



TOWN OF CONCORD
MASSACHUSETTS

**Town Manager's Proposed
Enterprise Budgets
FY2016**

For the Fiscal Year
July 1, 2015 - June 30, 2016



Printed on 30% post consumer recycled paper

March 16, 2015

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

Town of Concord Goals**1: Preserve the Health and Safety of Residents and Visitors and Protect their Property**

- See Town Manager's Budget Book

2: Enhance Residents' Quality of Life

- Beede Swim & Fitness Center (swimming programs, fitness facilities, personal training)
- Recreation Programs (before and after school day care, summer camps, preschool, sports, group exercise, and social activities)
- Curbside Collection program for residents' trash and recycling needs
- Telecommunications Division provides broadband services for the Town, residents, and businesses.

3: Preserve the Town's Character

- See Town Manager's Budget Book

4: Promote Sustainability of Resources

- Use of renewable energy by Concord Municipal Light Plant;
- Greening Your Heat Program
- Energy efficient capital improvements at the Beede Center (LED Lighting, VFD Drives, Boilers, Dehumidification System)

5: Ensure Quality Operational & Financial Management

- See Town Manager's Budget Book

6: Maintain the Town's Infrastructure

- A well maintained Water System consisting of over 130 miles of pipe
- Sewer System that serves 1,834 residential and commercial customers (34% of the community), and consists of 33 miles of collection main.
- To protect the power grid, Concord Municipal Light Plant allocates funds to place power cables underground; approximately 50% of the Town's power lines are underground
- Investing in the Beede Center facility with new boilers, new dehumidification system, and new fitness equipment



TOWN OF CONCORD

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CHRISTOPHER WHELAN, TOWN MANAGER

Town Manager's Budgetary Priorities

March 16, 2015

The Honorable Board of Selectmen:

With the FY16 Town Manager's Proposed Enterprise Budget Book, I have identified six general goals that the programs and services of the Town Government should strive to achieve. These goals set the priority of what is to be funded in this budget. The goals are as follows:

1. Preserve the health and safety of residents and visitors and protect their property,
2. Enhance residents' quality of life,
3. Preserve the Town's character,
4. Promote the sustainability of resources,
5. Ensure quality operational and financial management, and
6. Maintain the Town's infrastructure

This presentation attempts to align these goals with funding levels. Although many aligned programs and services are well-established and proposed funding has been maintained or modified slightly from last year, there are several new initiatives being proposed. The section below highlights current and new programs and services.

Enhance Residents' Quality of Life

The Town of Concord strives to offer community-oriented recreation programs and facilities that help to enhance the residents' quality of life. New to the Enterprise Budget Book this year is information about the Recreation Department which hosts a variety of programs including summer camps, after-school day care, and fitness/sports programs. Likewise, the Beede Swim & Fitness Center is a well-maintained facility in which members have access to several pools, fitness areas, and personal trainers.

Promote Sustainability of Resources

The Concord Municipal Light Plant has taken the lead in ensuring that the Town is a "Green Community" through sustainable energy practices. Close to 17% of all the Light Plant's purchased power (kilowatt hours) comes from renewable energy sources. Additionally, the Light Plant has implemented a Conservation and Renewable Energy surcharge (CARES) that provides assistance to customers for more energy efficient fixtures and appliances.

Maintain the Town's Infrastructure

Maintaining the Town's infrastructure is done through the careful planning and practices of the Light, Water, and Sewer Enterprises. All of these enterprises provide quality services at a reasonable cost while investing in their infrastructure. According to the 2014 Town Residential Survey, 89% of residents polled indicated that electricity rates were a "good bargain" or "reasonably priced". Also 89% responded that water prices were either a "good bargain" or "reasonably priced". Similarly, 83% indicated that sewer rates were either a "good bargain" or "reasonably priced".

Sincerely,

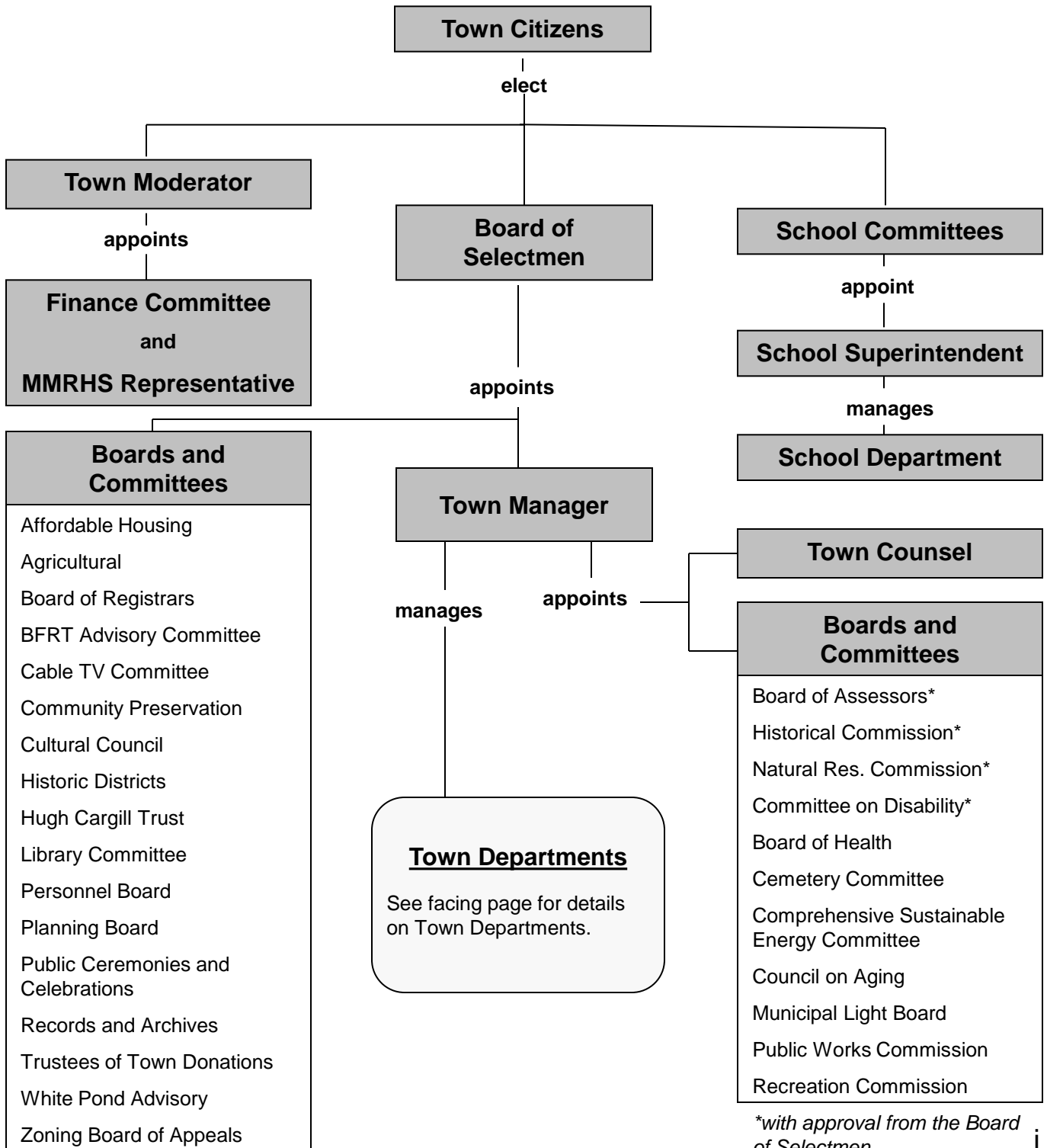
Christopher Whelan
Town Manager

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

The chart below outlines how Concord citizens, either through elections or by sitting on boards and committees, influence the operations of their government.

On the facing page, the chart shows how Town Government is structured to carry out the wishes of its citizens.

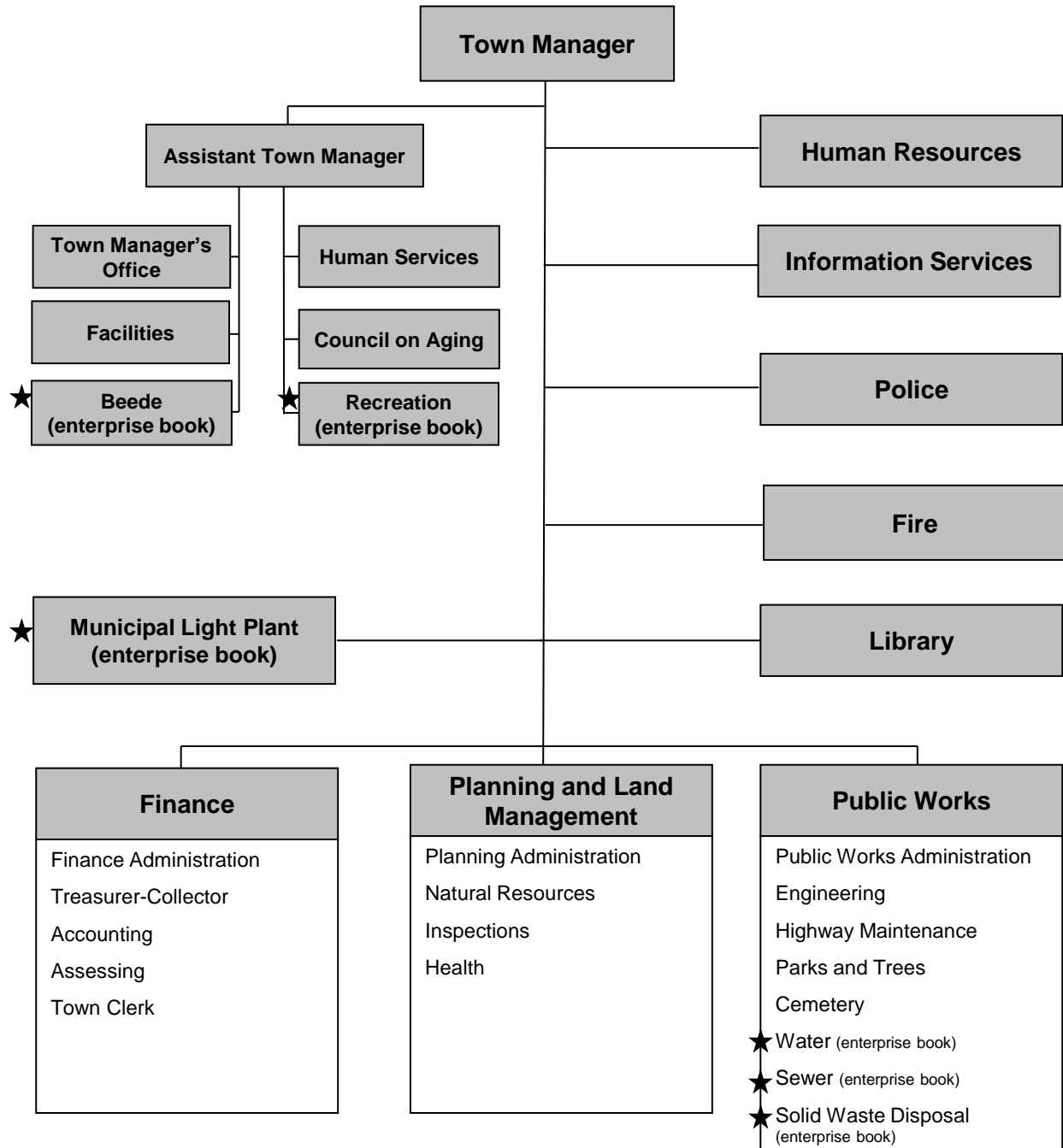


**with approval from the Board of Selectmen*

The Town Manager oversees Town Departments, including the following 5 business-type activities:

- The Concord Municipal Light Plant;
- The Water Division;
- The Sewer Division;
- The Beede Swim and Fitness Center;
- Recreation Department and;
- The Solid Waste Disposal Division.

In this budget book, the above 6 business-type activities are presented (marked by ★ in the chart below). The Light Fund, Water Fund, Sewer Fund, and Swim and Fitness Fund are all Enterprise Funds, while the Solid Waste Fund is a Special Revenue Fund (see page II-1, “A Note on the Solid Waste Fund”). Likewise the Recreation Fund is a Revolving Fund.



Budget Book Guide

Section I – Letter of Transmittal

The Letter of Transmittal is an introduction to the budget book by the Town Manager. Included in the letter is summary information about each of the four enterprise funds (Light, Water, Sewer, and Swim and Fitness) the one special revenue fund (Solid Waste Disposal) and the (Recreation) revolving fund. The letter highlights some of the major changes budgeted for in the coming year.

Section II – Budget Summary

The Budget Summary contains charts, schedules, and narratives that describe the FY16 Enterprise Budgets. The level of detail presented in this summary section allows the reader to grasp the big picture relating to the enterprise operations' recent past, present, and near future.

Section III – Light Fund

The Light Fund presentation provides the charts and narratives necessary to understand the operations and plans of the Concord Municipal Light Plant. At the end of Light Fund section there is an operational overview of the new Telecommunications Division.

Section IV – Water Fund

The Water Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Municipal Water Services Division.

Section V – Sewer Fund

The Sewer Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Municipal Sewer Services Division.

Section VI – Solid Waste Fund

The Solid Waste Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Solid Waste Disposal Division.

Section VII – Swim and Fitness Fund

The Swim and Fitness Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Beede Swim and Fitness Center.

Section VIII – Recreation Fund

The Recreation Fund presentation provides the charts and narratives necessary to understand the operations and plans of Concord's Recreation Department.

Section IX – Appendix

The Appendix contains information describing the budgeting process (including a calendar of events), as well as relevant excerpts from the most recent Audited Financial Statements and a glossary of terms used throughout the book.

Table of Contents

Letter of TransmittalSection I

Budget SummarySection II

Budget Overview 1
 Management Policies 2
 Financial Health 4
 Operating Summaries 6
 Capital Spending 7
 Useful Definitions 8

Budget Detail – Light FundSection III

Overview 1
 Electricity Rates 3
 Revenues and Expenditures 4
 Supplemental Information..... 13
 Telecommunications 17

Budget Detail – Water Fund Section IV

Overview 1
 Water Rates 3
 Program Highlights 4
 Revenues and Expenditures 6
 Capital Spending 12
 Financial Statements 14
 Supplemental Information..... 15

Budget Detail – Sewer Fund Section V

Overview 1
 Sewer Rates 3
 Program Highlights 4
 Revenues and Expenditures 6
 Financial Statements 11
 Debt Service 12
 Capital Spending 13
 Supplemental Information..... 15

Budget Detail – Solid Waste Fund..... Section VI

Overview 1
 Collection and Disposal 2
 Performance Measures 3
 Revenues and Expenditures 5
 Supplemental Information 10

Budget Detail – Swim and Fitness Fund..... Section VII

- Overview 1
- Operations and Memberships2
- Programs, Features, and Fees4
- Revenues and Expenditures 6
- Financial Statements 10
- Capital Spending 12
- Fund Balance Charts 15
- Proforma..... 16

Budget Detail – Recreation Fund Section VIII

- Overview 1
- Strategic Plan2
- Programs, Features & Fees 4
- Revenues and Expenditures 8
- Performance..... 11

Appendix Section IX

- Budget Process and Calendar/Schedule 1
- Excerpts from Concord’s Financial Statements 5
- Glossary 8

Section I

Letter of Transmittal

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CHRISTOPHER WHELAN, TOWN MANAGER

March 16, 2015

The Honorable Board of Selectmen:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2016 (July 1, 2015 – June 30, 2016). The document presents the Town's business-type operations. These operations have the following characteristics:

- They are **not** supported from property taxes but rather from fees and charges directly related to the services provided;
- They are intended to operate in a fiscally self-sustaining manner with respect to operating expenses, capital expenses and long-term liabilities; and
- They are expected to provide for the continuous renewal of all related investments in plant and equipment without resort to debt-financing except for the expansion of the related plant or service, and for this purpose depreciation expenses is accounted for as an operating expense and is incorporated into rate-setting and planning.
- As departments of the Town government organized under the direction of the Town Manager, each enterprise functions within the personnel bylaw and financial rules and regulations of the town government. Each enterprise receives various central administrative services, including through the Human Resources Department and the Finance Department, the cost of which is allocated to the enterprise.

Each of the funds reported herein is financed entirely by rate-payers, the users of the particular service involved. Six operations are reported upon:

Light Fund

The Concord Municipal Light Plant was established by an 1898 Town Meeting action. The CMLP provides for the distribution of electricity and operates in full compliance with generally accepted enterprise accounting standards.

The Concord Municipal Light Plant (CMLP) is a department of the Town government and functions under the specific statutory authority contained in Chapter 164 of Massachusetts General Laws (M.G.L.). The CMLP is managed under the operational authority of the Town Manager pursuant to Section 9 of the Town Charter and designation in the Light Department Administrative Code as Manager of the Municipal Light Plant. The Town Manager appoints the five-member Light Board, the department head (the CMLP Director) and all CMLP staff. The CMLP Director supervises all department staff and reports to the Town Manager. It is the CMLP

Director's responsibility to keep the Light Board fully informed of department matters so that the Board can effectively carry out its responsibilities of oversight and planning.

The budget is developed for the Town Manager by the CMLP Director and is reviewed by the Light Board. The Light Board is the electric utility rate-setting body, in accordance with the provisions of M.G.L. Chapter 164. Rates are subject to limited oversight of the Commonwealth of Massachusetts Department of Public Utilities, as the Light Plant operates as a home-rule municipal light plant. The Town Meeting annually authorizes the Town Manager to expend the income of the Light Fund without further appropriation. For FY16, this action will be taken under Article 46 of the 2015 Town Meeting Warrant.

Water Fund

The bylaw that established the Water Revolving Fund dates back to 1974. Beginning in 1984, the Town has applied enterprise accounting standards to its accounting and reporting of the Water Fund activity. Among other aspects of the accounting change, this involved recording the acquisition cost of all plant assets and the recognition of depreciation as an operating expense.

The Public Works Director is appointed by the Town Manager. The Concord Public Works (CPW) Department includes the Water/Sewer Division. The Water/Sewer Superintendent reports to the Public Works Director. CPW staff prepares an annual Water Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners, a five-member body appointed by the Town Manager. The Commissioners are the water utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Water Fund without further appropriation. For FY16, this action will be taken under Article 50 of the 2015 Town Meeting Warrant.

Sewer Fund

The bylaw that first established the Sewer Revolving Fund was adopted by the Town Meeting in 1976. Enterprise accounting commenced in 1984.

In a process identical to the management of the Water Fund, CPW staff under the direction of the Public Works Director prepares the annual Sewer Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners. The Commissioners are the sewer utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Sewer Fund without further appropriation. For FY16, this action will be taken under Articles 48 and 49 of the 2015 Town Meeting Warrant.

