



Town of Concord, Massachusetts Popular Annual Financial Report

Fiscal Year Ending June 30, 2016

PAFR

As part of Concord's commitment to keeping residents informed about how tax dollars are being spent, the Town is publishing for the first time 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 financial health of the Town.

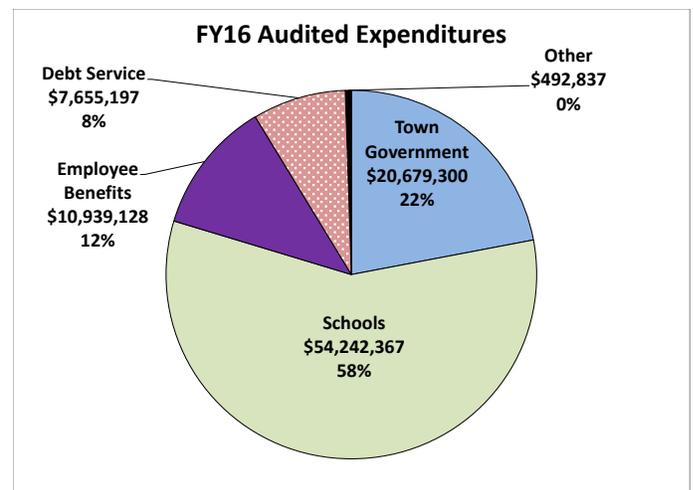
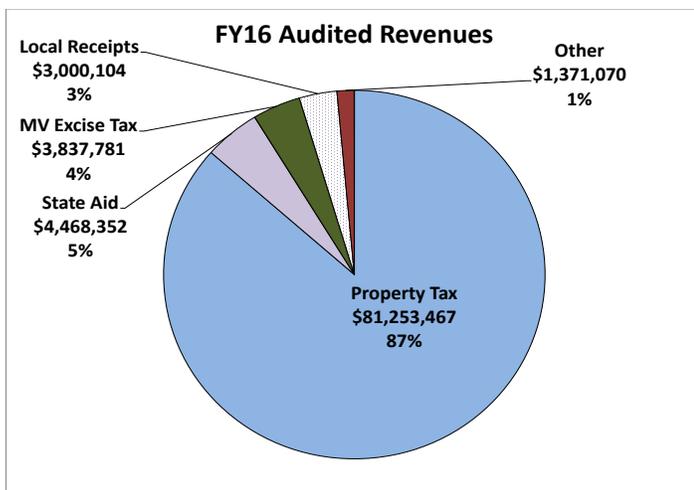
Town of Concord

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.

FY16 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 22% of expenditures; Employee Benefits (Town and CPS) 12%; and Debt Service (Town and CPS) 8%.

General Fund Financial Statements

Balance Sheet

	<u>FY15</u>	<u>FY16</u>	<u>Amount Change</u>	<u>Percent Change</u>
Assets				
Cash and Short-Term Investments	\$28,473,174	\$28,237,493	(\$235,681)	-0.8%
Investments	\$11,402,725	\$11,366,834	(\$35,891)	-0.3%
Receivables	\$1,536,556	\$1,614,227	\$77,671	5.1%
Other	<u>\$11,542</u>	<u>\$10,485</u>	<u>(\$1,057)</u>	<u>-9.2%</u>
Total Assets	\$41,423,997	\$41,229,039	(\$194,958)	-0.5%
Liabilities				
Warrants Payables	\$1,488,545	\$926,794	(\$561,751)	-37.7%
Accrued Liabilities	\$2,926,466	\$3,149,749	\$223,283	7.6%
Other	<u>\$233,536</u>	<u>\$376,414</u>	<u>\$142,878</u>	<u>61.2%</u>
Total Liabilities	\$4,648,547	\$4,452,957	(\$195,590)	-4.2%
Deferred Inflows				
Unavailable Revenues	\$1,367,687	\$1,372,223	\$4,536	0.3%
Fund Balance				
Nonspendable	\$0	\$0	\$0	0.0%
Restricted	\$10,291,652	\$9,824,326	(\$467,326)	-4.5%
Committed	\$7,582,438	\$4,444,871	(\$3,137,567)	-41.4%
Assigned	\$5,167,430	\$6,385,454	\$1,218,024	23.6%
Unassigned	<u>\$12,366,243</u>	<u>\$14,749,208</u>	<u>\$2,382,965</u>	<u>19.3%</u>
Total Fund Balance	\$35,407,763	\$35,403,859	(\$3,904)	0.0%
Total Liabilities, Deferred Inflows & Fund Balance	\$41,423,997	\$41,229,039	(\$194,958)	-0.5%

