

**FY 2020 Budget Questions & Answers
Finance Committee**

Dept. Number, Name + Account	Questioner's Name/Question	Response
945 Risk Management	Hegde: Why education liability went up by 36% compared to 2018 or 2019?	The actual amount expended in FY19 was \$18,192, up from \$12,998 in FY18. There has been an increase in claims against school boards industry wide, so the overall cost of insurance reflects the current market.
945 Risk Management	Galvin: Please explain the Medicare Tax. Who is that paid to?	<p>Christine: Medicare tax is paid to the IRS each pay period. Please see description taken from the IRS Website:</p> <p>Topic Number: 751 - Social Security and Medicare Withholding Rates</p> <p><i>Taxes under the Federal Insurance Contributions Act (FICA) are composed of the old-age, survivors, and disability insurance taxes, also known as social security taxes*, and the hospital insurance tax, also known as Medicare taxes. Different rates apply for these taxes.</i></p> <p>Medicare Withholding Rates</p> <p><i>...The current rate for Medicare is 1.45% for the employer and 1.45% for the employee, or 2.9% total.</i></p> <p>Note: *The Town is not subject to Social Security tax.</p>
945 Risk Management	Galvin: Are there ways of lowering the premiums paid to public official liability insurance and police and fire liability insurance through such things as improved training or policy adjustments?	Yes, there is training offered. One of the programs that our insurance provider runs is the MIIA Rewards program, which was developed to help reduce municipal and pool loss experience, educate members on issues of topical interest, and establish prevention and maintenance best

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		practices. In FY19, our insurance premiums were reduced by \$44,033 for participating in this program.
945 Risk Management	Galvin: With regard to the health insurance program. It references that only 57.3% of the eligible persons are participating. Why is that and how the others insured? Does this refer only to retirees or does it include active employees?	Dan: The 57.3% figure refers to active employees. Westford currently pays 65% of the premium for HMO plans, and 60% for PPO plans. If an employee has access to another health insurance plan through either a spouse or parent, the employee often chooses that option.
945 Risk Management	FitzPatrick: How many people are on town insurance (57.3% of what number)? Did enrollments increase with the switch to BCBS?	There are 1,109 people on the town's health insurance plan as of February 2019. Of that amount, 534 are retirees.
945 Risk Management	FitzPatrick: What is the new health consulting line?	Last year, we hired Group Benefit Strategies as a health insurance consultant. This is their annual fee.
	FitzPatrick: How is sick leave buy back unclassified but also in the different departments?	Some of the union contracts have a provision where is the number of accrued hours are over a certain limit, the employee can sell back the unused time. The amount budgeted in the 945 Risk Management budget is for employees that leave employment with the town. We have negotiated with the unions to limit the amount of sick time that can be paid out for new employees. This is also helping to control our compensated absence liability.
945 Risk Management	FitzPatrick: What is education Liability? Does this relate to the schools or EE continuing education?	This helps protect school officials against any legal claims, which could include; failure to educate; failure to supervise a classroom; employment related lawsuits claiming

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		discrimination, harassment, or wrongful termination, etc.
945 Risk Management	FitzPatrick: The Middlesex retirement assessment cover teachers, correct?	No, the teachers pay into the Mass State Teachers Association. There is no assessment for the town or schools for them.
945 Risk Management	FitzPatrick: What is the estimated amount that will be funded by 2035?	100% of the pension deficit. We are required to fully fund this by 2040.
945 Risk Management	FitzPatrick: It looks like we get a 1.7% benefit for paying 7/1. With interest rates increasing, is it possible to put those funds into a low risk investment elsewhere, earn a higher rate, and then make a larger payment.	We are not allowed to make a larger payment than what is assessed. We still have to pay half of the assessment on July 1 st , so we would only have half of the principal to make around a 3.4% return which would be difficult to do.
945 Risk Management	FitzPatrick: Is there a finance committee liaison to the insurance committee?	The Insurance Advisory Committee (IAC) consists of six union representatives, a non-union rep, and a retiree rep. There is not a representative from the BOS or FinCom; however, these are open meetings and the public is welcome to attend.
945 Risk Management	FitzPatrick: Is the plan to fully fund the OPEB liability? If so, by when? Is there a schedule	There is not a date that the OPEB liability is scheduled to be full funded. Our current plan is to fund the normal costs for each eligible employee hired after January 1, 2012 to systematically increase the amount appropriated to the OPEB stabilization fund. These funds are not being spent; rather, they are set aside in a stabilization fund and earning investment income.
990 Trust trans	Galvin: Please explain what the General Accounting Standards Board is and where does it get its authority?	Jesse: The Financial Accounting Foundation (FAF) supports and oversees the Governmental

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		<p>Accounting Standards Board (GASB). The FAF is responsible for the oversight, administration, financing, and appointment of the GASB and the Financial Accounting Standards Board (FASB..i.e. think public companies).</p> <p>The mission of the GASB/FASB is to establish and improve financial accounting and reporting standards so that investors or users of the financial statements understand and have a consistent template to evaluate results.</p> <p>The GASB is recognized by State Boards of Accountancy and the American Institute of CPAs.</p>