusetts Teachers Retirement System and payments by the Town to Teachers.
- Fund balance remains strong at \$36.4 million or 32.6% of expenditures and unassigned fund balance is healthy at 12.2% of expenditures. This level of fund balance is one of the reasons for Concord's Aaa credit Rating.

## PAFR and CAFR

The above financial information is a condensed version of what is found in the audited Comprehensive Annual Financial Reports (CAFR) for June 30, 2017 and June 30, 2018. In these reports, the CPA firm, Melanson Heath & Co., found that the Town's financial statements were fairly presented in all material respects.

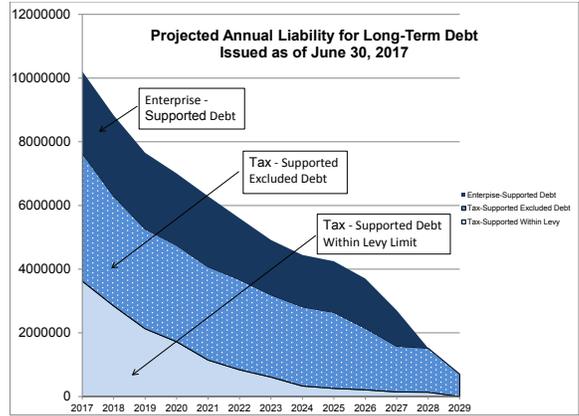
# Major Liabilities

Liabilities are commitments that the Town has made and will eventually have to pay. There are three categories of major liabilities: Debt, Pension, and OPEB. These liabilities are important to monitor since they can place a burden on future taxpayers by “kicking the can down the road” for others to pay. Accounting standards either require or will soon require municipalities to fully account for bonds payable, net pension liability, and net OPEB liability.

## Debt

### Debt Highlights

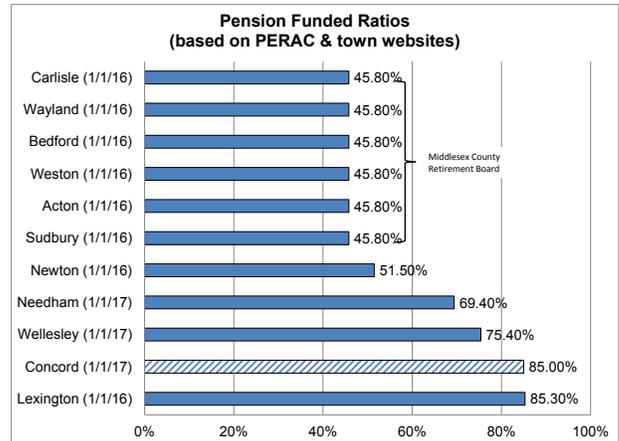
- The Town borrows money to pay for various capital projects, including the construction of new schools, renovation of facilities, and purchase of heavy equipment.
- It is Town policy to rapidly repay debt from borrowing within the levy limit on a schedule that at least 60% of the principal is repaid within 5 years and at least 90% is repaid within 10 years.
- The chart to the right shows the future repayment of debt that has been issued as of June 30, 2017.
- *Source:* Town Manager’s Proposed Budget FY2019.



## Pension

### Pension Highlights

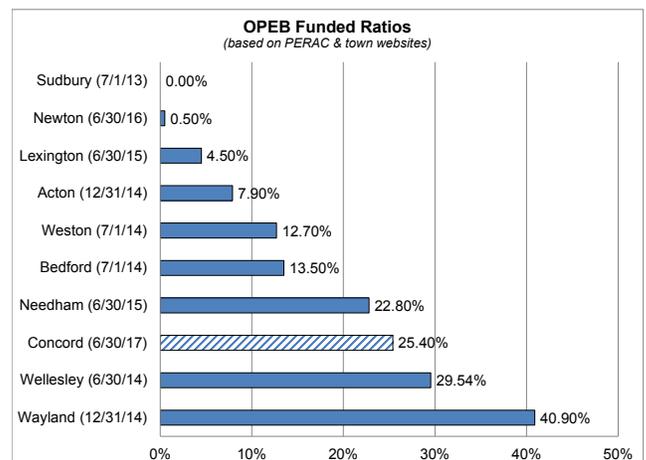
- The Concord Contributory Retirement Board manages the pensions for the Town, CPS (non-teachers), CCRSD (non-teachers), and the Concord Housing Authority.
- The Plan is 85.0% funded as of January 1, 2017.
- The Plan is projected to be fully funded by 2030.
- As of January 1, 2017, the Actuarial Value of Assets is \$148 million.
- The Actuarial Accrued Liability is \$174 million.
- The Unfunded Accrued Liability (the difference between the pension assets and liability) is \$26 million.
- *Source:* Pension Actuarial Valuation (January 1, 2017).