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).
- FY16 committed funds were used for high school debt (\$1,500,000), bus depot project (\$925,000), and new school buses (\$600,000).
- Unassigned funds increased due to revenues being higher and expenditures lower than budgeted.

Statement of Revenues, Expenditures, and Changes in Fund Balance

	<u>FY15</u>	<u>FY16</u>	<u>Amount Change</u>	<u>Percent Change</u>
Revenues				
Property Tax	\$77,422,884	\$81,253,467	\$3,830,583	4.9%
State Aid	\$4,114,129	\$4,468,352	\$354,223	8.6%
MV Excise Tax	\$3,826,437	\$3,837,781	\$11,344	0.3%
Local Receipts	\$2,625,482	\$3,000,104	\$374,622	14.3%
Other	<u>\$1,177,016</u>	<u>\$1,371,070</u>	<u>\$194,054</u>	<u>16.5%</u>
Total Revenue	\$89,165,948	\$93,930,774	\$4,764,826	5.3%
Expenditures				
Town Government	\$21,305,638	\$20,679,300	(\$626,338)	-2.9%
Schools	\$50,409,949	\$54,242,367	\$3,832,418	7.6%
Employee Benefits	\$10,088,531	\$10,939,128	\$850,597	8.4%
Debt Service	\$11,351,077	\$7,655,197	(\$3,695,880)	-32.6%
Other	<u>\$476,551</u>	<u>\$492,837</u>	<u>\$16,286</u>	<u>3.4%</u>
Total Expenditures	\$93,631,746	\$94,008,829	\$377,083	0.4%
Other Financing Sources (Uses)				
Refunding of Bonds	\$51,535	\$36,209	(\$15,326)	-29.7%
Transfers In	\$2,633,840	\$1,058,837	(\$1,575,003)	-59.8%
Transfers Out	<u>(\$94,472)</u>	<u>(\$1,020,895)</u>	<u>(\$926,423)</u>	<u>980.6%</u>
Total Other Financing	\$2,590,903	\$74,151	(\$2,516,752)	-97.1%
Changes in Fund Balance	(\$1,874,895)	(\$3,904)	\$1,870,991	-99.8%
Fund Balance				
Beginning of Year	\$37,282,658	\$35,407,763	(\$1,874,895)	-5.0%
End of Year	\$35,407,763	\$35,403,859	(\$3,904)	0.0%

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

- Total revenues increased by \$4.8 million from FY15 to FY16.
- The increase in property tax revenue was \$3.8 million or 4.9%.
- Actual expenditures for Town Government were less in FY16 partly due to decreases in snow expense.
- Actual aggregate expenditures for CPS, CCRSD and MMRSD rose by 7.6% partly due to CCRSD debt.
- Debt service decreased by \$3.7 million due to debt refinancing and the FY15 use of \$3.4 million of Thoreau MSBA grant.
- Fund balance remains strong at 37.6% of expenditures and unassigned fund balance at 15.6% of expenditures. The healthy fund balance is a reason for Concord's Aaa credit Rating from Moody's Investors Service.

PAFR and CAFR

The above financial information is a condensed version of that which is found in the audited Comprehensive Annual Financial Reports (CAFR) for June 30, 2015 and June 30, 2016. In these reports, the CPA firm, Melanson Heath & Co., found that the Town's financial statements were fairly presented in all material respects.