Solid Waste Fund

This fund was established by Town Bylaw adopted in 1989. Technically, it is not an enterprise fund but rather is a Revolving Fund. However, the Solid Waste Fund is included in this presentation because its basic purpose is to operate the curbside collection and recycling program as a business-type activity without property tax support. Rates are set by the Public Works Commission and program costs are expected to be fully recovered by these rates. There are, however, no capital assets and no depreciation expense is associated with the operation of the Solid Waste Fund. The Town Meeting annually authorizes the Town Manager to expend the

income of the fund without further appropriation. For FY16, this action will be taken under Article 47 of the 2015 Town Meeting Warrant.

Beede Swim & Fitness Center Fund

This facility opened its doors on April 18, 2006. Article 30 adopted by the 2005 Annual Town Meeting authorized the establishment of an enterprise fund for this operation, in accordance with requirements of the General Laws of the Commonwealth, Chapter 44, section 53 F 1/2. This section of the state statutes, enacted in 1986, requires that the annual budget of the Center be submitted to the Town Meeting for enactment in the same manner as is the General Fund budget. Accordingly, the motion under Article 51 of the 2015 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2015 based upon an estimate of the income to be derived from the operation.

The operation of the Center has been assigned by the Town Manager to the Recreation Department under the direction of the Beede Center Director. Rates and fees are set under the authority of the Town Manager pursuant to Section 22F of Chapter 40 of the General Laws adopted by the Town Meeting in 1992. The Recreation Commission, appointed by the Town Manager, also monitors the performance of the Center and provides guidance and advice.

Recreation Fund

New to this year's Enterprise Budget book is a section on the Recreation Fund. In previous years, some information was presented in the Town Manager's Budget Book. The transition is being made this year so that there can be one place where financial and budgetary information about the Recreation Fund activities can be detailed.

With the adoption of Article 3 at the 1979 Town Meeting, this Fund was established by Town Bylaw to be used solely for the maintenance and support of recreation and park facilities and services of the Town. The Recreation Fund is not an enterprise fund but rather is a Revolving Fund, since it has no capital assets and no depreciation expense is associated with its operations. Like the Solid Waste Fund, the Recreation Fund is included in this presentation because its basic purpose is to operate the recreation programs as a business-type activity. Rates are set by the Recreation Commission and program costs are expected to be fully recovered by these rates. At the time that the Recreation Fund was established, there was no requirement that an annual appropriation would needed to be adopted by Town Meeting and the Bylaw was written so that expenditures can be made by the Town Manager without further appropriation, so there is no action required of and no article presented to the 2015 Town Meeting.

Budgetary Focus

Each of the six budget presentations focuses on the projection of operating income and net income. The long-term objective in the management of each enterprises is to generate sufficient income from current operations to fund operating and capital needs without tax support. In general, debt financing of enterprise infrastructure should be employed only to finance system expansion. Resources derived from recording depreciation as an operating expense plus the net income realized from operations should, over a span of years, provide for the continuous reinvestment in the maintenance and renewal of enterprise physical assets. The Town has a long record of successfully operating its enterprises on this basis.

Operating income of each fund is the difference between operating revenues and operating expenses. Certain revenues and expenses are not the result of operations but must be added to or subtracted from **operating income** to arrive at **net income**. These non-operating transactions include:

Revenues:

- Interest earnings on available cash balances
- Fees not associated with operations, such as the electric underground surcharge and the sewer improvement fee

Expenses:

- Interest paid on debt (bonds and notes)

The budgets proposed for FY16 (calendar year 2015 for CMLP), and the related projections of operating and net income, are:

	<u>Operating Revenue</u>	<u>Operating Expenditure</u>	<u>Operating Income</u>	<u>Net Income</u>
Light Fund	\$26,195,913	\$24,386,056	\$1,809,857	\$2,245,351
Water Fund	4,782,000	4,030,980	751,020	655,797
Sewer Fund	2,698,000	3,257,556	-559,556	-464,693
Solid Waste Fund	1,257,998	1,254,795	3,203	3,203
Beede Center Fund	2,441,368	2,741,330	-299,962	-266,762
Recreation Fund	1,852,119	1,852,119	0	0

One measure for determining whether an enterprise has sufficient resources to fund necessary capital improvements is to: (a) sum net income plus cash generated from recording depreciation expense and (b) subtract debt principal repayments and transfers in the form of Payments in Lieu of Taxes or PILOT (for the CMLP only). This arrives at the net resources available for replacement and renewal of plant and equipment. For each enterprise, this amount can then be compared to the planned capital outlay expenditure, as shown in the following:

<u>FY16 Proposed Budgets</u>	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Net Income Projected	\$2,245,350	\$ 655,797	\$ -464,693	\$ -266,762
Depreciation Expense	<u>1,725,892</u>	<u>1,056,237</u>	<u>1,556,563</u>	<u>511,127</u>
Subtotal	3,971,242	1,712,034	1,091,870	244,365
Less:				
Debt Principal Payment	760,000	520,000	653,932	0
CMLP PILOT Payment	477,600	0	0	0
Net Resources derived from Current Operations and available for Capital Purposes	<u>\$2,733,642</u>	<u>\$1,192,034</u>	<u>\$ 437,938</u>	<u>\$ 244,365</u>

The planned FY16 capital expenditures of each enterprise (exclusive of expenditures that will be funded by debt issuance) are as follows:

	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Capital Outlay	\$1,573,330	\$2,620,690	\$ 1,789,080	\$ 277,000

It is not necessary that Net Resources from Current Operations equal or exceed the actual or planned Capital Outlay for each year. In FY16, for example, the Water Fund, Sewer Fund, and Beede Center has greater capital outlay needs and the difference will be financed from the available cash balance of this fund. Nevertheless, over the long term, it is the objective to manage each of these enterprises so that the cost for replacement and renewal of plant and equipment will be met from cash generated by current operations.

In some cases, there is additional funding available for capital purposes. For example, the Light Plant conducts work to place utility wires underground and these projects are financed from the accumulated balance of the Underground Fund.

Program Highlights

Light Fund

The major item affecting operating expenses and revenues for the Concord Municipal Light Plant is the purchase of power supply and distribution of electricity to customers. Since changes in purchased power costs are passed along to customers, the Light Plant's portfolio of power supply purchase agreements in effect at any time greatly affects the price that its customers will pay. In 2015, purchased power expense is projected to be approximately \$18 million or 74% of operating costs.

The Concord Municipal Light Plant is also actively pursuing efforts to promote energy conservation and renewable energy. In 2009, the Light Board voted to implement a new residential tiered rate structure in which the unit price rises at higher monthly or bi-monthly consumption levels. The Light Plant is in the process of implementing the utilization of its Smart Grid infrastructure to allow CMLP and its customers to manage electricity usage. In 2015, the Light Plant is implementing a new "Greening Your Heat" program, which provides free 30-minute energy audits for the homes of Concord residents and addition funds to partially pay for the weatherization improvements suggested in the audits. In addition, for both residential and commercial customers, there are rebate programs to encourage the purchase of energy-efficient lighting fixtures and energy-star appliances.

The Light Plant Board is committed to reducing the Town's dependency on electricity generated from fossil fuels. Initiatives include seeking to purchase commercially available electricity from renewable sources, developing utility-scale solar generation in Town, facilitating rooftop solar in Town, and participating in wind power generation projects outside of Town. All of these efforts will contribute to the goal of increasing the percentage of electricity generated from renewable sources from the 16.8% of all purchased power in 2015 to 30% by 2020.

In 2014, the Light Plant began offering broadband service to Town residences and commercial establishments. This service uses the excess capacity of the optical fiber network that has been installed throughout Town for the Smart Grid program. In 2013, Town Meeting

approved Article 48 which authorized the Town to borrow up to \$1 million in startup funds to get the project off the ground. In 2014, an amount of \$100,000 was borrowed under this authorization and in 2015 it is estimated that an additional \$425,000 will be used. It is expected that after the initial startup period, revenues from this service will cover costs.

Water Fund

The Water Fund is in sound financial condition and needed capital improvements are proceeding on schedule. With the passage of Article 23 of the 2010 Town Meeting warrant, an amount of \$1.9 million of bond financing has been made available for improvements at the Town's surface water supply, Nagog Pond. These improvements include an enhanced disinfection treatment system and repair to the 100-year old dam and related structures. It is anticipated that next year's Town Meeting, the 2016 Annual Town Meeting, there will be a request of \$6.5 million of borrowing authorization to construct the Nagog Pond Filtration Facility and \$1.4 million to replace the Nagog Intake Structure. These investments will expand the current limited seasonal use of this water supply. The 10-year plan (page IV-14) presents the proposed capital improvements.

To maintain sufficient funds to cover operating and capital costs, a rate increase of 3.9% is proposed to be effective June 1, 2015, which is an annual dollar increase of approximately \$16.20 for the average residential customer over the year.

Sewer Fund

It has been noted above that the Sewer Fund's projected operating income is negative. In addition, the forecast is that operating results will remain in deficit for the next several years, while gradually improving during this period (see page V-10). The main cause of this deficit is an increase in the depreciation expense, from \$628,375 in FY05 to \$1,556,563 projected for FY16, a reflection of the infrastructure improvements that had been made in 2006-08 to the treatment plant first put into service in 1987.

The Sewer Division completed a major renovation project of the Wastewater Treatment Plant in 2008, as authorized by Article 47 of the 2005 Town Meeting and funded by a \$12 million bond issued through the Massachusetts Water Pollution Abatement Trust at a 2% subsidized rate of interest. This project extended the life of the 1987 plant by an additional twenty years. As a budgetary consequence, the town must simultaneously pay back the debt (through FY27) and recognize a substantially increased annual depreciation expense. Nevertheless, reserve balances carried over from previous years will be adequate to cover the current operating deficit and cash balances will continue to be sufficient to finance needed sewer system capital maintenance.

As part of renovations to the Wastewater Treatment Plant carried out in 2005, the Town agreed to install an innovative state-of-the-art tertiary treatment process called "CoMag". This involved the installation of phosphorus reduction equipment. The Town negotiated an incentive agreement with the former manufacturer/installer, Cambridge Water Technology, Inc. (CWT), which has been acquired by Siemens Industries, Inc. The decision to install the innovative process has turned out very well for the Town. As a result of this agreement, the Sewer Fund received incentive payments of \$1,006,882 in FY13 and final payment of \$2,943,125 in FY14. (see page V-8, "Non-operating revenue").

A rate increase of 3.0% is proposed to be effective June 1, 2015, which is an annual dollar increase of approximately \$18.60 for the average residential customer.

Solid Waste Fund

The Town offers curbside trash and recycling collection to all residences and small commercial facilities. The program pays for itself through issuing subscriptions, which make a residence eligible for trash and/or recycling pickup, and by selling barrel tags and stickers, which make a garbage barrel eligible for pickup. The Solid Waste Fund holds no capital assets and the collection and disposal of trash and recycling is contracted out to a third party, Waste Management of New England. There are approximately 3,500 subscribers for this service. In FY16, it is expected that the Solid Waste Fund will generate a slight net income.

Beede Center Fund

Completing its ninth year of operation as of April 2015, the Beede Swim and Fitness Center continues to operate successfully. Given that it is the only one of the Town's enterprises that operates in a competitive market, the Beede Center is very dependent upon the satisfaction of its members and on the overall condition of the regional and national economy to maintain membership levels for what may be seen as a discretionary expense. Thus far, the Beede Center has been received enthusiastically by the community and is increasingly perceived as an important contributor to the community's physical health.

Despite the challenging economic conditions of recent years, the Beede Center has been able to maintain its memberships. Family memberships have increased from 485 to 494 from January 2014 to January 2015, and individual memberships have increase from 1,103 to 1,133 in the same period.

During FY15, the Beede Center completed an extensive renovation of its HVAC system. The dehumidifier system for the pool area, a key component of the facility, was in need of replacement. The project entailed the replacement of existing boilers and hot water systems, as well as installation of new ducts and piping. A benefit of the renovation will be a more efficient use of electricity and natural gas.

The construction cost for the project of \$1.513 million came in slightly under budget. Article 29 of the 2014 Town Meeting authorized an appropriation of \$1 million out of the FY14 Depreciation Fund Balance for the project. With \$299,000 already appropriated for previous capital purposes along with \$175,000 from the Sawyer Trust Fund and \$55,000 from the Beede Center Endowment Fund, the Beede Center did not need to borrow funds to complete the project. As a result of this project, a new \$1.5 million asset, which needs to be depreciated, has been brought onto the Beede Center's books. Accordingly, annual depreciation expense which was \$330,287 in FY14 is expected to be \$511,127 in FY16. This increase is a primary reason why net income for FY16 is a negative \$266,761. Due to the increased depreciation expense, net income is projected to remain negative until FY19.

Recreation Fund

The Town has had the Recreation Fund since 1979, though this is the first year that the Fund has been presented in the Enterprise Budget Book, which will provide a more appropriate place in which the financial and budgetary information can be displayed.

The Recreation Fund earns revenue from user fees to cover its expenses. In FY16, it is projected that the revenues of \$1.8 million will offset expenses of the same amount. It should be noted that projections are very tentative, since 44% of total operating expenses are for temporary status employees, such as fitness instructors, summer camp counselors and after-school day care workers. As the demand for a particular program increases, so does staffing and expenses, as well as revenues earned from program fees. Although this allows the Recreation Department to be very flexible with its cost and hire on staff to meet the need, it also makes budgeting difficult.

The Recreation Department provides three main types of programs: recreation programs such as fitness sessions; summer programs such as camp; and school year programs such as before and after school day care. For those Concord residents who cannot afford the program fees, the Recreation Department has a scholarship fund. In FY14, approximately \$140,000 in scholarships was provided.

Acknowledgements

Preparation of this document involves teamwork between the Finance Department, the Concord Municipal Light Plant, the Public Works Department and the Recreation Department. I would like to express my appreciation for the efforts of Finance Director Anthony Logalbo and his staff: Jon Harris (Budget and Purchasing Administrator) and Sean O'Brien (Sr. Budget & Operations Analyst).

Preparation of the individual enterprise budget submissions was carried out under the direction of Richard Reine (Public Works Director), Alan Cathcart (Water & Sewer Superintendent), Rod Robison (Recycling and Disposal Program Administrator), David Wood (CMLP Director), Pam Higgins (Beede Center Director), and Laura Lunig (Recreation Services Director). In addition, assistance was provided by Paul Reinhardt (Public Works Management Analyst), Paul Cote (Assistant to the W&S Superintendent), Cassandra Green (CMLP Power Supply and Rates Administrator), and Sherman Chapman (CMLP Financial Administrator).

The efforts of the staff in compiling this annual document reflect our commitment to maintain the soundness of financial operations and the long-term perspective essential to the successful management of the Town's enterprise operations.

Respectfully Submitted,



Christopher Whelan
Town Manager

CC: Finance Committee, Municipal Light Board, Public Works Commission, and Recreation Commission

Section II

Budget Summary

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Section Overview

This Budget Summary contains charts, schedules, and narratives that describe the FY16 Enterprise Budgets. The level of detail in this summary section allows the reader to grasp the “big picture” relating to the Enterprise Operations’ recent past, present, and near future.

The sub-sections found in this summary are:

- Overview** II-1
- Management Policies** II-2 to II-3
- Financial Health** II-4 to II-5
- Operating Summaries** II-6
- Capital Spending** II-7
- Useful Definitions** II-8 to II-9

Enterprise Fund Financial Policy

Along with their missions to provide their respective services in an efficient and effective manner, each of the Town’s enterprise activities must also work to be financially self-supporting.

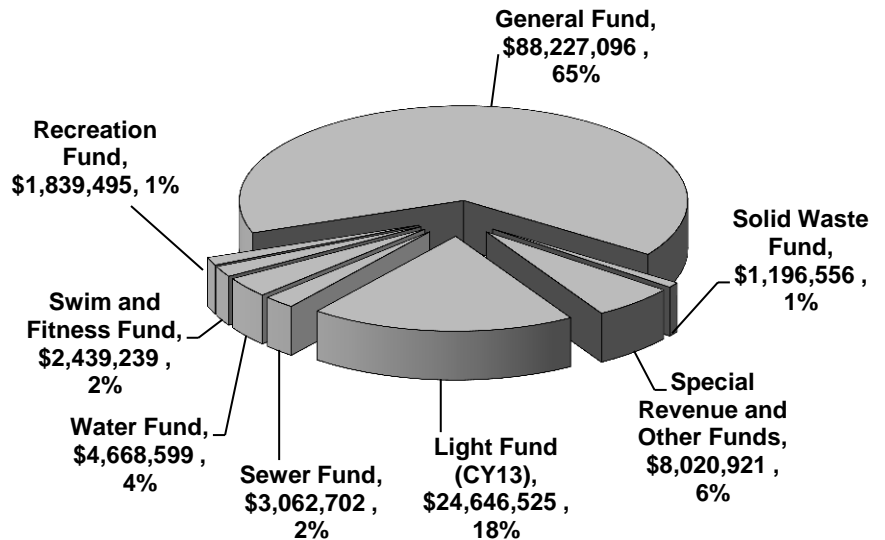
This means that each is expected to cover all costs associated with operations as well as all costs associated with capital maintenance and depreciation by generating the necessary revenue itself (i.e. through user fees).

Debt should only be used to expand an enterprise activity’s capacity or level of service, and not to replace or renew the existing infrastructure.

Enterprise Funds

Light Fund	Section III
Water Fund	Section IV
Sewer Fund	Section V
Solid Waste Fund	Section VI
Swim & Fitness Fund	Section VII
Recreation Fund	Section VIII

Enterprise Revenues as a Percentage of Total FY14 Town Government Revenues
Totaling \$135,345,851



A Note on the Solid Waste Fund & Recreation Fund

The Town’s Solid Waste Fund and Recreation Fund are not enterprise funds; but rather, they are special revenue funds established by local bylaw. Both funds control no capital equipment or infrastructure. Their principal purpose is to operate as a business-type activity with little or no taxpayer support. These enterprises represent a significant business-type service of the Town and therefore the budgets for the Solid Waste Fund and Recreation Fund are presented in this Budget Book.

Definition

Enterprise Fund: An accounting and reporting entity for a business-type activity that is separate from the taxpayer supported General Fund and involves a municipal service supported wholly or primarily by user fees. The separate accounting and reporting of such an entity allows the Town to balance the specific costs of providing the service, which typically involves the maintenance of capital infrastructure, with the revenues generated from the related user fees. Resources of an enterprise fund cannot be diverted to other unrelated uses.

Management of the Enterprise Funds

Town Charter and Bylaws

Under the Town Charter, the Town Manager serves as the executive of all Town enterprise and special revenue funds. The Town Manager supervises all personnel and expenditures, exclusive of the schools, regardless of the funding source.

