

## CONTRIBUTORY RETIREMENT BOARD

Peter J. Fulton, Chair  
 Gail Eagan-Henry, Town Accountant  
 Anthony T. Logalbo, Selectmen's Designee  
 Arnold Roth  
 Brian J. Whitney  
 Linda Boucher, Administrator

The Concord Retirement Board administers the Contributory Retirement System. The employee groups covered by the Retirement System include the Town of Concord (including non-teaching staff of the Concord K-8 School Department), the Concord-Carlisle Regional School District non-teaching staff and the Concord Housing Authority. The system covers all employees working at least 25 hours per week in permanent employment, except for teaching personnel (who are members of the State Teacher Retirement System). The Town Accountant by statute is a member of the Board of Retirement and is manager of the System's accounting records. The Town Treasurer is the Treasurer of the Retirement System. Staff of the Concord Town Treasurer and the Town Accountant provides administrative support for the System. The Retirement System operates on a calendar year fiscal period.

The Division of Public Retirement Administration Commission (PERAC) Annual Report for the year ending December 31, 2008, reported the following data regarding Concord's system:

PERAC Data regarding Concord

	Concord Board	Composite (all boards)
annualized return 2008:	(23.93)%	(28.61)%
Concord's annualized return, 5 years:	2.38%	3.13%
Concord's annualized return, 1985-2008	8.15%	8.94%

As of the most recent biennial actuarial valuation (January 1, 2008), Concord's funded ratio (assets compared to system actuarial liabilities) was 96.1%. Total assets and accrued liabilities were reported as follows:

Actuarial Accrued Liability (AAL)	\$ 94,681,278
Actuarial Value of Assets (AVA)	90,963,278
Unfunded Actuarial Accrued Liability (AAL-AVA)	3,718,000
Funded ratio (AVA/AAL)	96.1%

Principal assumptions of the valuation were:

- 7.75% annual earnings rate on assets
- 4.75% average annual salary increase
- 3% COLA on first \$1,000 per month of pension, annually

Pursuant to this valuation, the Retirement Board adopted a funding schedule to amortize the remaining unfunded liability by 2011 using a level amortization. The funding schedule determines the annual employer contributions to be paid by the Town of Concord, the Concord-Carlisle Regional School District and the Concord Housing Authority.

The next actuarial valuation will be done for a date of January 1, 2010. The funding schedule is subject to revision based on the results of each biennial study. The investment results of calendar years 2008 and 2009 will result in substantial modification of the Funding Schedule.

At December 31, 2008, system membership was 479 active members and 260 retired members.

The Retirement System maintains the following fund balances:

*The Annuity Savings Fund* contains the accumulated contributions plus earnings of active member employees and terminated employees who have not withdrawn their balances. By law, interest earnings to be credited to the individual member account within this fund (and the Annuity Reserve Fund) is set by the state for the calendar year at the average passbook savings rate of the prior year, not at the earnings rate actually realized by the System.

*The Annuity Reserve Fund* contains the accumulated contributions and earnings of members receiving retirement or disability payments. Accumulated balances are transferred to this fund from the Annuity Savings Fund upon a member's retirement.

*The Special Military Services Fund* contains employer appropriations for certain armed services veterans who qualify for additional benefits under Massachusetts law.

*The Pension Fund* receives and maintains the employer contributions. Retirement benefits funded by employer contributions are disbursed from this fund.

*The Pension Reserve Fund* receives excess investment income (if any) after allocations are made to all other funds. This fund also receives any pension assessments made against federal grants and any forfeit of accumulated interest by a member withdrawing from the

system before 5 years (all annuity account interest is forfeited) or ten years (50% of annuity account interest is forfeited).

*The Expense Fund* receives and disburses monies associated with the Retirement Board's administrative expenses.

A three-year comparison (2006-2008) of total assets by fund is shown to the right..

A THREE YEAR COMPARISON OF TOTAL ASSETS BY FUND – DECEMBER 31

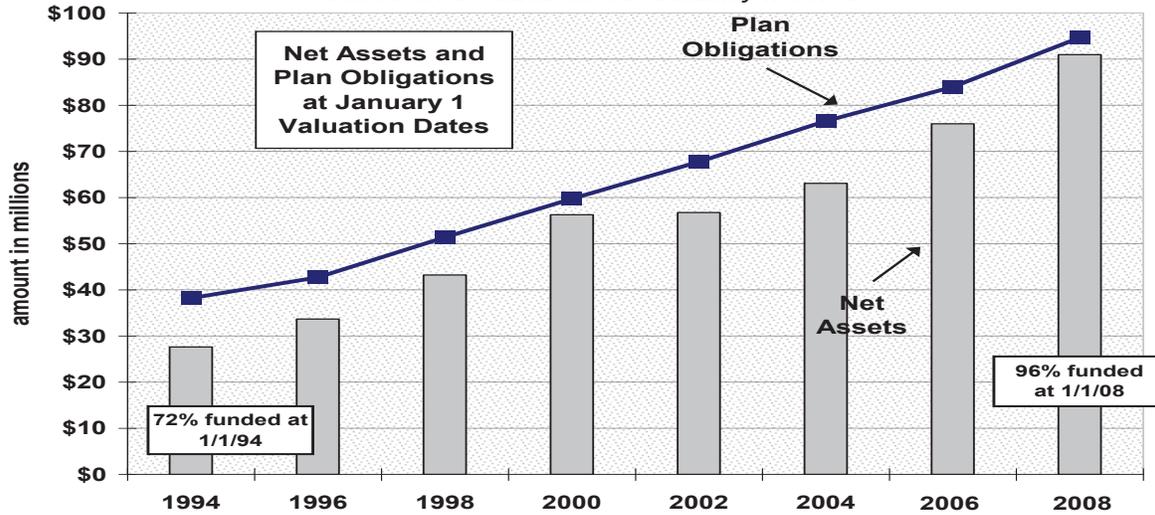
	2006	2007	2008
Annuity Savings Fund	\$17,657,082	\$19,048,837	\$20,563,965
Annuity Reserve Fund	4,467,576	4,464,401	4,236,481
Military Service Fund	6,098	6,134	6,171
Pension Fund	3,221,497	2,894,980	2,504,194
Pension Reserve Fund	<u>60,743,062</u>	<u>66,878,818</u>	<u>43,206,946</u>
TOTAL	\$86,095,315	\$93,293,170	\$70,517,757