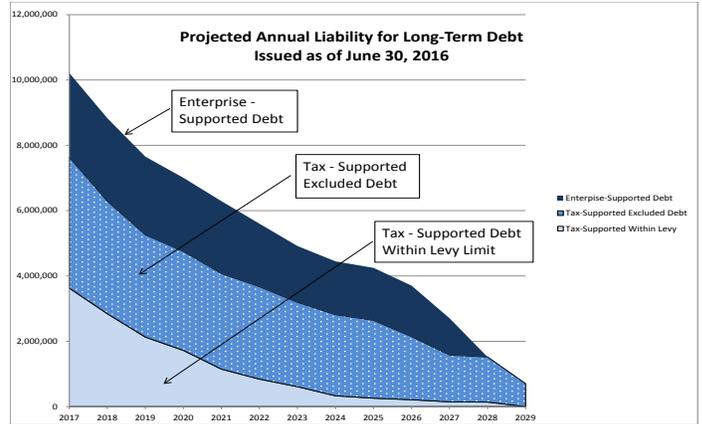
Major Liabilities

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 that they can place a burden on future taxpayers and “kick the can down the road” for paying these obligations. 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

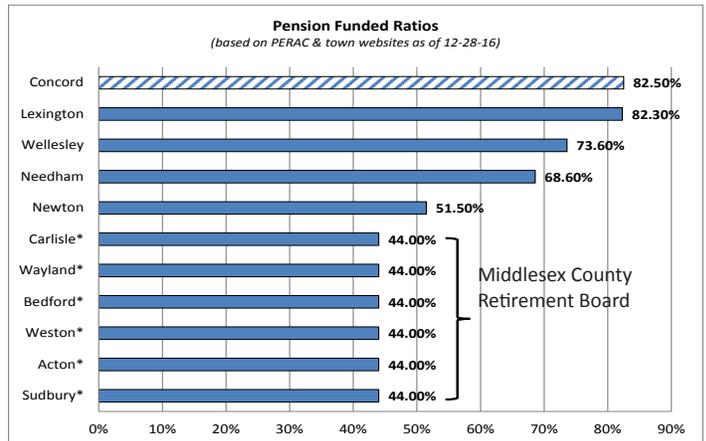
- The Town borrows money to pay for various capital projects, including construction of new schools, renovation of facilities, and purchase of heavy equipment.
- It is Town policy to rapidly repay debt from borrowing within the levy limit on a schedule that at least 60% of the principal is repaid within 5 years and at least 90% is repaid within 10 years.
- The chart to the right shows the future repayment of the debt that has been issued as of June 30, 2016.
- *Source:* Town Manager’s Proposed Budget FY2017.



Pension

Pension Highlights

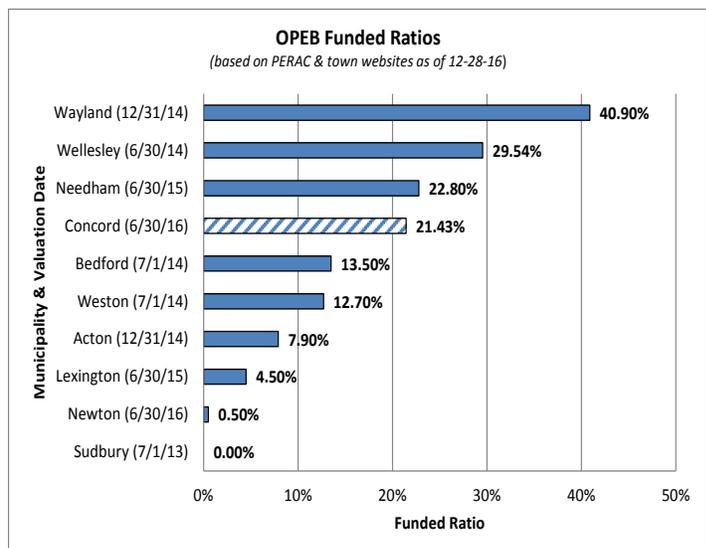
- The Concord Contributory Retirement Board manages the pensions for the Town, CPS (non-teachers), CCRSD (non-teachers), and the Concord Housing Authority.
- The Plan is 82.5% funded as of January 1, 2016.
- The Plan is projected to be fully funded by 2030.
- As of January 1, 2016, the Actuarial Value of Assets is \$137 million.
- The Actuarial Accrued Liability is \$167 million.
- The Unfunded Accrued Liability (the difference between the pension assets and liability) is \$30 million.
- *Source:* Pension Actuarial Valuation (January 1, 2016).