## Other Post-Employment Benefits (OPEB)

### OPEB Highlights

- Other Post-Employment Benefits (OPEB) mainly represent the Town’s liability for the cost of health care benefits received or to be received by the Town’s retirees.
- To comply with new accounting standards, the Town established an OPEB Trust Fund in FY10.
- The Plan is 25.4% funded as of June 30, 2017.
- The Plan is projected to be fully funded by FY2039.
- As of June 30, 2017, the Trust Funds Assets are \$11 million.
- The Actuarial Accrued Liability is \$41 million.
- The Unfunded Actuarial Accrued Liability is \$30 million.
- *Source:* OPEB Actuarial Valuation (June 30, 2017).



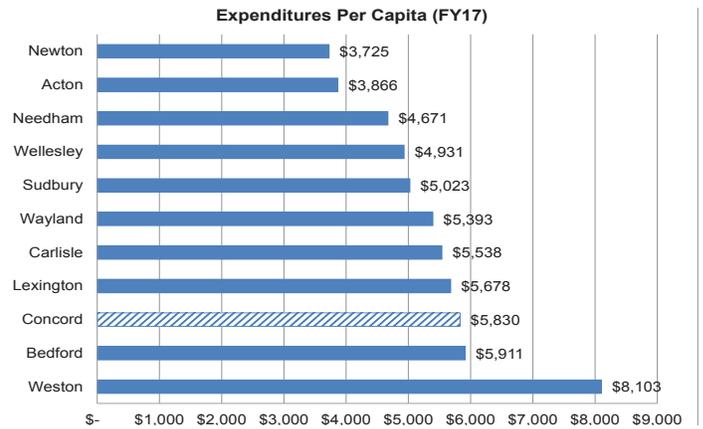
# Spending and Taxes

Having the proper levels of spending and taxes is crucial for the functioning of a well-run municipality. The two charts below show how Concord compares with neighboring communities in terms of total per capita spending and the average residential tax bill. The last chart shows the results of a survey question on Town Government spending.

## Total Per Capita Spending FY17

### Spending Highlights

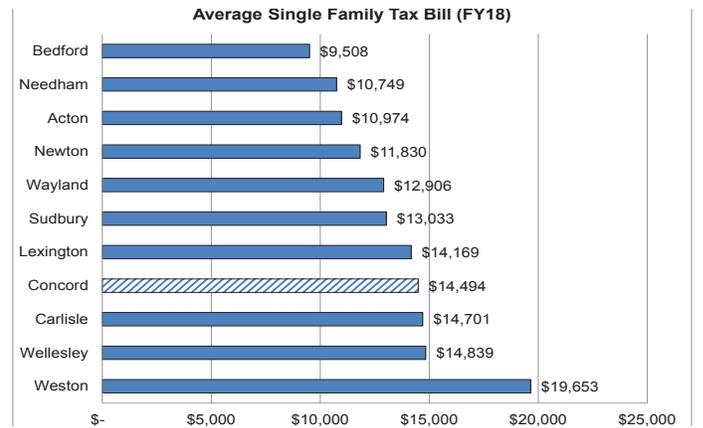
- Total per capita spending is determined by using the most recent numbers posted to the State’s Division of Local Services (DSL) databank reports.
- Population numbers are from 2017 and expenditure numbers are from FY17.
- As compared to area communities shown in the accompanying chart, Concord (\$5,830) ranks at the higher end of the comparison group for per capita spending.
- *Source:* Massachusetts Department of Local Services Online Databank



## Average Single Family Tax Bill FY18

### Tax Bill Highlights

- Average single family tax bill is provided by the State’s Division of Local Services databank reports.
- As compared to area communities as shown in the accompanying chart, Concord (\$14,494) ranks on the higher end of the comparison group for average single family tax bill.
- *Source:* Massachusetts Department of Local Services Online Databank



## Satisfaction with Concord Town Government Spending 2006 -2018

### Spending Satisfaction Highlights

- The Town conducts a biennial citizen survey to gauge the satisfaction of residents with town services. For the 2018 survey, the results of a sample of 1,254 completed questionnaires are accurate 95% of the time within a confidence interval of +/- 2.76%.
- The following question was asked: “Please indicate whether you think the Town is spending not enough money, about the right amount of money, or too much money [for] Town Government Services.” The possible responses are “Not enough money”, “About the right amount of money”, and “Too much money”.
- Consistently, over the past decade, approximately 80% of residents have felt that the Town spends about the right amount.
- *Source:* 2018 Town Government Survey Report.