Enterprise operations are subject to the same personnel bylaws and administrative procedures as all other Town departments.

General Fund Services

Rather than hire their own management, finance, and human resource staffs, each enterprise fund utilizes some of the general Town staff to perform certain core functions. This allows the Town to avoid task duplication and keep overall overhead costs to a minimum.

To compensate for these services, and to maintain the goal of accurate cost accounting and self-sufficiency, each enterprise fund makes regular payments to the General Fund in the form of “General Fund Services” transfers (or in the Light Fund’s case, “Administrative and General Expenses” transfers). In some cases, enterprise funds are directly charged for costs (such as health insurance and other employee benefits) throughout the year. Allocations are reviewed each year to tie administrative services payments to the actual services provided.

General Fund services involve the following:

- Financial services are provided by the Finance Department for billing and collection, banking, cash and debt management, purchasing administration, general accounting, payables, financial analysis, and reporting;
- The Human Resources Department handles recruitment, employee retention, and employee benefit administration for the enterprise operations; and
- General management of all enterprise operations is provided from the Town Manager’s office, along with more specific administrative services from the Public Works Department (for Water, Sewer, and Solid Waste operations), and from the Assistant Town Manager (for Beede Center & Recreation operations).

Role of Town Meeting

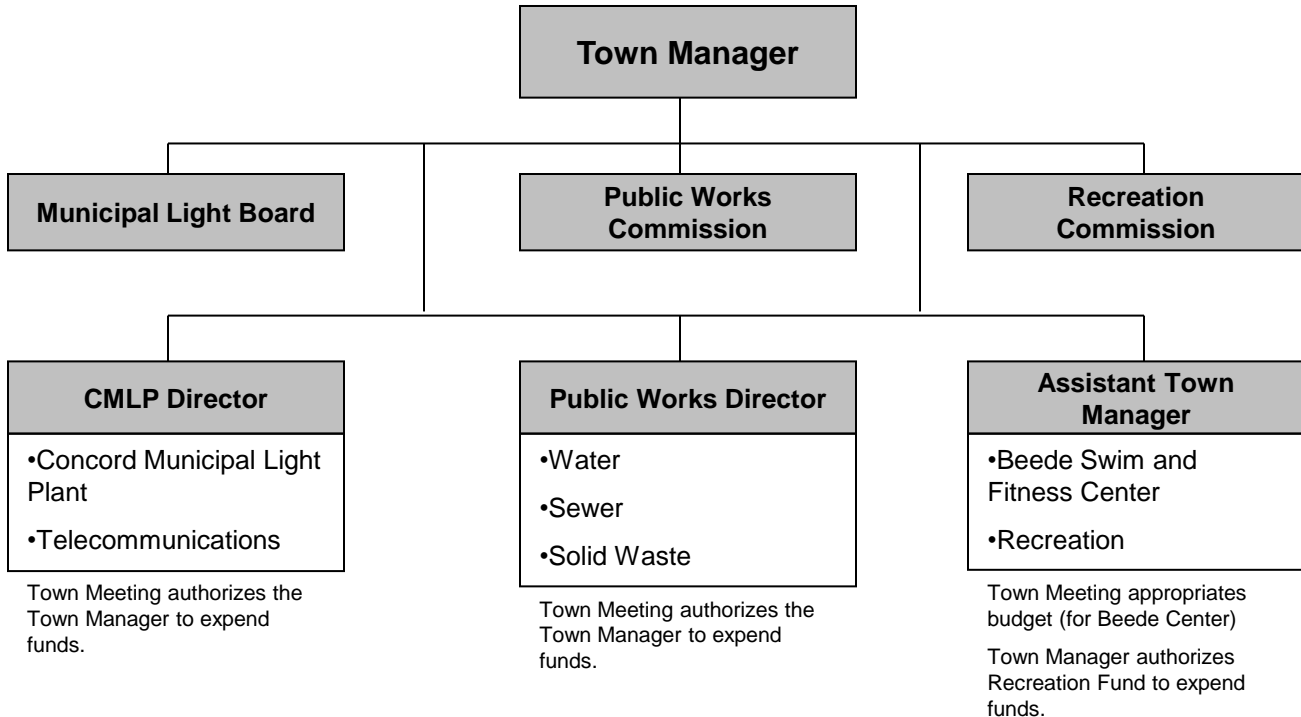
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town’s General Fund operations. However, the Swim and Fitness Fund’s budget is authorized by Town Meeting as an appropriation, in accordance with its enabling bylaw pursuant to state law, M.G.L. Ch. 44, §53 F½. The Recreation Fund does not require an appropriation by Town Meeting and the Town Manager can authorize expenditures.

Setting Rates and User Fees

Rates, or user fees, for each enterprise activity are set by the following entities:

- The Concord Municipal Light Plant (CMLP) Board is the rate-setting authority for the *electric utility (CMLP)*;
- The Public Works Commission is the rate-setting authority for *water, sewer, and solid waste services*;
- The Town Manager is the rate-setting authority for the Beede Swim and Fitness Center (pursuant to M.G.L. Ch. 40 § 22F as adopted by Town Meeting in 1992).

Enterprise Organizational Chart



The Purpose of Enterprise Funds

An enterprise operation is a business-type activity supported primarily by the user fees it charges for its services. Funds raised through these user fees are dedicated to the ongoing operations of the specific enterprise activity, while taxpayer support for the activity is eliminated (or in less ideal cases, significantly reduced).

A key component of Concord's enterprise operations is the maintenance of the capital equipment and infrastructure of the "business". User fees are set to recover operating costs as well as to finance the continuous maintenance (depreciation) of the capital investments supporting the service. A completely successful enterprise operation would never need to borrow funds to replace and renew the existing infrastructure of the business. Borrowing would be required only to expand the business (for example, to extend water or sewer service into new areas). However, enterprises in both the public and private sectors often fall short of this definition of "success". See pages II-4 to II-5 for an analysis of how Concord's enterprise activities measure-up to this ideal.

In summary, enterprise funds are management tools that aid in the pursuit of the following policy objectives:

- Property tax subsidies are reduced or eliminated for operations with the goal of self-sufficiency;
- Unlike tax-supported services, the charge for any enterprise service is based on the direct use of a service or resource. However, unlike many private-sector activities, Concord's enterprise funds often promote (through investments, education, and rate structures) the conservation of whatever is being sold (e.g., the Water Division aims to *reduce* water consumption rather than to maximize the sale of water).
- Consumers who are exempt from the property tax (such as nonprofit organizations) nevertheless pay user fees for their consumption of enterprise fund resources. For the basic utilities (Electricity, Water, and Sewer), approximately 20% of revenue is derived from tax-exempt customers.

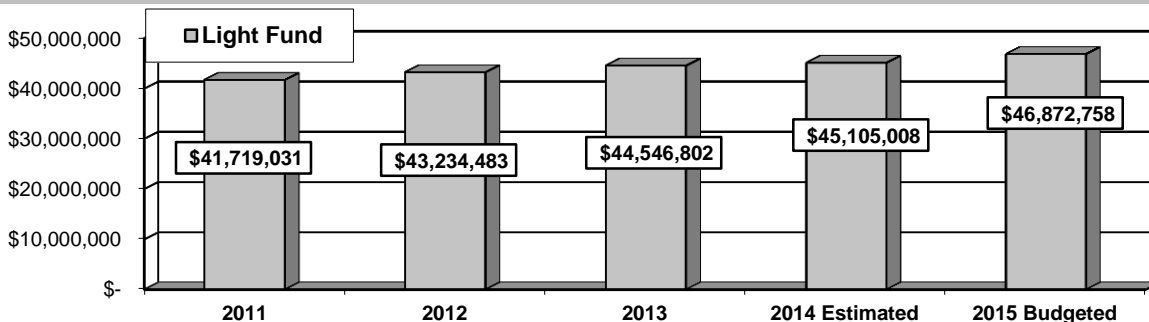
Net Assets as a Financial Measure

There are many ways in which to measure any financial entity's success or health. For this summary level report on the Town's enterprise activities, the aim is to depict comprehensive long-term financial trends in a relatively simple and straightforward manner. A look at each activity's trend in Net Asset levels across the recent past and into the predicted future provides this useful perspective.

Net Assets represent how much an entity would be worth after accounting for everything it owns (buildings, equipment, cash, etc.) and subtracting everything it owes (unpaid bills, outstanding loans, etc.).

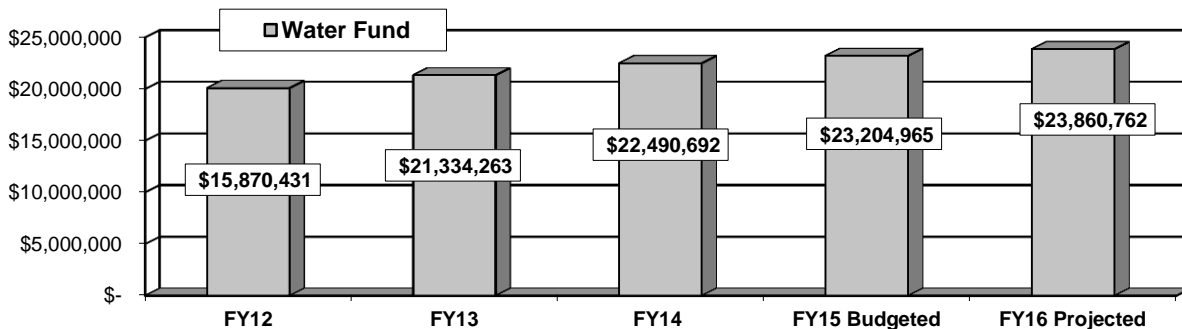
The trend that one would hope to see for a stable enterprise activity would be for Net Assets to increase through the years at roughly the rate of inflation. Any sizeable deviation from this trend (either up or down) should prompt management's consideration of why the adjustment is occurring and whether or not this reflects a financial imbalance (i.e., fund balance is being grown or depleted) or a change in service levels and quality (i.e., capital is being acquired or retired). The important question then becomes whether the change is consistent with long-term plans or represents a departure from long-term plans. If the fluctuation in Net Assets represents a departure from long-term planning, rate adjustments and cost controls will likely be part of any corrective response. Below are the Net Asset trends (at the end of each fiscal year) for each of the Town's enterprise funds. The above criteria are applied to each.

Light Fund Net Assets – calendar 2011 to 2015



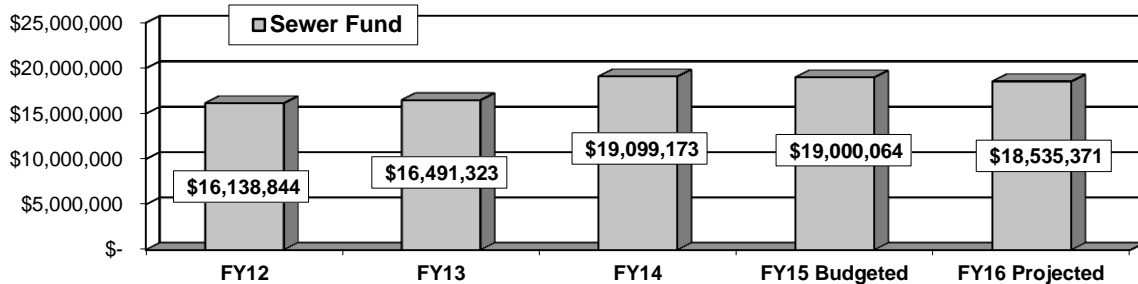
Light Fund Net Asset Discussion: The slight increase in the Light Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels.

Water Fund Net Assets – FY12 to FY16



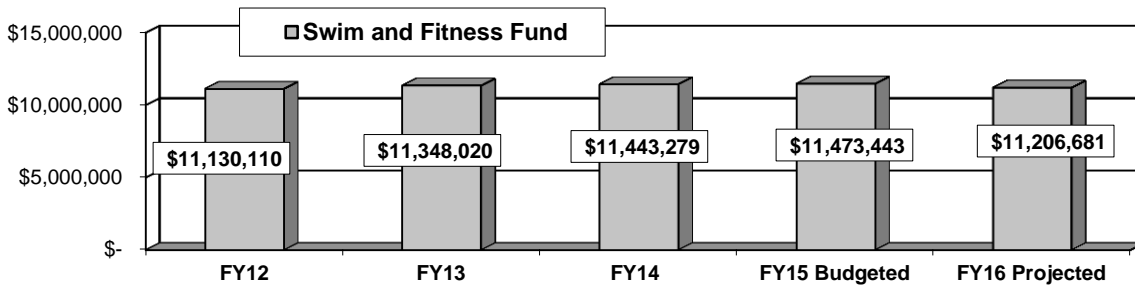
Water Fund Net Asset Discussion: The slight increase in the Water Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels. See page IV-15 for details on the Water Fund's 10-year financial plan.

Sewer Fund Net Assets – FY12 to FY16



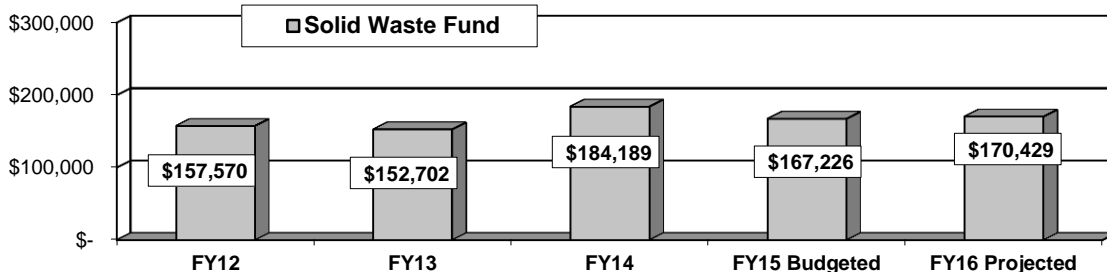
Sewer Fund Net Asset Discussion: The Town’s Sewer activities are the most capital intensive of any of the enterprise activities, and the Sewer Division in 2008 completed a \$15 million renovation of the Wastewater Treatment Plant. With this new investment, the Sewer Fund’s depreciation expense has risen from \$841,574 in FY06 to a peak of \$1,745,139 in FY12. With the infusion of revenue from the CoMag Incentive Payments of \$1,006,882 in FY13 and \$2,943,125 in FY14, Net Assets have been replenished to a level just over \$19 million. Still, the increased level of depreciation expense will result in a negative net income from FY15 and FY16. The projected cash position of the Sewer Fund will be sufficient in the interim period. See page V-11 for details on the Sewer Fund’s 10-year financial plan.

Swim and Fitness Fund Net Assets – FY12 to FY16



Swim and Fitness Fund Net Asset Discussion: The slight decrease in the Swim and Fitness Fund’s net assets demonstrates a capital plan and rate structure that are sufficient to maintain the facility and service levels.

Solid Waste Fund Net Assets – FY12 to FY16



Solid Waste Fund Net Asset Discussion: The Solid Waste Fund controls no capital assets, so its Net Assets consist entirely of cash. The Town has a contract with Waste Management to collect and dispose of trash and process recycling items.

SECTION II: Budget Summary

Operating Summaries

Summary of Comparative Operating & Income Data

	CY13 Actual	CY14 Unaud. Actual	CY15 Budget	% Change CY14 to CY15
Light Fund				
Operating Revenues	25,253,854	24,742,283	26,195,913	5.9%
Less Operating Expenses	<u>(23,142,707)</u>	<u>(24,011,424)</u>	<u>(24,386,056)</u>	<u>1.6%</u>
Operating Income	2,111,147	730,859	1,809,857	147.6%
Net Income	1,760,119	1,014,144	2,245,350	121.4%
Net Available for Capital Expenditures	2,145,147	1,463,137	2,733,642	86.8%
<hr/>				
	FY14 Actual	FY15 Rev. Budget	FY16 Prop. Budget	% Change FY15 to FY16
Water Fund				
Operating Revenues	4,654,208	4,610,000	4,782,000	3.7%
Less Operating Expenses	<u>(3,356,027)</u>	<u>(3,771,694)</u>	<u>(4,030,980)</u>	<u>6.9%</u>
Operating Income	1,298,181	838,306	751,020	-10.4%
Net Income	1,156,429	714,273	655,797	-8.2%
Net Available for Capital Expenditures	1,421,319	1,106,836	1,192,034	7.7%
<hr/>				
	FY14 Actual	FY15 Rev. Budget	FY16 Prop. Budget	% Change FY15 to FY16
Sewer Fund				
Operating Revenues	2,385,383	2,574,000	2,698,000	4.8%
Less Operating Expenses	<u>(3,266,368)</u>	<u>(3,151,025)</u>	<u>(3,257,556)</u>	<u>3.4%</u>
Operating Income	(880,985)	(577,025)	(559,556)	3.0%
Net Income	2,407,283	(99,109)	(464,693)	-368.9%
Net Available for Capital Expenditures	3,289,681	1,363,016	437,938	-67.9%
<hr/>				
	FY14 Actual	FY15 Rev. Budget	FY16 Prop. Budget	% Change FY15 to FY16
Solid Waste Fund				
Curbside Program				
Operating Revenues	1,202,459	1,211,342	1,257,998	3.9%
Less Operating Expenses	<u>(1,170,971)</u>	<u>(1,228,305)</u>	<u>(1,254,795)</u>	<u>2.2%</u>
Operating Income	31,488	(16,963)	3,203	118.9%
Curbside Fund Balance	184,189	167,226	170,429	1.9%
<hr/>				
	FY14 Actual	FY15 Rev. Budget	FY16 Prop. Budget	% Change FY15 to FY16
Swim & Fitness Center Fund				
Operating Revenues	2,450,179	2,366,398	2,441,368	3.2%
Less Operating Expenses	<u>(2,364,095)</u>	<u>(2,575,234)</u>	<u>(2,741,330)</u>	<u>6.4%</u>
Operating Income	86,084	(208,835)	(299,961)	-43.6%
Net Income	95,259	30,164	(266,762)	-784.4%
Net Available for Capital Expenditures	425,546	418,955	244,365	-41.7%
<hr/>				
	FY14 Actual	FY15 Rev. Budget	FY16 Prop. Budget	% Change FY15 to FY16
Recreation Fund				
Operating Revenues	1,839,495	1,769,111	1,852,119	4.7%
Less Operating Expenses	<u>(1,661,260)</u>	<u>(1,769,111)</u>	<u>(1,852,119)</u>	<u>4.7%</u>
Operating Income	178,235	0	0	0.0%

SECTION II: Budget Summary

Capital Spending

Capital Budgets for Fiscal Year 2016 Expenditures From Debt and Fund Balance

<u>Light Fund (Calendar Year 2015)</u>		<u>Sewer Fund</u>	
Transmission/Subtrans. Plant		Pumping Plant	
		Station Structures	\$ 12,000
		Station Equipment	<u>1,525,000</u>
		Subtotal	\$ 1,537,000
Distribution Plant		Collection Plant	
Station Equipment	20,864	Sewer Mains/Laterals	\$ 16,000
Poles, Towers, Fixtures	26,343	Infiltration/Inflow Remediation	103,000
Overhead Devices	25,000	Meter Replacement Program	<u>24,000</u>
Underground Devices (UG Fund)	975,000	Subtotal	\$ 143,000
Transformers	60,000	Wastewater Treatment Plant	
Street Light and Signal Systems	50,000	Structures	\$ 125,000
Miscellaneous	<u>100,511</u>	Plant Equipment	<u>25,000</u>
Subtotal	\$ 1,257,718	Subtotal	\$ 150,000
General Plant		Other Capital Costs	
Structures & Improvements	\$ 40,000	Keyes Road Facility	\$ 26,000
Transportation Equipment	75,000	Vehicle Replacement	<u>20,400</u>
Smart Grid (Debt)	12,178	Subtotal	\$ 46,400
Miscellaneous	<u>188,434</u>	Wastewater Management	
Subtotal	\$ 315,612	Wastewater Planning	150,000
Light Fund Total		W.R. Grace Acquisition (Debt)	<u>-</u>
<u>\$ 1,573,330</u>		Subtotal	150,000
Water Fund		Sewer Fund Total	
Distribution		<u>\$ 2,026,400</u>	
Mains Replacement	\$ 1,140,000	Swim and Fitness Fund	
Meter Replacement	96,000	Primary Facility	
Hydrant Replacement/Additions	<u>36,000</u>	Building improvements	\$ 80,000
Subtotal	\$ 1,272,000	Parking System & Lighting	82,000
Structures		Miscellaneous Equipment	<u>10,000</u>
Station Structures	195,000	Subtotal	\$ 172,000
Pumping Station Equipment	46,000	Pool Facility (Natatorium)	
Reservoir Improvements	30,000	Miscellaneous Equipment	\$ 20,000
Nagog Improvements	<u>948,000</u>	Deck Repairs	15,000
Subtotal	\$ 1,219,000	Equipment	
General Plant		Fitness Equipment	70,000
Building and Equipment	\$ 26,000	Swim and Fitness Fund Total	
Keyes Road Facility	10,000	<u>\$ 277,000</u>	
Vehicles	81,600	Supply/Capacity	
Miscellaneous	<u>20,000</u>	Source Protection	
Subtotal	\$ 137,600	12,000	
Water Fund Total			
<u>\$ 2,640,600</u>			

Useful Definitions

An understanding of enterprise operations and financial reporting requires familiarity with terms not used in the normal presentation of the General Fund budgets.