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 21.4% funded as of June 30, 2016.
- The Plan is projected to be fully funded by FY2039.
- As of June 30, 2016, the Trust Funds Assets are \$8.4 million (excluding contributions made during FY16).
- The Actuarial Accrued Liability is \$39.2 million.
- The Unfunded Actuarial Accrued Liability is \$30.8 million.
- *Source:* OPEB Actuarial Valuation (June 30, 2016).



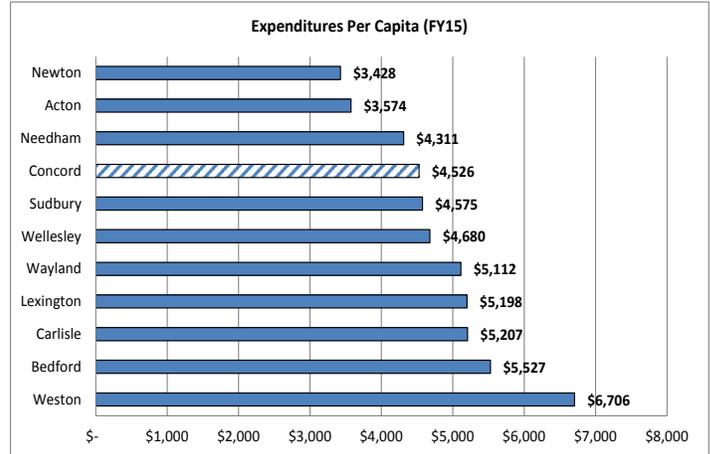
Spending and Taxes

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 the 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 FY15

Spending Highlights

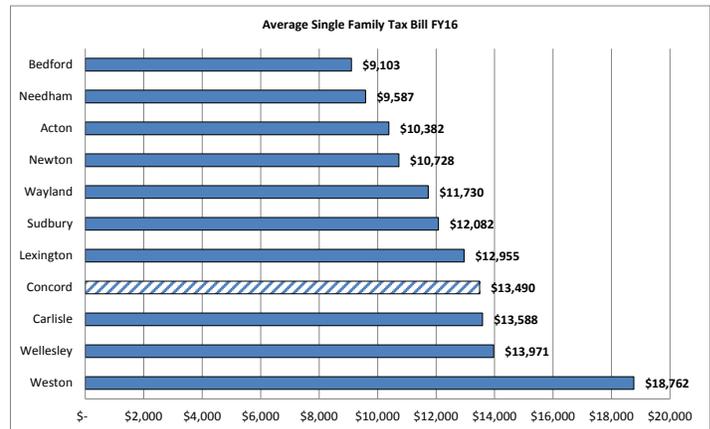
- Total per capita spending is determined by using the most recent numbers posted to the State's Division of Local Services (DSL) databank reports.
- Population numbers are from 2013 and expenditure numbers are from FY15.
- As compared to area communities shown in the accompanying chart, Concord (\$4,526) ranks below the average (\$4,804) for per capita spending.
- Source: State's DSL Databank (<http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/databank-reports-new.html>)



Average Single Family Tax Bill FY16

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 (\$13,490) ranked above the average for average single family tax bill of \$12,398.
- In FY16, Concord ranked 7th highest in the state for average single family tax bill.
- Source: State's DSL Databank (<http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/databank-reports-new.html>).



Satisfaction with Concord Town Government Spending 2006 -2016

Spending Satisfaction Highlights

- The Town conducts a biennial citizen survey to gauge the satisfaction of residents with town services. For the 2016 survey, the results of a sample of 1,022 completed questionnaires are accurate 95% of the time within a confidence interval of +/- 2.85%.
- 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: 2016 Town Government Survey Report.

