

CONTRIBUTORY RETIREMENT BOARD

Peter J. Fulton, elected member, Chair
Gail Eagan-Henry, Town Accountant, ex officio member
Anthony T. Logalbo, Selectmen's appointed member
Arnold Roth, member appointed by the Board
Brian J. Whitney, elected member
Linda Boucher, Retirement System 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.

PERAC DATA REGARDING CONCORD

	CONCORD BOARD	COMPOSITE (ALL BOARDS)
Annualized return 2010:	12.28%	13.67%
Concord's annualized return 5 years	4.34%	4.39%
Concord's annualized return 1985 -- 2010	8.64%	9.46%

As of the most recent biennial actuarial valuation (January 1, 2010), Concord's funded ratio (assets compared to system actuarial liabilities) was 85.3%, down from 96.1% two years earlier. Total assets and accrued liabilities were reported as follows:

Actuarial Accrued Liability (AAL)	\$106,054,069
Actuarial Value of Assets (AVA)	90,444,816
Unfunded Actuarial Accrued Liability (AAL-AVA)	15,609,253
Funded ratio (AVA/AAL)	85.3%
Principal assumptions of the valuation were:	
7.75% annual earnings rate on assets	
4.50% average annual salary increase	
3% COLA on first \$1,000 per month of pension, annually	

The Division of Public Retirement Administration Commission (PERAC) Annual Report for the year ending December 31, 2010, reported the data in the previous table regarding Concord's system.

Pursuant to this valuation, the Retirement Board adopted a funding schedule to amortize the remaining unfunded liability by 2021 using a 1% increasing annual 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.

By comparison, the State Retirement Board's funded ratio declined from 89.4% at January 1, 2008 to 76.5% at January 1, 2010. Of the 106 Boards comprising the Massachusetts Retirement System, Concord's funded ratio ranked seventh highest on the listing published as of January 1, 2012 on PERAC's website.

The next actuarial valuation will be done for a date of January 1, 2012. The funding schedule is subject to revision based on the results of each biennial study. The investment results of calendar years 2010 and 2011 will thus be reflected in the next valuation. Preliminary unaudited calendar year 2011 investment results indicate a gain of about 2.5%. For the biennium period, the preliminary estimate of the annualized investment return is just about at the actuarially assumed earnings rate of 7.75% per year.

At December 31, 2010, system membership was 499 active members and 263 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).

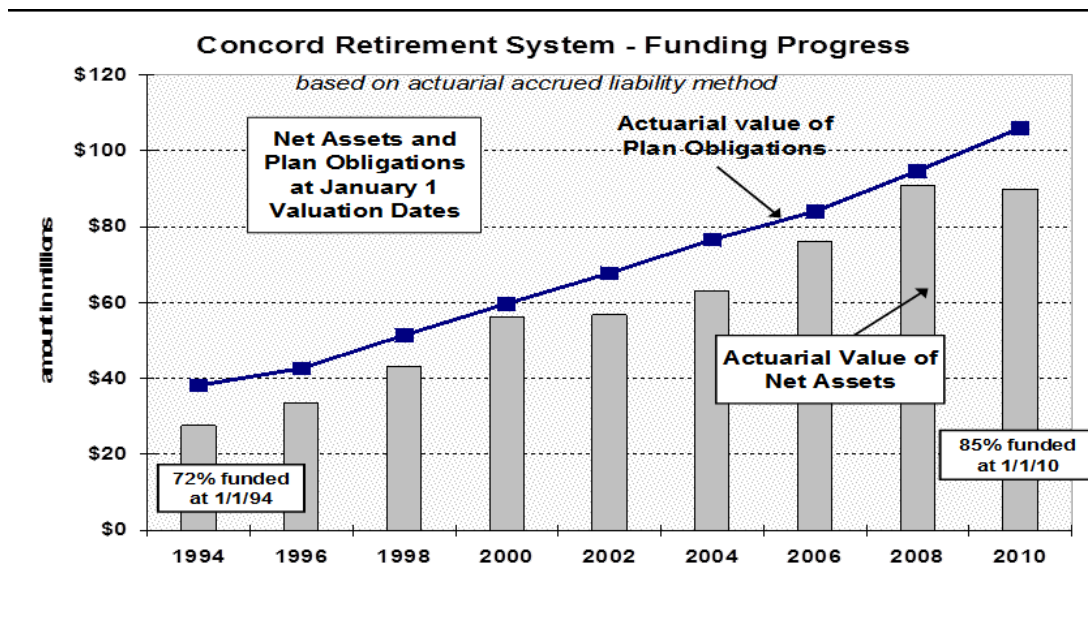
The Expense Fund receives and disburses monies associated with the Retirement Board's administrative expenses.

A THREE-YEAR COMPARISON (2009-2011) OF TOTAL ASSETS BY FUND
AT DECEMBER 31

	2009	2010	2011*
Annuity Savings Fund	\$21,934,316	\$23,008,872	\$24,482,322
Annuity Reserve Fund	4,267,262	4,432,237	4,700,242
Military Service Fund	6,202	6,220	4,466
Pension Fund	1,519,206	3,345,790	2,221,360
Pension Reserve Fund	<u>54,495,574</u>	<u>61,281,296</u>	<u>63,296,428</u>
TOTAL	\$82,222,560	\$92,074,415	\$94,704,818

*(Dec. 31, 2011 numbers are preliminary unaudited)

Funding Progress through January 1, 2010 biennial actuarial valuation



TOWN OF CONCORD
Contributory Retirement System
STATEMENT OF REVENUES, TRANSFERS,
EXPENSES AND CHANGES IN FUND EQUITY BALANCE

December 31, 2011 (unaudited)
(with comparison to prior years, audited)

OPERATING REVENUE	2009	2010	2011
Employer contributions	\$3,011,632	\$3,226,582	\$3,352,832
Employee contributions	2,239,376	2,309,724	2,437,165
Commonwealth of Mass. (COLA)	114,526	111,864	106,096
Interest and Investment Income	11,996,257	10,134,934	2,870,600
Total operating revenue	\$17,361,791	\$15,783,103	\$8,766,693
OPERATING EXPENSES			
Retirement benefits paid	4,785,639	5,150,500	5,366,998
Administrative expenses	149,722	168,552	183,641
Investment management and custodial fees	353,507	383,100	425,579
Total operating expenses	\$5,288,868	\$5,702,152	\$5,976,218
Operating Income	\$12,072,923	\$10,080,951	\$2,790,474
NON-OPERATING INCOME(EXPENSE)			
Net transfers from(to) other systems	(221,703)	(10,917)	215,405
Refunds to members	(151,017)	(219,899)	(380,106)
Miscellaneous	4,601	1,718	4,630
Net income	\$11,704,803	\$9,851,854	\$2,630,404
FUND EQUITY, BEGINNING OF YEAR	\$70,517,757	\$82,222,560	\$92,074,415
FUND EQUITY, END OF YEAR	\$82,222,560	\$92,074,415	\$94,704,819