Available Capital Resources - Cash for the replacement and renewal of the assets of the enterprise operation is generated from three sources:

- (a) net income;
- (b) cash produced by the recording of depreciation as an expense; and
- (c) borrowing.

The first two items, Net Income and Depreciation Expense, represent the capital resources projected to be generated from current operations. From the combined total of Net Income and Depreciation Expense, maturing principal repayments on existing long-term debt must first be paid. The remaining balance then can be compared to the proposed Capital Spending Plan. These amounts need not match in any fiscal period, but planned spending which exceeds the projected generation of current capital resources can be financed only if there is an available cash balance in the enterprise, or through borrowing.

Capital Expenditure - The use of funds to acquire or enhance productive assets, such as structures, land, and equipment (including related plans, designs, and studies), which have a life expectancy of at least 2 years and a cost of at least \$5,000, and procured with the intention of increasing service capacity or efficiency.

Depreciation--The using up of an asset chargeable to current users. Depreciation is a non-cash expense that is intended to provide resources for capital maintenance and eventual replacement in order to sustain the provision of the service.

Enterprise Funds, as explained above, should be used to account for operations that are financed and operated in a manner similar to private business enterprises:

- (a) when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- (b) when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Inter-fund Transfers/General Fund Services - These are the "indirect cost" components of the enterprise operations. They include billing, treasury, investment and accounting services provided centrally by the Town Finance Department; personnel management services provided by the Human Resources Department; and various planning, environmental management, general management, and other services provided through other Town departments. In the case of the water, sewer and solid waste enterprises, this category also includes allocated costs from the Public Works Administration and Engineering Divisions.

Useful Definitions (continued)

Net Assets – Sometimes called net worth, *Net Assets* represent how much an entity would be worth after accounting for everything it owns (buildings, equipment, cash, etc.) and subtracting everything it owes (unpaid bills, outstanding loans, etc.).

Net Income - Operating Income *plus* other non-operating income (such as interest earnings) **less** debt interest and issuance expense. Net income measures the result of current operations. While Net Income should generally be a positive number, it is possible for an enterprise operation to operate with a loss for a fiscal period and still remain in operation and be financially sound. However, a pattern of negative net income for more than one year, or a declining trend in net income for several years, is cause for concern, and requires remedial action with respect either to rates, expenses, or both.

Operating Expenses - Costs, both direct and indirect, of providing the service, including the cost of using up assets (which is the depreciation expense). Outlays that are not part of operating expenses are:

- (a) the acquisition or construction of an asset; and
- (b) debt principal and interest cost.

Operating Income - The difference between Operating Revenue and Operating Expense for a fiscal period.

Operating Revenue - Earnings from the provision of services, recorded at the time of service rather than as billed or as received. Revenues and other resources that are not part of Operating Revenue include interest earnings, grants from other levels of government, and proceeds from the issuance of bonds.

See Glossary on Page IX-8 for more definitions.

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Section III

Light Fund

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Mission Statement

The mission of Concord Municipal Light Plant is to supply reliable and cost effective energy services, in a responsible and courteous manner, which meets the current and future needs of our customers.

Light Fund Contents

Overview	pp. 1-3
Revenues and Expenditures	pp. 4-12
Electricity Sales Data and Chart	p. 13-14
Rate Comparison	p. 15
Energy Supply	p. 16
Telecommunications	p. 17-20

Light Fund Highlights

- The cost of purchased power, a pass-through expense to the customer, makes up approximately 74% of operating expenditures.
- The Light Plant has a three-tiered rate schedule for residential customers to encourage conservation; the more electricity that a customer uses the higher the rate.
- Electricity from renewable energy sources equals approximately 16.8% of the kilowatt hours of all purchased power. The Light Plant Board’s goal is to increase the percentage of renewable energy to 30% by 2020.
- In 2014, CMLP implemented its broadband service to residences and businesses by using extra capacity available in the fiber optic cables installed as part of the Smart Grid program.

Operating and Net Income Summary

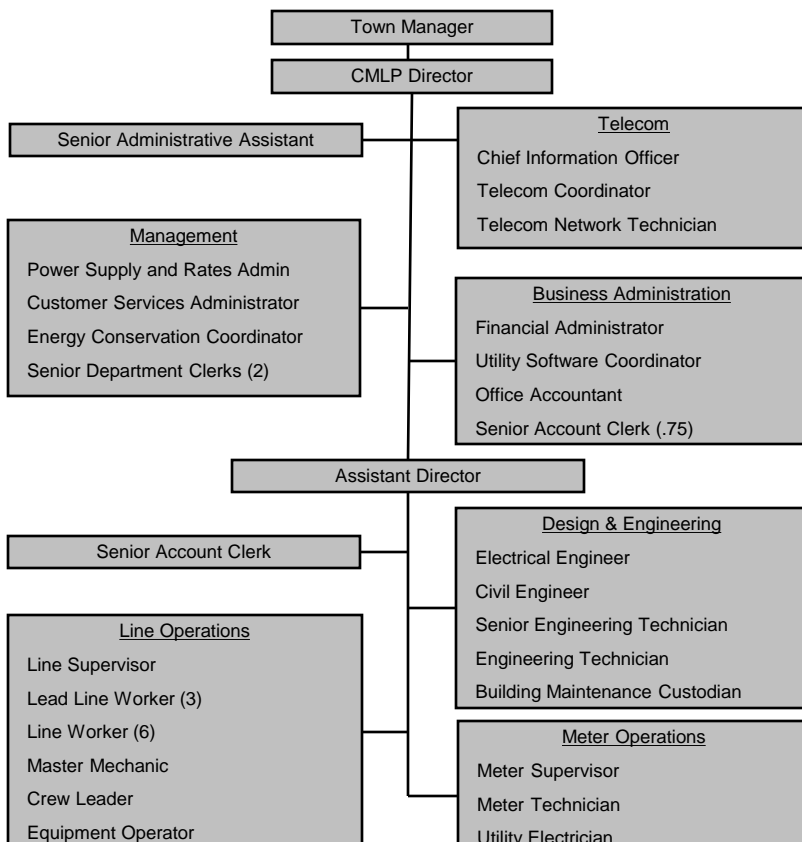
	2012 Actual	2013 Actual	2014 Prelim.	2015 Budgeted
Operating Income	\$ 1,565,516	\$ 2,111,147	\$ 730,859	\$ 1,809,857
Net Income	\$ 1,900,452	\$ 1,760,119	\$ 1,014,144	\$ 2,245,350

Description

The Concord Municipal Light Plant (CMLP) is responsible for providing electricity to more than 7,800 residential, municipal, and business customers throughout Concord. Since the Light Plant does not have generating capability, it purchases its power from outside suppliers. To distribute the electricity, the CMLP operates three substations along with transmission and distribution facilities. Power lines are maintained by CMLP line workers. To monitor the system, the Light Plant has a modern, consolidated operations center. In addition, the CMLP staff is responsible for reading electric and water meters, and for providing customer service.

As a Town Enterprise, the Light Plant is supported by revenue raised from electric utility rates paid by its customers. Current resources are allocated to pay for the upkeep of existing substations and power lines.

A new Telecommunications Division within CMLP has been established to provide broadband service to residences and businesses. This Division is run by the Chief Information Officer, who reports to the CMLP Director.



The Concord Municipal Light Plant is committed to providing the Town with reliable power while decreasing the Town’s dependence on electricity generated from fossil fuels. CMLP has upgraded its transformers and increased the pass-through capacity of its power grid. At the same time, CMLP has set a goal to obtain 30% of its electricity from renewable sources by 2020. In addition, the Light Plant has initiated programs and policies to encourage energy efficiency and conservation measures by its residential and commercial customers.



Purchased Power: Energy and Capacity

Purchased power is comprised of two components: energy and capacity. To understand the difference, one can use the analogy of water distribution. Electrical energy (kilowatt hours) can be compared to the amount of water consumed (gallons) over time. Electrical capacity (megawatts or more precisely mega volt amperes that includes power lost during distribution) can be compared to the size of the water pipe or the capacity to deliver water (i.e. the larger the pipe the more water it can carry). So energy has to do with consumption over time while capacity measures the amount of electricity delivered at any one moment. The Town must purchase both.

Purchased Power: Power Supply Portfolio (16.8% from Renewable Sources)

The current power supply portfolio consists of the purchase of electricity from the following sources:

- Non-Renewable Sources
 - Contracts not associate with a specific resource 51.8% of total mKh
 - RISE – Nextera – Gas 18.0%
 - Spot Market 13.4%
 - Renewable Sources
 - Granby – Landfill Gas-Fired 4.2%
 - Niagara (NYPA) – Hydro 3.7%
 - Miller – Hydro 3.5%
 - Spruce Mountain – Wind 3.4%
 - Saddleback – Wind 0.8%
 - Kearsarge – Solar 1.2%
- 83.2%
- 16.8%

Purchased Power: Local Conservation Initiatives

The Light Plant has initiated programs and policies to encourage energy conservation. The Smart Grid Infrastructure will allow CMLP to better manage its customers’ electricity demands. A residential rate structure adopted in October 2009 has tiers in which users of lower amounts of electricity will pay a lower unit rate.

In 2015, the Light Plant has implemented a “Greening Your Heat” program, which provides 30-minute energy audits to Concord residences at no cost. In addition, there are rebates available to partially cover the cost of any weatherization work that is suggested by the energy audit.

An active rebate program has been put in place by CMLP to promote local conservation initiatives. For residential and commercial customers, CMLP provides rebates for efficient lighting fixture upgrades and energy star appliance purchases. Additional rebates for residential customers are available for weatherization and central A/C efficiency projects.

Electricity Rate Revenue

The total revenue expected to be raised through electricity rates in 2015 is projected to be **\$26,861,704**, with \$12.4 million to be received from residential customers, \$12.7 million from commercial customers, and \$1.7 million from municipal customers.

Of a total of 169.9 MWh of electricity expected to be provided in 2015, it is forecasted that residential sales will be approximately 76.2 MWh, commercial 82.2 MWh, municipal 11.0 MWh, and street lighting 0.5 MWh. Usage varies with the weather, economic conditions, and other factors.

Electric Rate Highlights

•Effective on January 1, 2013, the residential rate (R-1) is set at a meter charge of \$8.05 per month for a single phase system and the following three-tiered energy rates: \$0.14327 per kWh for the first 1,400 kWh, \$0.15678 per kWh for the next 800 kWh, and \$0.17029 per kWh for additional kWh. In addition, there are surcharges for undergrounding, conservation, and power supply.

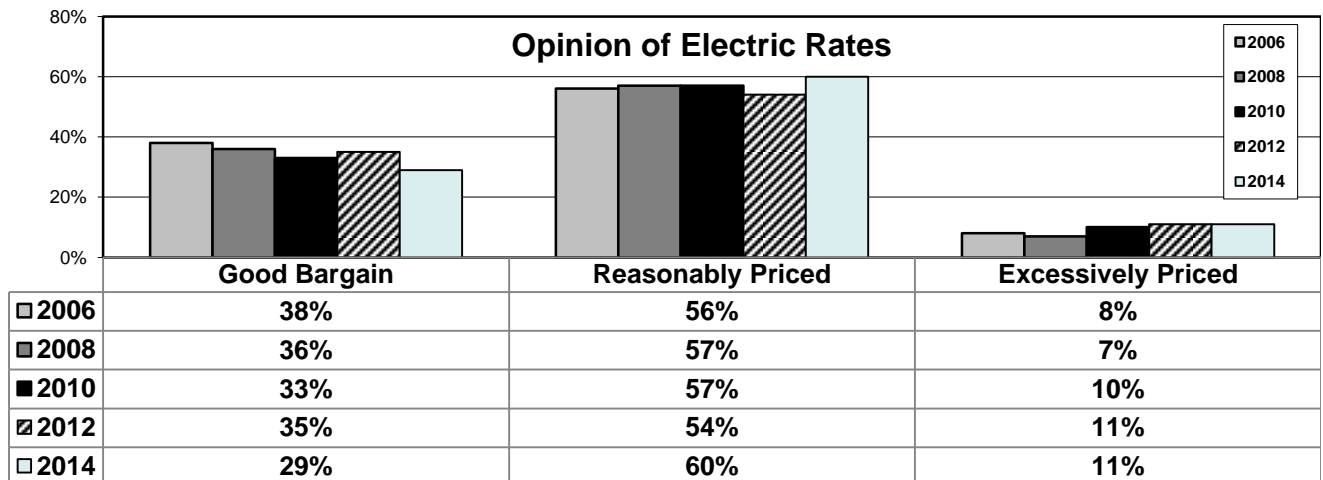
Surcharges

Each electric utility bill includes a 1.5% underground surcharge and a 0.52% Conservation and Renewable Energy Service (CARES) surcharge. The money raised through the underground surcharge is used to place power lines underground. As a result of this activity and in association with zoning requirements for new developments, the Town currently has approximately 50% of its power lines underground.

The Conservation and Renewable Energy Service surcharge is used for the energy conservation activities sponsored by the Light Plant. Funds from the surcharge provide assistance to customers for the purchase of more energy efficient systems and appliances.

Citizen Survey

In 2006, 2008, 2010, 2012, and 2014, the Town conducted a resident survey of Concord residents. For the Light Plant, the following question was asked: “What is your opinion of the price of electric rates?” In 2014, the response was that 29% thought that the price is a Good Bargain and 60% thought that it is Reasonably Priced, and 11% thought it was Excessively Priced.



Program Implementation

For Calendar Year 2015, the Concord Municipal Light Plant is projecting that it will have \$26.2 million in operating revenues and \$24.4 million in operating expenditures.

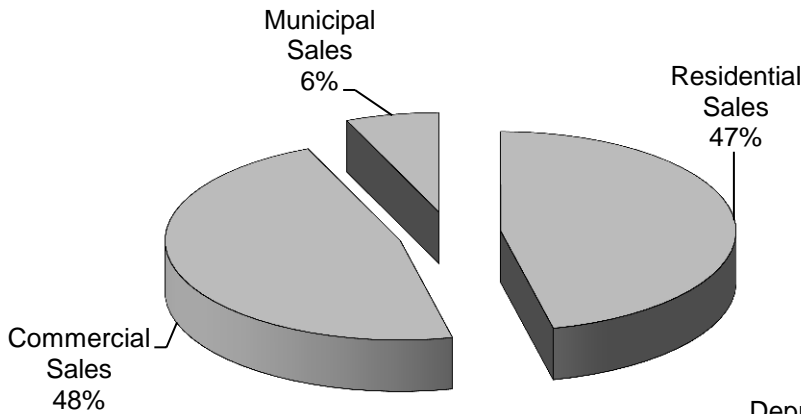
For revenues, funds collected from the sale of electricity are expected to increase from \$25.3 million in 2014 to \$26.8 million in 2015.

For expenditures, the primary cost is the power supply expense. From 2014 to 2015, it is forecast that the power supply expense will increase from \$17.0 million to \$18.0 million. Purchased power expense is passed directly onto customers.

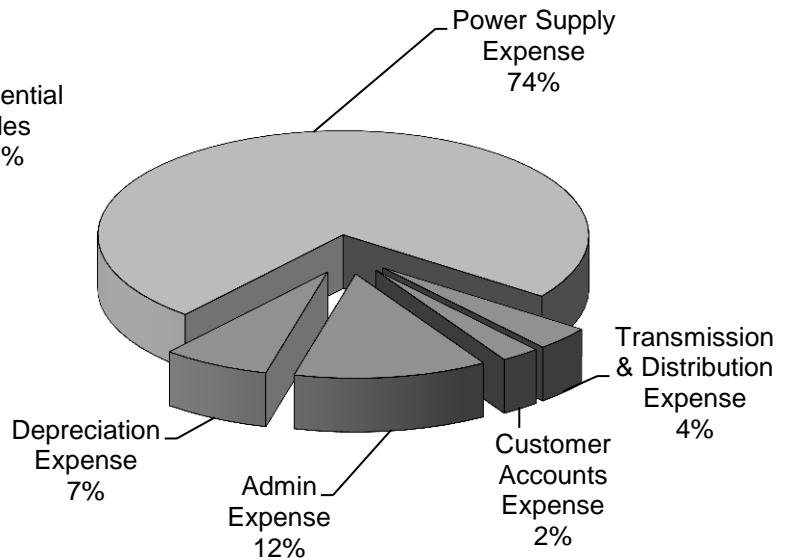
In 2015, the Light Plant is expected to have an operating income of \$1,809,857 and a net income of \$2,245,350. With the addition to the net income of the depreciation expense of \$1,725,892 and the subtraction of \$760,000 for debt principal repayment and \$477,600 for payment in lieu of taxes, the amount of current resources projected to be available for capital purposes is \$2,733,642.