**TOWN OF CONCORD**  
**Contributory Retirement System**  
**STATEMENT OF REVENUES, TRANSFERS,**  
**EXPENSES AND CHANGES IN FUND EQUITY BALANCE**  
**December 31, 2008**  
**(with comparison to prior years)**

<b>OPERATING REVENUE</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Employer contributions	\$3,079,268	\$2,896,357	\$2,952,658
Employee contributions	1,776,820	1,929,367	2,102,426
Commonwealth of Mass. (COLA)	132,142	121,358	118,412
Interest and Investment Income	10,395,952	7,469,702	(22,330,835)
<b>Total operating revenue</b>	<b>15,384,182</b>	<b>12,416,784</b>	<b>(17,157,339)</b>
<b>OPERATING EXPENSES</b>			
Retirement benefits paid	4,364,969	4,571,752	4,682,427
Administrative expenses	92,592	133,875	166,843
Investment management and custodial fees	381,867	428,545	391,012
<b>Total operating expenses</b>	<b>4,839,428</b>	<b>5,134,172</b>	<b>5,240,282</b>
<b>Operating Income</b>	<b>10,544,754</b>	<b>7,282,612</b>	<b>(22,397,621)</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>			
Net transfers from(to) other systems	(192,486)	110,888	(310,482)
Refunds to members	(231,161)	(195,645)	(67,310)
<b>Net income</b>	<b>10,121,107</b>	<b>7,197,855</b>	<b>(22,775,413)</b>
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<b>75,974,208</b>	<b>86,095,315</b>	<b>93,293,170</b>
<b>FUND EQUITY, END OF YEAR</b>	<b>86,095,315</b>	<b>93,293,170</b>	<b>70,517,757</b>

### Concord Retirement System - Funding Progress

*based on actuarial accrued liability method*



## FINANCE DEPARTMENT

Anthony T. Logalbo, Finance Director

The Department of Finance and Administration consists of five divisions: Administration, Assessing, Treasurer/Collector, Accounting and Town Clerk. The Department is also responsible for budget management, Town purchasing administration, Town payroll administration, group insurance management (in collaboration with the Personnel Department) and Retirement System administration. The Town Treasurer serves as the Parking Clerk, administering the parking violation system. The Town Treasurer also serves as Treasurer for the Trustees of Town Donations. The report of the Town Clerk division appears elsewhere in this Town Report.

### ADMINISTRATION DIVISION

Anthony T. Logalbo, Finance Director and Treasurer-Collector  
 Helen Boudreau, Finance Assistant  
 Jonathan Harris, Budget and Purchasing Administrator  
 Adam Roberts, Senior Budget & Operations Analyst

This division is responsible for the development and implementation of the Town Manager's budget, the Enterprise Fund budgets, and the five-year Capital Improvement Program. The division provides guidance and oversight of procurement and public bidding procedures for all Town departments under the Town Manager in accordance with applicable state laws. The Finance Director is delegated by the Town Manager to

act as the Chief Procurement Officer for all non-school departments.

This division handles all aspects of Town payroll administration and all federal and State reporting of wages and payroll taxes for the Town departments, the Concord Public Schools (K-9) and the Concord Retirement System. The Finance Director is responsible for group insurance administration and is custodian-treasurer of the Retirement System and treasurer of the Trustees of Town Donations. The division provides staff support to the 15-member Concord Finance Committee appointed by the Town Moderator.

### Payroll

Total payrolls for the Town Government departments and the Concord Public Schools, for the fiscal periods ended June 30, 2008 and 2009, were as follows:

PAYROLL - ALL FUNDS			
	Year ended 6/30/08	Year ended 6/30/09	Percent change
Town Manager departments	\$19,046,099	\$19,847,600	4.2%
Concord Public Schools	20,753,643	21,200,458	2.2%
TOTAL	\$39,799,742	\$41,048,058	3.1%

### Group insurance

Group health plans are offered to the Town's employees through the multi-town Minuteman-Nashoba Health Group (MNHG) established in December 1990 under the authority granted by Massachusetts General Laws