From 2014 to 2015, the cost of the plant (the total worth of the CMLP capital assets) is projected to increase from \$58.2 million to \$59.4 million. As a result, the 2015 rate of return is projected to be 2.5% as compared to 0.4% in 2014.

2015 Operating Revenues
Totaling \$26,195,913



2015 Operating Expenditures
Totaling \$24,386,056



OPERATING REVENUES

	Calendar Year:	2012	2013	2014	2015
		Actual	Actual	Estimated	Budgeted
Sales of Electricity:					
Residential Sales		\$ 10,379,721	\$ 10,899,262	\$ 10,964,606	\$ 12,469,686
Commercial and Industrial Sales		12,027,373	11,655,830	11,770,074	12,667,476
Municipal Sales:					
Street Lighting		66,544	71,723	69,000	72,616
Lighting and Water Heating for Mun. Bldgs. & Reg. School		1,407,414	1,517,046	1,636,819	1,651,926
Operating Revenues Billed Total		\$ 23,881,052	\$ 24,143,861	\$ 24,440,499	\$ 26,861,704
Net Change in Unbilled Revenues		(37,180)	150,394	150,394	-
Provision for CARES		6,665	195,285	-	-
Provision for Rate Refund		853,040	992,135	224,306	(886,028)
Provision for Rate Stabilization		3,090,392	(302,499)	(145,727)	(611,982)
Other Operating Revenue		54,965	74,678	72,811	832,219
Operating Revenues Total		\$ 27,848,934	\$ 25,253,854	\$ 24,742,283	\$ 26,195,913

OPERATING SALES (kWh)

	Calendar Year:	2012	2013	2014	2015
		Actual	Actual	Estimated	Budgeted
Kilowatt-hours Sold:					
Residential Sales		70,734,809	71,067,431	74,371,986	76,272,150
Commercial and Industrial Sales		89,293,307	82,640,462	82,152,295	82,252,416
Municipal Sales:					
Street Lighting		448,215	451,420	473,311	474,355
Lighting and Water Heating for Mun. Bldgs. & Reg. School		10,602,995	11,216,390	11,285,925	10,996,079
Electric Sales Billed Total		171,079,326	165,375,703	168,283,517	169,995,000
 <i>Source: 2012 & 2013 data are actual data from audited financial statements; 2014 data is estimated from the year ending on September 30, 2014; 2015 data is the budget adopted by the Municipal Light Board.</i>					

OPERATING EXPENSES (\$)

Calendar Year:	2012 Actual	2013 Actual	2014 Estimated	2015 Budgeted
Operating Accounts:				
Power Supply Expense	\$ 20,884,941	\$ 17,143,555	\$ 18,144,954	\$ 18,028,272
Transmission & Subtrans. Expenses:				
Operation	4,265	2,478	12,382	9,452
Maintenance	103,289	86,718	82,500	86,688
	<u>\$ 107,554</u>	<u>\$ 89,196</u>	<u>\$ 94,882</u>	<u>\$ 96,140</u>
Distribution Expenses:				
Operation	207,664	194,556	234,562	201,700
Maintenance	429,107	445,941	393,392	610,000
Audit Adjustment	0	43,374		
	<u>\$ 636,771</u>	<u>\$ 683,871</u>	<u>\$ 627,954</u>	<u>\$ 811,700</u>
Customer Accounts Expenses:				
Supervision	5,340	6,369	11,337	7,600
Meter-reading Labor and Expenses	645	1,374	3,978	2,500
Billing, Collecting, & Assoc. Costs	165,714	183,743	189,546	190,000
Uncollectible Accounts	39,378	8,869	4,219	18,000
Customer Information Services	313,841	645,780	683,326	399,550
Audit Adjustment	0	575		
	<u>\$ 524,918</u>	<u>\$ 846,710</u>	<u>\$ 892,406</u>	<u>\$ 617,650</u>
Administrative & General Expenses:				
Operations:				
Administrative & General Salaries	915,555	910,976	859,752	993,734
General Fund Services	344,013	371,577	380,924	435,000
Office Supplies and Expense	64,271	68,094	73,687	74,500
Outside Services Employed	177,520	136,048	101,892	177,325
Property Insurance	44,718	46,574	73,304	50,900
Employee Pensions & Group Ben.	368,538	603,152	516,721	687,081
Employee Training	39,429	34,839	57,530	46,000
Sick Leave/Vac. Leave/Holidays	407,222	363,996	387,688	390,211
Miscellaneous Expenses	103,153	(2,327)	(67,382)	6,650
Maintenance of General Plant	189,421	212,918	202,180	245,000
Audit Adjustment	0	40,700		
	<u>\$ 2,653,840</u>	<u>\$ 2,786,547</u>	<u>\$ 2,586,297</u>	<u>\$ 3,106,401</u>
Operating Accounts Subtotal	\$ 24,808,024	\$ 21,549,879	\$ 22,346,493	\$ 22,660,163
Depreciation Expense	\$ 1,475,394	\$ 1,592,828	\$ 1,664,931	\$ 1,725,892
Operating Expenses Total	\$ 26,283,418	\$ 23,142,707	\$ 24,011,424	\$ 24,386,056

Source: 2012 & 2013 data are actual data from audited financial statements; 2014 data is estimated from the year ending on September 30, 2014; 2015 data is the budget adopted by the Municipal Light Board.

AUTHORIZED POSITIONS

Code	Position Title	July 1, 2014 - June 30, 2015		July 1, 2015 - June 30, 2016		
		Grade	# Positions	\$ Amount	# Positions	\$ Amount
Light Plant Operations						
	Director	EM-4	1	135,652	1	135,754
	Assistant Director	EM-3	1	110,860	1	110,860
	Power Supply & Rates Admin	EM-3	1	98,519	1	101,850
	Electrical Engineer	EM-2	1	83,748	1	83,748
	Financial Administrator	MP-4	1	91,385	1	91,385
	Civil Engineer	MP-3	1	80,216	1	80,216
	Customer Service Admin	MP-3	1	75,325	1	75,430
	Energy Conservation Coord.	MP-3	1	80,292	1	80,323
	Meter Supervisor	EM-1	1	78,687	1	78,687
	Utility Software Coordinator	MP-2	1	69,150	1	69,150
	Senior Eng. Technician	MP-2	1	44,387	1	67,977
	Engineering Technician	MP-1	1	44,387	1	58,901
	Office Accountant	MP-2	1	44,387	1	65,252
	Sr. Administrative Assistant	ACL-5	1	59,993	1	60,010
	Sr. Account Clerk	ACL-3	1.88	100,761	1.88	102,741
	Sr. Department Clerk	ACL-3	1	48,564	1	48,901
	Line Supervisor	EL-6	1	98,909	1	98,909
	Lead Line Worker	EL-5	3	261,689	3	265,595
	Lineworker, Grade 1	EL-4	3	249,363	3	250,291
	Lineworker, Grade 2	EL-3	0		0	0
	Lineworker, Grade 3	EL-2	2	112,110	2	114,048
	Utility Electrician	EL-3	1	70,804	1	70,805
	Meter Technician	EL-2	1	59,334	1	60,198
	Master Mechanic	TCL-5	1	68,991	1	69,573
	Crew Leader	TCL-5	1	61,333	1	61,388
	Equipment/Line Operator	TCL-4	1	54,017	1	54,017
	Building Maintenance Cust.	TCL-2	1	49,423	1	49,799
Telecommunications						
	Chief Information Officer	MP-7	0.40	47,380	0.40	47,380
	GIS / Applications Manager	MP-4	0.20	15,876	0.20	15,876
	Telecom Coordinator	MP-4	1	77,102	1	77,102
	Telecom Network Technician	MP-2	1	68,249	1	68,250
	Information Syst. Asst.	MP-2	0.20	13,722	0.20	13,722
	FTE Subtotal		34.68	\$2,554,614	34.68	\$2,628,138
	Line Worker Stand-by Pay		1320 hrs.	88,669	1320 hrs.	90,203
	Engineering Stand-by Pay			31,320		31,320
	Salary Subtotal			2,421,957		2,460,050
	Allowance for Salary Increases					105,126
517X	Group Insurance:					
	Health, Life, Dental			240,000		260,000
	Retirement			403,508		392,481
	OPEB Contribution			11,000		11,500
	Soc. Sec. & Medicare Tax			34,000		38,000
	Clothing Allowance			3,600		3,600
	Benefits Subtotal			692,108		705,581
	Personnel Services Total			\$3,114,065		\$3,270,757

DEBT SERVICE

	FY13 Actual	FY14 Actual	FY15 Rev. Budget	FY16 Estimate
Long Term Debt (Cash Basis):				
Principal	\$760,000	\$760,000	\$760,000	\$705,000
Interest	157,699	127,574	239,133	216,075
Totals	\$917,699	\$887,574	\$999,133	\$921,075
Calendar Year:	2012	2013	2014	2015
	Actual	Actual	Estimated	Budgeted
Accrued Interest Expensed	\$167,288	\$133,440	\$113,982	\$161,983

PAYMENTS TO THE GENERAL FUND

Town Fiscal Year Basis	FY13 Actual	FY14 Actual	FY15 Rev. Budget	FY16 Estimate
Financial & Administrative Services:				
Town Manager's Account	\$96,026	\$97,674	\$101,540	\$95,066
Town Accountant:				
General Services	49,926	51,959	51,775	51,216
Audit Services	1,500	1,500	1,500	1,500
Treasurer-Collector	54,768	55,787	56,507	57,070
Finance Administration	42,186	44,327	45,597	45,977
Human Resources	53,883	53,883	57,403	59,541
Town House Facilities	5,743	5,604	5,612	5,526
Subtotal	304,032	310,734	319,934	315,896
Natural Resource Protection:				
Planning	\$9,186	\$9,798	\$10,627	\$10,771
Natural Resources	\$19,241	\$19,787	\$20,556	\$20,710
Subtotal	\$28,427	\$29,585	\$31,183	\$31,481
Landscaping @ Substations:				
Parks & Trees	\$7,225	\$7,225	\$7,225	\$7,225
GIS Administrator:				
CPW Engineering	\$3,576	\$2,825	\$2,967	\$0
Adjustment (Fiscal to Calendar Year)	\$753	\$21,208	\$19,615	\$80,398
Total	\$344,013	\$371,577	\$380,924	\$435,000
Payment in Lieu of Taxes (PILOT)	\$385,000	\$447,800	\$455,938	\$477,600
<i>Calendar Year of PILOT Payment</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>

NET INCOME

	Calendar Year:	2012	2013	2014	2015
		Actual	Actual	Estimated	Budgeted
Statement of Net Income:					
Operating Revenues		\$ 27,848,934	\$ 25,253,854	\$ 24,742,283	\$ 26,195,913
Less Operating Expenses		(26,283,418)	(23,142,707)	(24,011,424)	(24,386,056)
Operating Income		1,565,516	2,111,147	730,859	1,809,857
Plus:					
Interest & Dividend Income	\$	41,773	\$ 26,753	\$ 18,028	\$ 18,000
Underground Surcharge		358,490	362,233	366,699	382,912
Conservation & Renewable Energy		124,272	125,572		132,743
M&J Income		138,689	97,457	6,769	100,000
Audit Adjustment		-	5,259	-	
Non-Operating Income Subtotal		663,224	617,274	391,496	633,655
Gross Income		2,228,740	2,728,421	1,122,355	2,443,512
Less Non-Operating Expense:					
Interest and Amortization (accrued expense)		(167,288)	(133,440)	(107,746)	(197,732)
Loss on Disposal of Capital Assets			(842,057)		
Other Expenses (audit adjustment)		(161,000)	7,195	(466)	(430)
Subtotal		(328,288)	(968,302)	(108,212)	(198,162)
Net Income	\$	1,900,452	\$ 1,760,119	\$ 1,014,144	\$ 2,245,350
Transfers Out - Pilot		(385,000)	(447,800)	(455,938)	(477,600)
Change in Net Assets		1,515,452	1,312,319	558,206	1,767,750

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement and Renewal of Plant
(Not including Issuance of Debt):

	Calendar Year:	2012	2013	2014	2015
		Actual	Actual	Estimated	Budgeted
From:					
Depreciation Expense		\$1,475,394	\$1,592,828	\$1,664,931	\$1,725,892
Net Income		1,900,451	1,760,119	1,014,144	2,245,350
Subtotal		3,375,845	3,352,947	2,679,075	3,971,242
Less:					
Debt Principal Repayment		(760,000)	(760,000)	(760,000)	(760,000)
Payment in Lieu of Taxes		(385,000)	(447,800)	(455,938)	(477,600)
Subtotal		(1,145,000)	(1,207,800)	(1,215,938)	(1,237,600)
Net from Current Operations					
Available for Capital Purposes:		\$2,230,845	\$2,145,147	\$1,463,137	\$2,733,642
Cost of Plant @ Year End:		\$53,778,134	\$56,181,550	\$58,213,599	\$59,401,029
(Utility Plant in Service)					
Net from Current Operations					
as % of Cost of Plant:		4.1%	3.8%	2.5%	4.6%
<u>Cost of Plant:</u>					
Beginning		49,863,659	53,778,134	56,181,550	58,213,599
Additions		4,167,189	4,842,503	2,700,525	1,573,330
Less Retirements		(252,713)	(2,439,087)	(668,476)	(385,900)
Ending		\$53,778,134	\$56,181,550	\$58,213,599	\$59,401,029

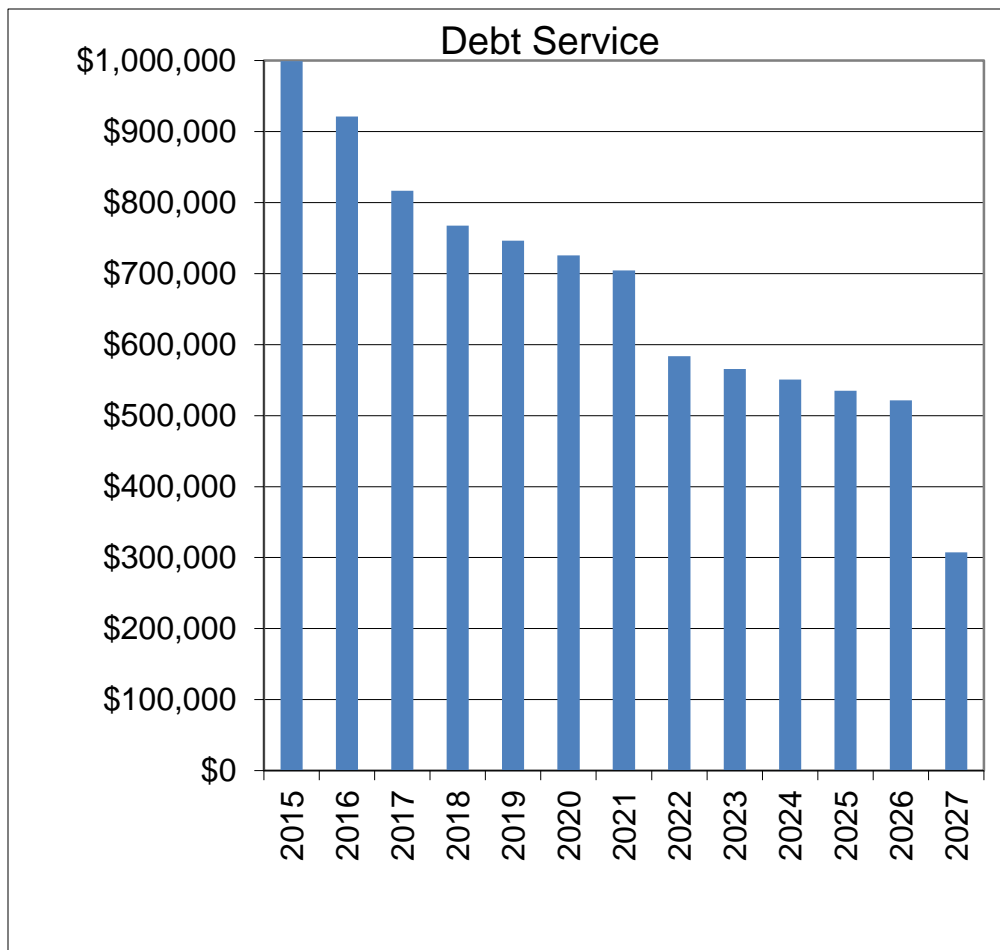
RATE OF RETURN

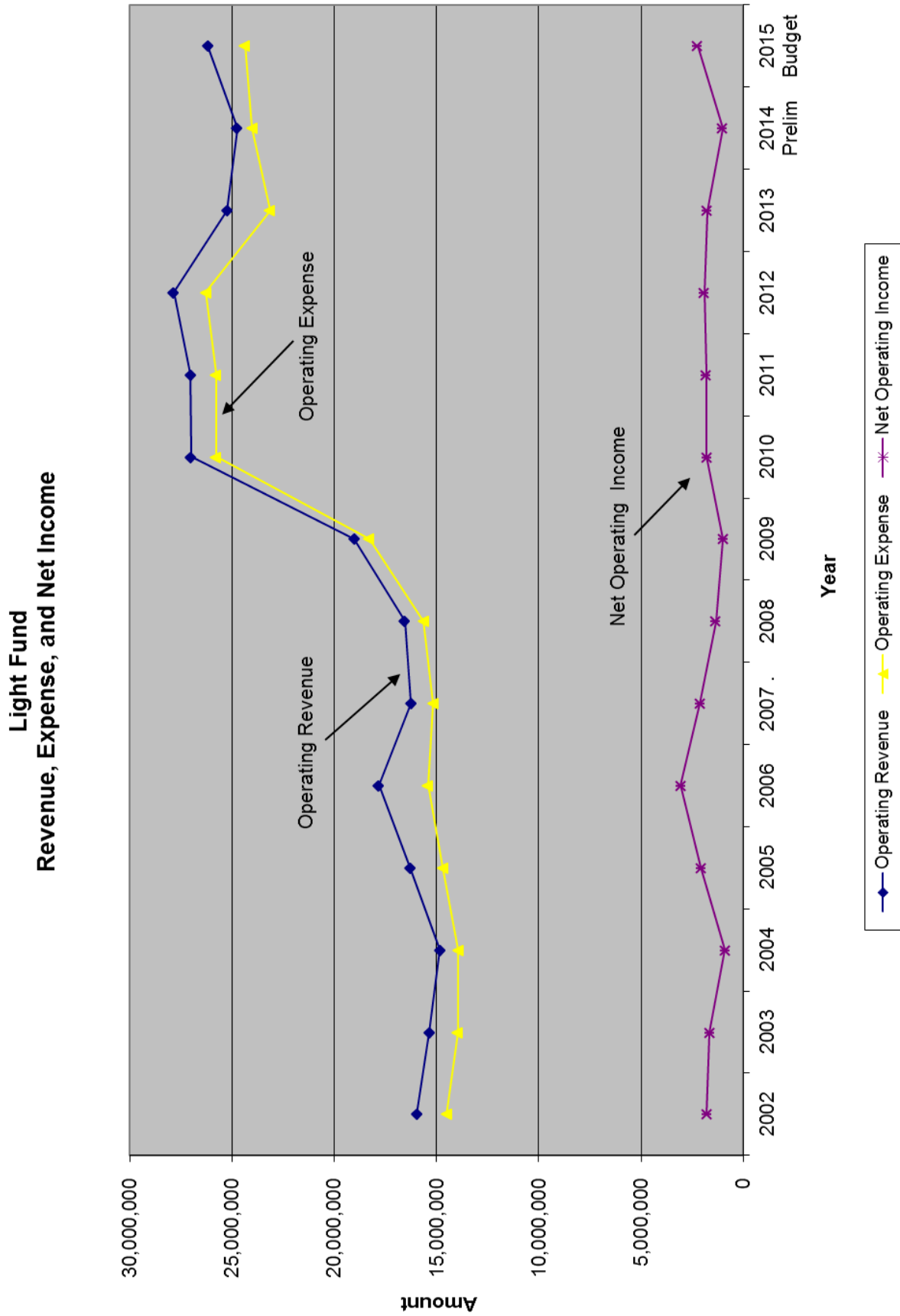
Rate of Return Analysis:

	Calendar Year:	2012	2013	2014	2015
		Actual	Actual	Estimated	Budgeted
Net Income		\$1,900,452	\$1,760,119	\$1,014,144	\$2,245,350
Less Debt Principal Repaid (accrual basis)		(765,000)	(760,000)	(760,000)	(760,000)
Net Return		1,135,452	1,000,119	254,144	1,485,350
Cost of Plant @ Year End		\$53,778,134	\$56,181,550	\$58,213,599	\$59,401,029
% Return (Net Return ÷ Cost of Plant)		2.1%	1.8%	0.4%	2.5%

LIGHT FUND DEBT SERVICE

Calendar Year	Principal	Interest	Total
2015	760,000	239,133	999,133
2016	705,000	216,075	921,075
2017	630,000	186,825	816,825
2018	600,000	167,625	767,625
2019	600,000	146,625	746,625
2020	600,000	125,625	725,625
2021	600,000	104,625	704,625
2022	500,000	83,625	583,625
2023	500,000	65,625	565,625
2024	500,000	50,625	550,625
2025	500,000	35,125	535,125
2026	500,000	21,625	521,625
2027	300,000	7,500	307,500
Totals	\$7,295,000	\$1,450,658	\$8,745,658

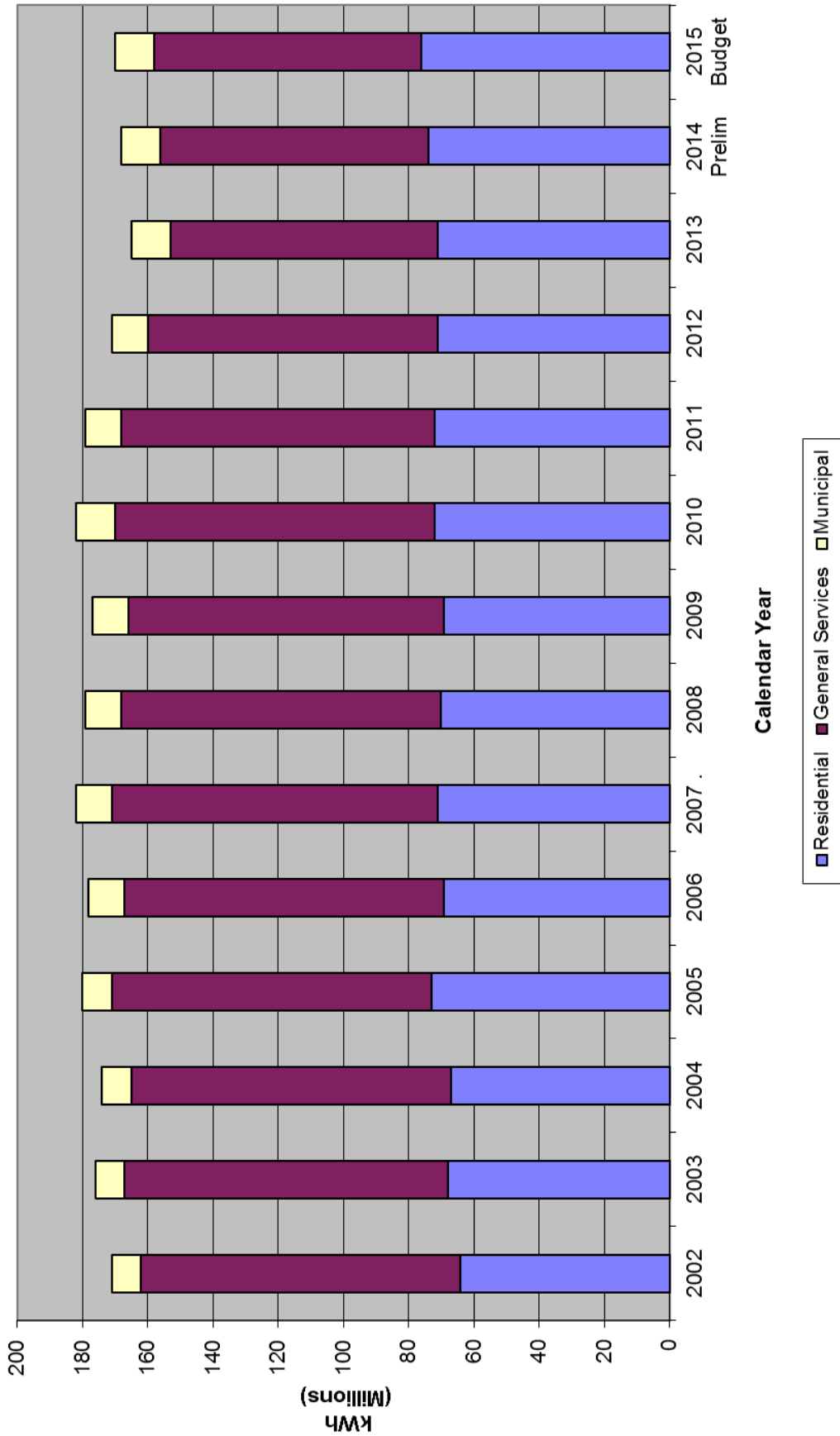


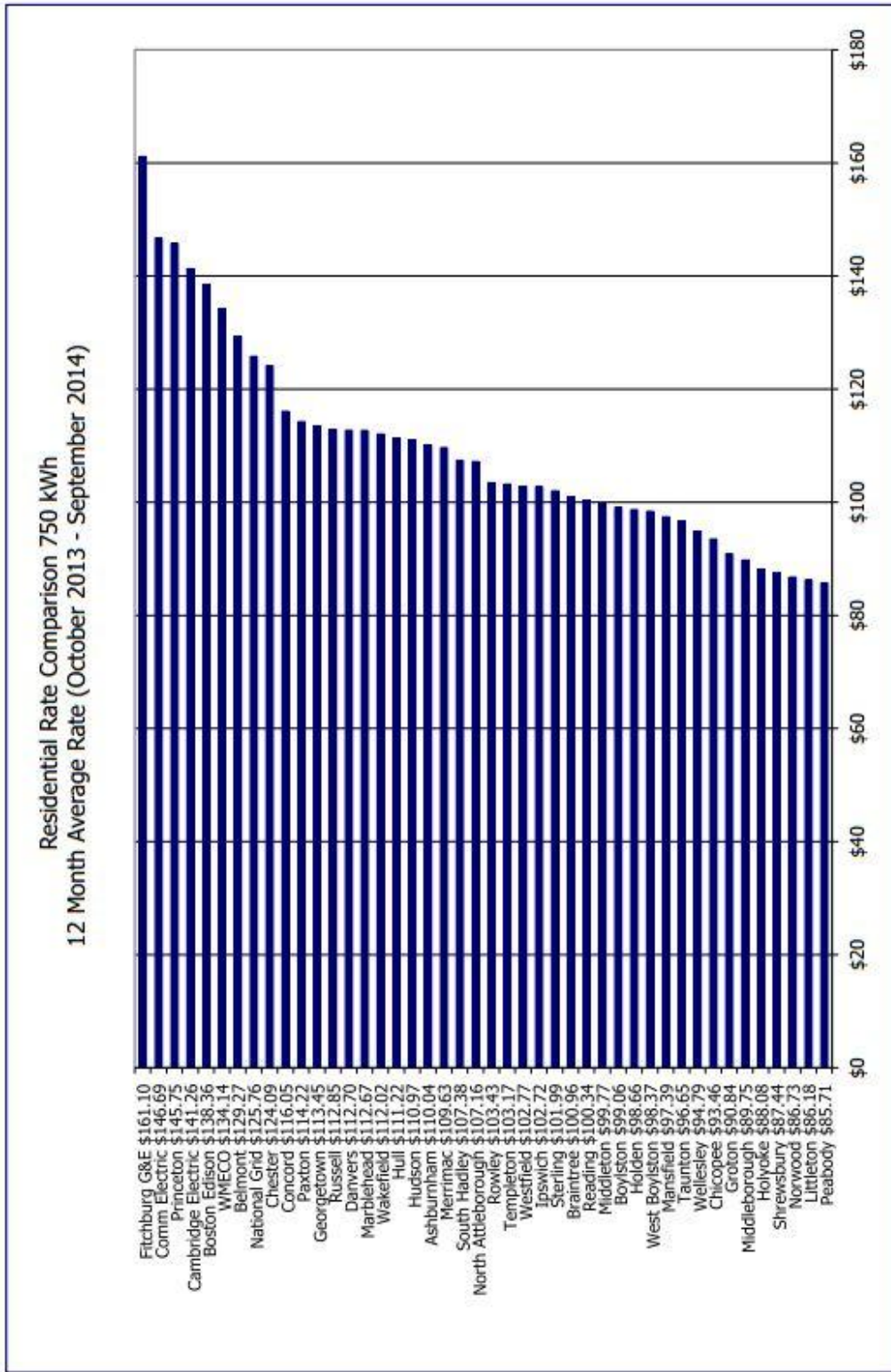


Concord Municipal Light Plant
kWhs Sold, Revenues, Expenses, Operating Income, & Net Income
CY2002-2015

Calendar Year	kWhs Sold (Millions)				Operating Revenues	Operating Expenses	Operating Income	Net Income
	Residential	Commercial	Municipal	Total				
2002	64	98	9	171	15,975,614	14,495,030	1,480,584	1,779,995
2003	68	99	9	176	15,366,040	13,976,203	1,389,837	1,644,664
2004	67	98	9	174	14,825,982	13,945,302	880,680	887,184
2005	73	98	9	180	16,298,994	14,690,064	1,608,930	2,066,462
2006	69	98	11	178	17,829,056	15,433,837	2,395,219	3,052,974
2007	71	100	11	182	16,248,165	15,155,781	1,092,384	2,123,283
2008	70	98	11	179	16,548,218	15,647,921	900,297	1,351,285
2009	69	97	11	177	19,036,385	18,302,574	733,811	986,123
2010	72	98	12	182	27,001,169	25,793,559	1,207,610	1,794,797
2011	72	96	11	179	27,040,652	25,793,559	1,247,093	1,810,770
2012	71	89	11	171	27,848,934	26,283,418	1,565,516	1,900,452
2013	71	82	12	165	25,253,854	23,142,707	2,111,147	1,760,119
2014 Prelim	74	82	12	168	24,742,283	24,011,424	730,859	1,014,144
2015 Budget	76	82	12	170	26,195,913	24,386,056	1,809,857	2,245,350

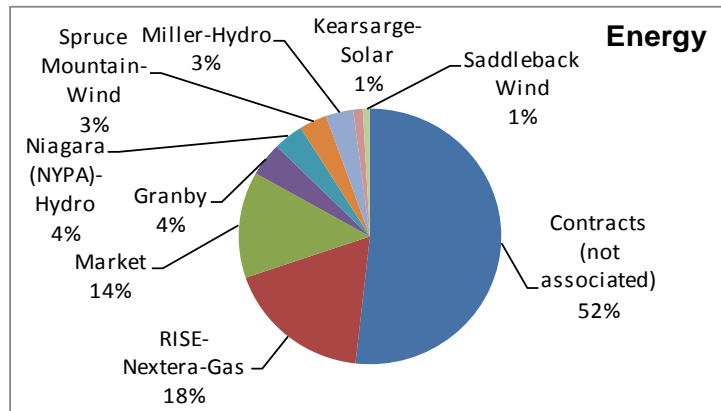
Concord Municipal Light Plant
Electricity Sales





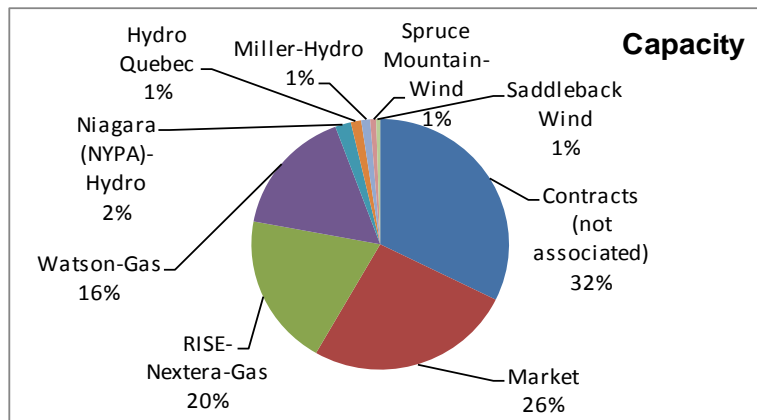
2015 Energy Purchases

<u>Resource</u>	<u>Energy (MWh)</u>	<u>Energy Costs</u>	<u>Cost per MWh</u>	<u>Share of MWh</u>	<u>Share of Cost</u>
Contracts (not associated)	92,328	\$ 5,014,375	\$ 54.31	51.77%	49.13%
RISE-Nextera-Gas	32,120	2,047,461	63.74	18.01%	20.06%
Market	23,964	1,848,575	77.14	13.44%	18.11%
Granby	7,525	383,767	51.00	4.22%	3.76%
Niagara (NYPA)-Hydro	6,619	32,565	4.92	3.71%	0.32%
Spruce Mountain-Wind	6,110	230,336	37.70	3.43%	2.26%
Miller-Hydro	6,035	346,124	57.35	3.38%	3.39%
Kearsarge-Solar	2,087	154,441	74.00	1.17%	1.51%
Saddleback Wind	1,572	149,295	95.00	0.88%	1.46%
Total	178,359	\$ 10,206,938		100.00%	100.00%



2015 Capacity Purchases

<u>Resource</u>	<u>Capacity (kW)</u>	<u>Capacity Costs</u>	<u>Cost per kW</u>	<u>Share of kW</u>	<u>Share of Cost</u>
Contracts (not associated)	18,100	\$ 837,025	\$ 46.24	32.29%	22.85%
Market	14,579	599,083	\$ 41.09	26.01%	16.36%
RISE-Nextera-Gas	11,000	689,975	\$ 62.73	19.62%	18.84%
Watson-Gas	9,205	1,219,384	\$ 132.47	16.42%	33.29%
Niagara (NYPA)-Hydro	1,114	255,702	\$ 229.53	1.99%	6.98%
Hydro Quebec	730	61,200	\$ 83.84	1.30%	1.67%
Miller-Hydro	630	-	-	1.12%	0.00%
Spruce Mountain-Wind	417	-	-	0.74%	0.00%
Saddleback Wind	283	-	-	0.50%	0.00%
Total	56,058	\$ 3,662,369		100.00%	100.00%



Mission Statement

The mission of Telecommunications Division within Concord Municipal Light Plant is to supply reliable and cost effective telecommunications services, in a responsible and courteous manner, which meets the current and future needs of our customers.

Telecommunications Contents

Overview	p. 17
Program	p. 18
Survey	P. 19
Revenues & Expenditures	p. 20

Telecommunications Highlights

- The 2013 Concord Town Meeting authorized CMLP to borrow up to \$1,000,000 to fund the expenses associated with expansion of telecommunication activity to include commercial and residential Internet services.
- In March 2014, High Speed Internet service was made generally available to both commercial and residential customers of CMLP over the same infrastructure that was constructed for the Smart Grid and the municipality.
- Over 200 customers were connect by January 2015. The 2015 budget plans to more than double High Speed Internet customers.
- The Public Safety radio network was greatly expanded in 2014 using the CMLP fiber infrastructure. Both coverage and reliability improved at a lower cost.

Expenditure Summary				
	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Proposed
Operating Income	\$ -	\$ (40,389)	\$ (18,460)	\$ 154,100
Startup Expenses	\$ -	\$ (76,599)	\$ (257,015)	\$ (560,000)
Fund Balance	\$ -	\$ (116,988)	\$ (294,340)	\$ (303,615)

Description

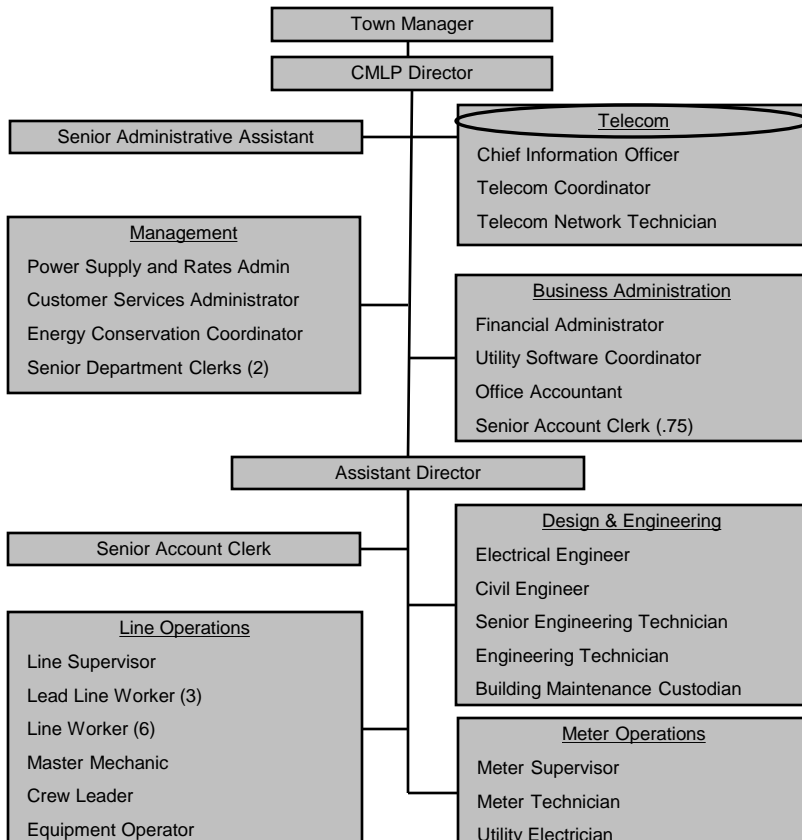
The Telecommunications Division was established within the Concord Municipal Light Plant to provide telecommunication services to the electric utility and support the Town’s municipal operations while also offering services to Concord residents and businesses.

In 2014, CMLP the Telecommunications division, employs Technician, a part-time Specialist and a Coordinator. The Telecommunication division is managed by the Town’s CIO who also manages the information Technology Department.

A result of this management structure is that both the Town’s municipal operations and CMLP’s electrical operations can benefit from having in-house networking resources.

Business administration, customer service for the Telecommunication Division is shared with Electric operations. Engineering and Line Operations also performs some of the outside plant management.

Professional service contracts provide the Division with a 24x7 Help Desk, fiber installation and restoration, network performance monitoring, and technical customer service support. Billing systems are integrated with Electric Utility Billing.



Telecommunications Revenue

In 2015 the total telecommunications revenue growth will depend primarily on new customer installations. Demand for the service is high and there is a backlog which represents a significant portion of the full year plan. CMLP will address the demand in a controlled way to balance the relatively high cost of the initial installations and achieve growth that remains within the funding plan.

Revenue comes from the following activities:

- One-time installation fees of the fiber optic service to homes and business.
- Monthly fees for High Speed Internet Service
- Monthly fees for private data services.

Telecommunications Programs

The Light Plant, Town Government and the other Town enterprises need to have access to high quality telecommunications. Public Safety, Education and Administration are all increasingly dependent on data and data communications. The Light Plant's investment in fiber laid the foundation for a number projects which contribute to efficient and effective operations. The Telecommunication Division provides the necessary operational capability to utilize the fiber network. There are three main program areas.

Broadband Services (Details at: <http://www.concordma.gov/broadband>)

The 2013 Annual Town Meeting approved a borrowing authorization which enabled CMLP to finance the startup and initial operating costs of retail broadband telecommunication services. The action ensured that neither taxes or electric rates would be used pay for the startup. Telecommunications revenue will be used to repay the initial expenses. As the broadband operating revenue grows it will help to reduce the burden on the electric operations of maintaining the fiber network.

CMLP primarily offers general retail High Speed Internet offerings. By providing a fiber optic based internet service, CMLP is filling a gap in the service available to the community while generating a revenue stream that helps to pay for the fiber investment and the telecommunications staff. 2012 Citizen survey data (next page), indicates that interest is high.

Smart Grid Infrastructure

CMLP's Smart Grid Infrastructure is a major investment in technology that supports the distribution of electricity to the customer. Advanced meters, load control, and customer engagement applications have been deployed. Each of these application relies on telecommunications to function. It is the responsibility of Telecommunications Division to deploy and maintain this network. The network contains over 600 devices and is capable of real time communications with our customers throughout the CMLP electric service area.

In 2014, the growth in solar installations drove increases in smart meter usage. Smart meters are read using the smart grid infrastructure.

The fiber network is also being leveraged to support the Water and Sewer enterprises as well. Command and control of this important infrastructure is more reliable, comprehensive and secure as a result the use of fiber.

Municipal Operations Support:

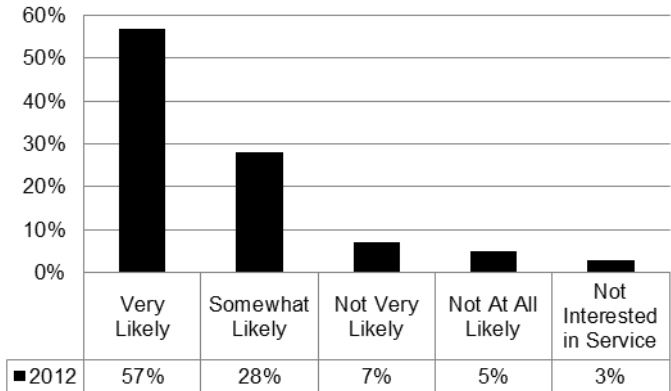
The telecommunications needs of Town Departments is constantly evolving. Separately, neither the Town or the Light Plant could realistically afford to have in-house resources to help meet the requirements. The resulting dependency on vendors and suppliers would be costly and responsiveness would also be reduced. The costs of for providing municipal support for the data and voice network are recovered by the Telecommunication Division through labor sharing agreements that benefit both the Town and the Light Plant. Management by the CIO enables effective coordination and given the close interrelationship between Information Technology and Telecommunications.

Potential Subscription to Town Internet Service

2012 Survey Question- “If the Town were to offer a high-speed internet service to your home, how likely would you be to subscribe to this service?”

Results- 57% of respondents said that they would be “very likely” to subscribe. More men said they would be “very likely” to subscribe than women and the respective percentages are 64% and 51%. In terms of age the number 72% for those under 45, 72% between 45 and 54, 53% between 55 and 64, and 48% 65 and over. Of those respondents who have children in the household 72% replied that they would be “very likely” to subscribe. It should be noted that no price point for the possible internet service was given when the question was asked.

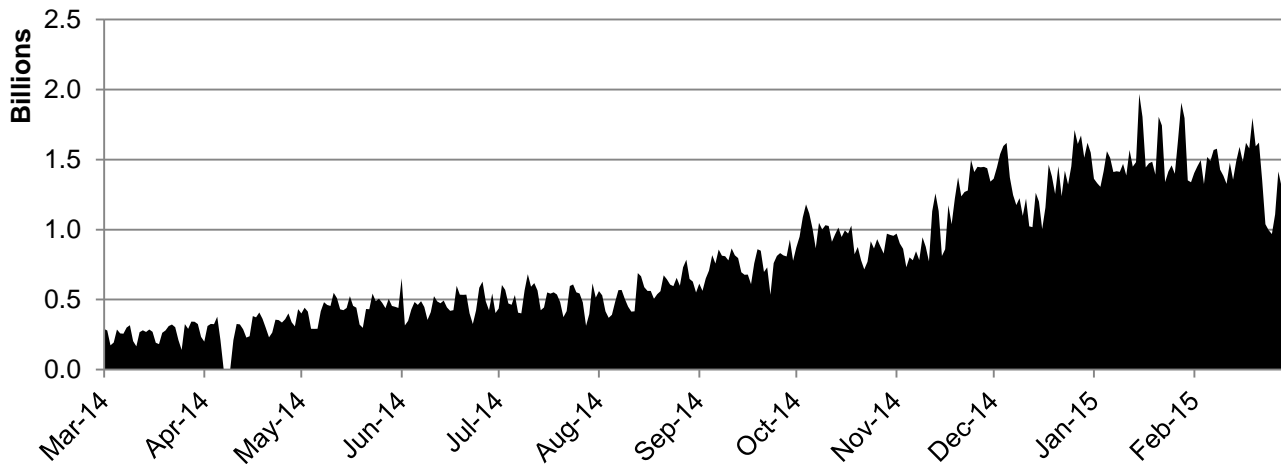
Likelihood of Subscribing to Town Internet Service



Internet Activity

Results- Since the introduction of service, the total daily traffic volume of the Internet service has grown from less than 250 Gigabytes per day to a peak of nearly two Terabytes. A fact of almost 10 times.

Daily Traffic kBytes



OPERATING REVENUES

		2012	2013	2014	2015
		Actual	Actual	Actual	Budget
Operations					
1	Residential & Commercial Fees	\$ -	\$ 5,087	\$ 91,608	\$ 332,000
2	Municipal Fees	-	3,000	56,439	63,600
3	Other	-	-	5,985	-
A	Operating Revenues Total	\$ -	\$ 8,087	\$ 154,032	\$ 395,600

OPERATING EXPENSES

		2013	2013	2014	2015
		Actual	Actual	Actual	Budget
Operations					
4	Personnel Expenses	\$ -	\$ 11,200	\$ 51,613	\$ 72,000
5	Purchased Services	-	25,257	97,222	97,000
6	Supplies & Materials	-	10,999	2,341	37,500
7	Other Charges & Expenses	-	1,020	21,316	35,000
B	Operating Expense	\$ -	\$ 48,476	\$ 172,492	\$ 241,500

NET INCOME

		2013	2013	2014	2015
		Actual	Actual	Actual	Budget
Operations					
A	Operating Revenues	\$ -	\$ 8,087	\$ 154,032	\$ 395,600
B	Less Operating Expenses	-	(48,476)	(172,492)	(241,500)
	Operating Income	\$ -	\$ (40,389)	\$ (18,460)	\$ 154,100
Non-Operations					
8	Less Interest Expense		\$ -	\$ (1,877)	\$ (3,375)
C	Net Income	\$ -	\$ (40,389)	\$ (20,337)	\$ 150,725

AUTHORIZED POSITIONS

		FY15 Budget		FY16 Proposed	
		FTE	Amount	FTE	Amount
9	Chief Information Officer	0.40 FTEs	-	0.40 FTEs	-
10	Telecommunication Coordinator	1.00	-	1.00	-
11	Telecommunication Technician	1.00	-	1.00	-
	Total Personnel Costs	2.40 FTEs	-	2.40 FTEs	-

AVAILABLE RESOURCES

		2012	2013	2014	2015
		Actual	Actual	Actual	Budget
Capital Purposes					
D	Add Net Income	\$ -	\$ (40,389)	\$ (20,337)	\$ 150,725
12	Add Debt Financing	-	-	100,000	425,000
E	Add Intra-Fund Financing	-	116,988	177,352	9,275
13	Less Bonds Payable	-	-	-	(25,000)
F	Net Available for Capital	\$ -	\$ 76,599	\$ 257,015	\$ 560,000

CAPITALIZABLE EXPENSES

		2012	2013	2014	2015
		Actual	Actual	Actual	Budget
Operations					
14	Capital Equipment	\$ -	\$ 3,259	\$ -	\$ 14,000
	Subtotal	\$ -	\$ 3,259	\$ -	\$ 14,000
Capitalizable Startup Expense					
15	Personnel Expenses	\$ -	\$ 33,601	\$ 120,430	\$ 168,000
16	Purchased Services	-	18,273	-	100,000
17	Supplies & Materials	-	-	97,923	150,000
18	Other Charges & Expenses	-	-	6,661	8,000
19	Computer Software	-	900	-	15,000
20	Network Software	-	-	4,425	15,000
21	Network Hardware	-	20,567	27,576	90,000
	Subtotal	\$ -	\$ 73,340	\$ 257,015	\$ 546,000
G	Total Capital Expenses	\$ -	\$ 76,599	\$ 257,015	\$ 560,000

NET CAPITAL

		2012	2013	2014	2015
		Actual	Actual	Actual	Budget
Net Capital					
F	Available for Capital	\$ -	\$ 76,599	\$ 257,015	\$ 560,000
G	Capital Expenses	-	(76,599)	(257,015)	(560,000)
H	Capital Surplus / Deficit	\$ -	\$ -	\$ -	\$ -

FUND BALANCE

		2012	2013	2014	2015
		Actual	Actual	Actual	Budget
Fund Balance					
I	Fund Balance at January 1st	\$ -	\$ -	\$ (116,988)	\$ (294,340)
E	Intra-Fund Financing	-	(116,988)	(177,352)	(9,275)
J	Fund Balance at December 31st	\$ -	\$ (116,988)	\$ (294,340)	\$ (303,615)

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Section IV

Water Fund

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Mission Statement

The mission of the Water Division is to enhance Concord's quality of life, and through sound management, innovation, teamwork and vision, provide dependable, high quality, responsive water utility services, consistent with values and at reasonable costs to Concord's citizens, businesses, institutions and visitors.

Water Fund Contents

Overview	pp. 1-2
Water Rates	p. 3
Program Highlights	pp. 4-5
Revenues and Expenditures	pp. 6-11
Capital Spending	pp. 12-13
Water Proforma	pp. 14
Water Rates and System Map	pp. 15-16

Water Fund Highlights

- The proposed FY16 base level (Step 1) water rate of \$0.0477 per cubic foot is a 3.9% increase over the FY15 rate of \$0.0459 per cubic foot. Since FY 2007, water rates have increased by an average of 3.7% per year. For the average residential customer, the annual increase in the water bill will be \$16.20.
- The proposed FY16 capital investment plan is \$2.6m.
- Water Main Replacement: A budget allowance of \$1,140,000 in FY 2016 is proposed for replacement activities planned for the Hunters Ridge, Old Marlboro Road and Cambridge Turnpike neighborhoods.
- The proposed FY16 Operating Income is \$751,020 and Net Income is \$655,797.
- Borrowing request anticipated at April 2016 Annual Town Meeting: Nagog Pond Filtration Plant (\$6.6M), Nagog Intake structure (\$1.4m) rehabilitation of Annursnac Hill Reservoir (\$980K).

Expenditure Summary

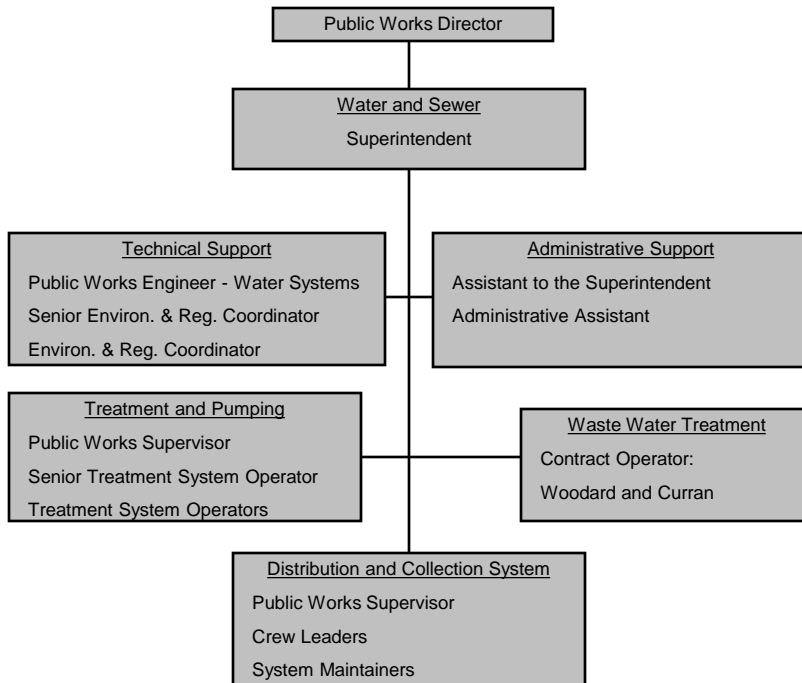
	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Proposed
Operating Income	\$ 1,395,162	\$ 1,298,181	\$ 838,306	\$ 751,020
Net Income	\$ 1,248,140	\$ 1,156,429	\$ 714,273	\$ 655,797
Fund Balance	\$ 6,083,940	\$ 7,332,274	\$ 5,438,610	\$ 3,979,954

Description:

Concord received legislative authority to establish a public water system in 1872. Today the system consists of ground-water and surface water sources, a total of seven pumping stations, two advanced treatment facilities, and a high pressure water main network consisting of over 130 miles of pipe. Two covered storage reservoirs, one located at Annursnac Hill and the other located at Pine Hill in Lincoln provide total reserve capacity of 7.5 million gallons.

The 1974 Annual Town Meeting established the Water Fund. Expenses for the water system are covered entirely by user fees. The Water and Sewer Division of Concord Public Works is responsible for managing the day-to-day operations of the water infrastructure. As of 2014, the total value of infrastructure assets was approximately \$19.4 million.

There are presently 5,518 customers receiving potable water service and fire protection from the Town water system. This represents approximately 95% of Concord residents and businesses, along with a small number of Acton properties located on Route 2A.



The Concord Water System is designed to meet a variety of customer needs and interests, which include the provision of safe and reliable potable water, high volume flows for fire protection and integrated water resource protection. Drinking water quality and water withdrawal activities are strictly regulated by the Massachusetts Department of Environmental Protection (MA DEP) and the federal Environmental Protection Agency (EPA).



Southfield Road Water Main Project

Long Term Financial Stability

Along with its core mission to operate and maintain the Town’s water system in a reliable and efficient manner, the Water Enterprise must also be financially self-supporting. This means that the Water Division is expected to cover all costs associated with operations, capital maintenance and repairs by generating sufficient revenue through user fees and special service fees. The Water Division maintains a detailed 10-year financial proforma to facilitate long range planning for all revenues and anticipated investments.

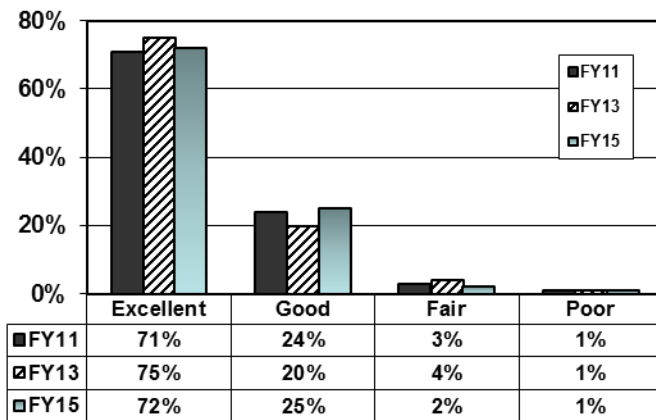
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades designed to meet broader community interests. No such projects are presently contemplated.

Town Residential Survey

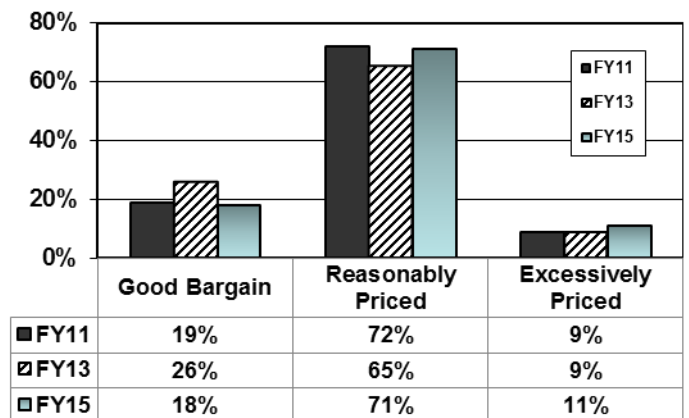
In the fall of 2010, and 2012 the Town conducted telephone surveys of 375 randomly selected Concord residents as part of the Town Residential Survey. In the fall of 2014 (FY15), the survey was expanded and received 1,337 respondents. For the Water Division, two questions were asked. Below left are the results of the question, “How would you rate the overall quality of water service?” Of those who said they use the service, the vast majority (72%) thought that the quality is Excellent and another (25%) thought it is Good.

Below right are the results of the question, “What is your opinion of the price of water service?” In FY15, of those who said they use the service, 18% thought that the price is a Good Bargain and 71% thought that it is Reasonably Priced. From FY11 to FY15, we see a consistent opinion that water services are a good bargain.

Rating of Water Service



Opinion of Water Service Price



Water Rates

The total revenue projected to be raised through water user fees in FY16 is \$4,648,000, which represents 97% of total Water Fund revenues.

User fees are assessed according to actual measured (metered) use.

Rates are set each year by the Public Works Commission following a public hearing with the following goals:

1. To ensure that the Division has the resources to operate, maintain, and improve the system;
2. To encourage users to conserve water; and
3. To minimize rate changes so that water use can be a relatively predictable expense for customers.

Water Rate Highlights

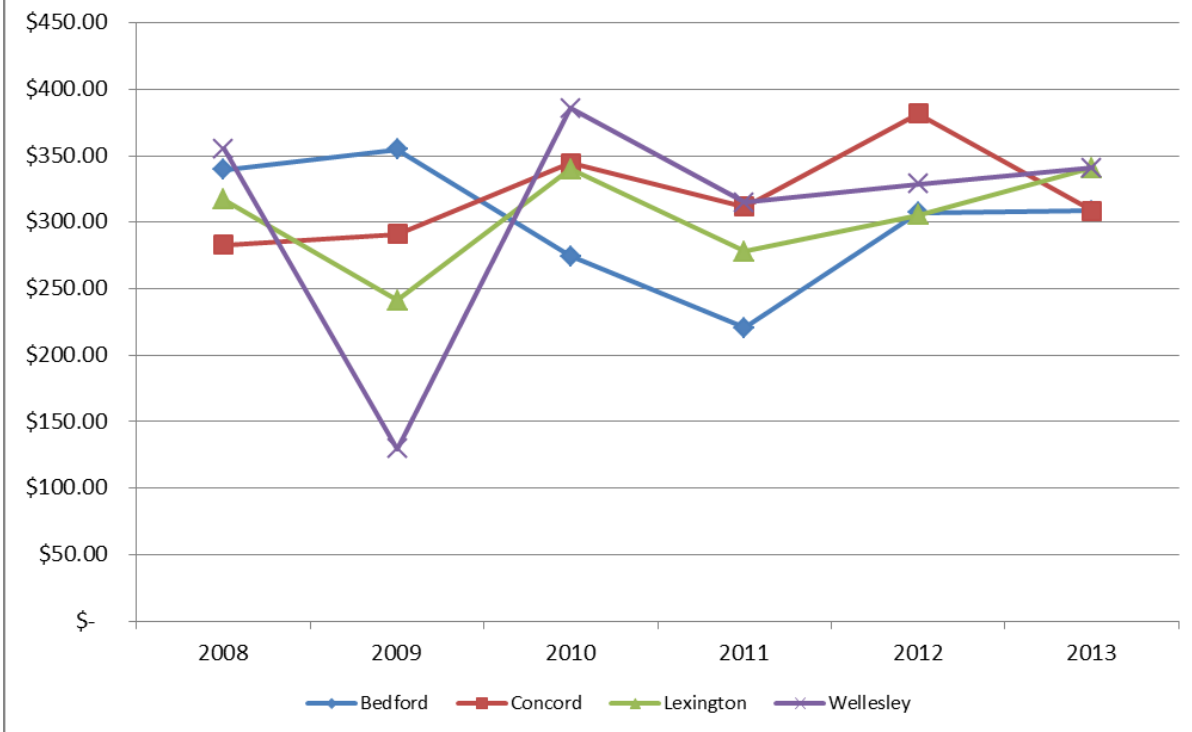
The FY16 proposed Residential Service (step 1) water rate is \$0.0477 per cubic foot (1 cubic foot = 7.48 gallons)

- The FY16 rate of \$0.0477 represents a 3.9% increase over the FY15 rate of \$0.0459. For the average residential customer, the annual increase in the water bill will be \$16.20.

- In FY16, the average residential customer is expected to pay a total of \$429 in water use over the course of the year. The average residential customer is assumed to use 1,500 cubic feet bimonthly. Customers who consume more than 2,400 cubic feet of water bimonthly will pay a higher rate (a Conservation Step).

- Property owners who meet certain age and income criteria may qualify for a 50% discount on the step 1 residential rates.

Typical Annual Water User Fees Based on Actual Use



Rate comparisons are provided for general information only; differences exist in the management and financial structure of every system. Concord prides itself on operating as a full cost accounting enterprise where rates are designed to cover O&M, depreciation and long-term investment needs. Concord is one of only 6% of systems within Massachusetts which have adopted a seasonal ascending-block conservation rate structure. (From Tighe and Bond Survey, 2010)

Program Highlights

The programs and initiatives highlighted below are provided to raise awareness of some of the more noteworthy and potentially significant challenges facing the short-term and long-term financial well-being of the Water Fund.

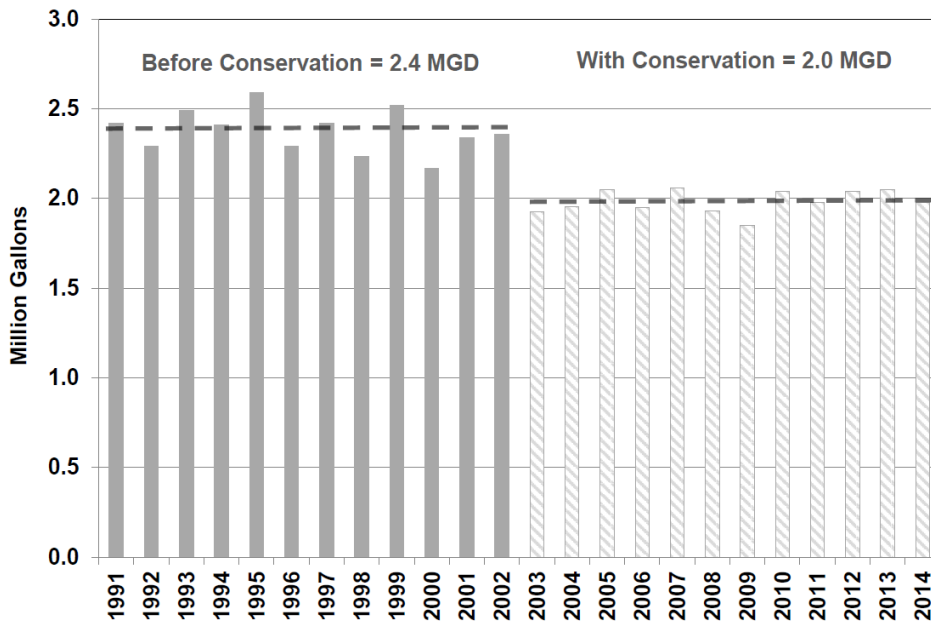
Regulatory Updates

In November of 2014, the State revised accompanying regulations to the Water Management Act, imposing rigorous demand management obligations on communities that have previously been issued permits for water withdrawal. Concord is one of these communities. While the financial impact of these regulations on public

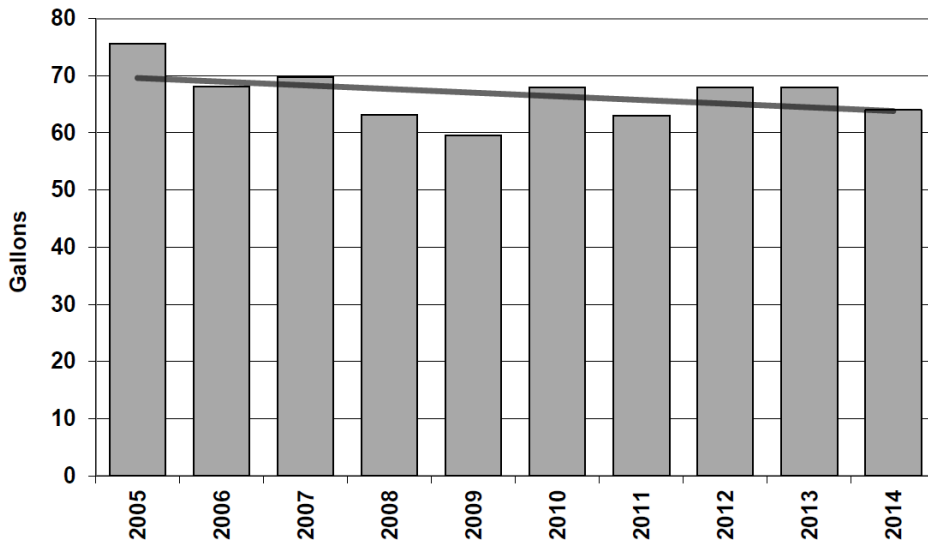
water suppliers has yet to be determined, it is expected that the new regulatory framework will require investments to be made in minimization and even mitigation of environmental impacts attributed to increased water supply withdrawals.

Concord Water is well ahead of the State when it comes to demand management (i.e. conservation) programs. In anticipation of increased sustainability, Concord has developed and updated its demand management program over the past several decades. The program has included the adoption of a strong conservation-based water rate structure, rebate programs to incentivize water-efficient residential appliances, the development of a Seasonal Water Demand Management Plan, and customized and evolving customer outreach messaging to increase water conservation awareness. The results of these efforts are clearly illustrated in the tables provided.

Average Daily Water Demand - System



Average Daily Water Demand Per Person (Residential)



Program Highlights (continued)**Nagog Pond Water Supply Master Plan:**

The use of Nagog Pond continues to be restricted to peak summer demand periods. Several years ago, the Public Works Commission determined that was in the Town's long term interest to evaluate the feasibility of installing water treatment that would allow for year round operation of this supply. Environmental Partners Group, Inc. (EPG) of Weymouth Massachusetts was hired to perform a treatment alternatives analysis followed by piloting of the more feasible technologies identified. In addition to this effort, they were also tasked to assess existing watershed management activities (with a goal of determining the highest and best practicable use of these lands); and to evaluate the 100-year-old drinking water intake line to determine if it requires rehabilitation or replacement.

Environmental Partners Group completed a two season (winter/summer) pilot study of preferred treatment technologies available for Nagog Pond. In conjunction with these pilot efforts, the Town hosted a full-scale demonstration pilot of a state-of-the-art ozone generation product offered by Pinnacle Ozone Solutions, LLC (Cocoa, FL). Pinnacle agreed to provide the Town with an ozone generator, at no cost, for an entire summer in exchange for allowing them to host tours of their equipment and share operational data with MassDEP. Such a demonstration is required to receive new technology approval by the State.

Based on the successful outcome of the piloting activities noted above, EPG has already been instructed to begin to work on the development of a preliminary design of the full scale treatment facility. The plant will include conventional coagulant/flocculation treatment followed by dissolved air flotation and dual-media filtration. EPG has also agreed to develop a preliminary design of a new Nagog Pond intake structure, to replace the 100 year old intake structure which has served its useful life. Their efforts will identify and refine construction and permitting costs, which will ultimately be brought forward for Town Meeting authorization, prior to moving forward with this important capital improvement effort. Based on information available today, these improvements will required a borrowing of more than \$8 million, expected at the 2016 Annual Town Meeting.

Nagog Pond: Water Treatment Pilot Study

Program Highlights (continued)

Water Testing: All routine and non-routine water quality testing activities are performed in accordance with Massachusetts Department of Environmental Protection regulations. Testing continues to demonstrate that the drinking water provided to customers satisfies State and Federal requirements for public water systems. A summary of the water quality test results is available on the Town website.

Lead and Copper Program –In accordance with the federal Lead and Copper Rule (LCR or 1991 Rule) Concord sampled 30 designated sample sites located throughout the water distribution system along with two (2) schools. Findings demonstrated that our water conditioning continues to be effective in mitigating corrosion of private plumbing fixtures.

Manganese: The Massachusetts Department of Environmental Protection (MassDEP) announced a new initiative to raise awareness regarding manganese in public drinking water. Recent studies have identified that public health risks may exist when manganese is ingested at elevated levels, especially among infants and young children. These same studies suggest that, in some cases, the concentration of manganese in drinking water can represent a significant contribution to an individual's daily intake. Concord's water supplies are routinely tested for manganese with finished water results consistently showing concentrations well below all health advisory levels.

Cross-Connection Control Program: Water Safety Services (Woburn MA) continued to perform routine inspection and testing of all cross-connection control devices installed within industrial and commercial facilities that require "process" water that is connected directly to the municipal water system. These efforts protect all customers from potential contamination risks associated with a back-flow of water that has been tainted by industrial/commercial processes which may render the water undrinkable.

Deaconess Satellite Well: Denis L. Maher Company (Ayer, MA) performed an inspection and service of the Deaconess Satellite well when it failed during peak water demand season. During the inspection, it was learned that the outer shell of the 50 HP motor casing had been severely corroded,. Due to the extent of the damage, Layne Christensen (Dracut MA) was awarded a contract to change out the pump and motor.

White Pond Well - Pump Rehabilitation: Layne Christensen (Dracut, MA) was called in to perform an emergency inspection of the White Pond well when it was learned that the impeller shaft had seized. The pump and motor were pulled and the well cleaned. Due to an unusually significant amount of iron encrustation observed on both the pump and well casing, both required refurbishing. The stuffing box and bushing on the pump were replaced along with a 40-foot length of the 8-inch diameter discharge column. The pump impeller skirts and bowl castings were also refurbished.

Mains (New/Replacement): Southfield and Riverdale Neighborhood - Onyx Corp (Acton, MA) installed 7,400 ft. of new water main in the Southfield-Riverdale neighborhood. The work involved the replacement of existing 8-inch AC pipe with 8-inch ductile iron pipe and replacement of individual water services from the water main to the property line. Work was performed along the following streets: Southfield Road, Southfield Circle, Dana Road, Garden Road, Pilgrim Road, Riverdale Circle, and Riverdale Road.

Water/Sewer Bill - New Format: As water conservation becomes increasingly important to everyone, we recognize that our customers want better information about water use so that they can reduce water consumption and lower their costs. To assist in this effort, since August of 2013, the Division has been installing meters that register use in cubic feet, instead of hundreds of cubic feet. This increased sensitivity will make it easier for a customer to identify and eliminate chronic leaks that are not only wasteful but costly. As part of this program, we have standardized water billing for all our customers to display their use in "cubic feet" instead of "hundreds of cubic feet", as shown on previous bills.

Program Implementation

The proposed FY16 budget provides for an operating income of \$751,020 and a net income of \$655,797.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division's approximately \$19.4 million worth of infrastructure (as of the end of FY14). The budgeted depreciation expense, totaling \$1,056,237, represents a depreciation of roughly 5% of these capital assets in FY16.

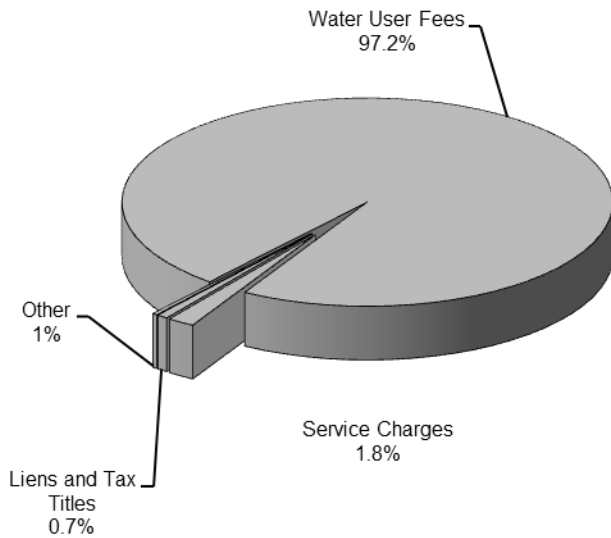
Personnel Services are budgeted to total \$1,247,436 in FY16, a 5% increase from the revised FY15 total of \$1,187,483. There is no change in staffing or overtime hours.

The next largest expense categories are for electricity (\$321,300) and chemicals (\$202,535); these consumables vary widely from year-to-year based on the demand for water. Budgets for these accounts are based on anticipating a relatively strong demand for water. This demand is directly affected by weather trends as well as the water conservation behavior of customers.

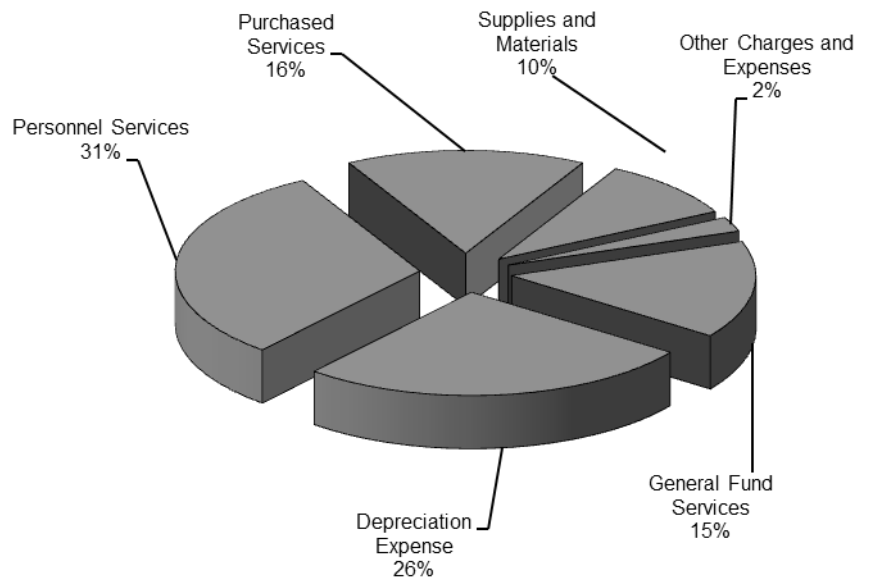
The FY16 Budget also includes \$48,170 for water quality testing at 7 pumping stations, 2 reservoirs and throughout the distribution system.

In addition, the FY16 budget includes \$68,100 for inspection services, including leak detection covering half of the entire system (the entire system is checked every two years) and testing of backflow prevention devices at commercial facilities. The budget also includes \$39,111 for electrical, instrumentation and other maintenance and support services at the pumping stations and reservoirs.

FY16 Operating Revenues
Totaling \$4,782,000



FY16 Operating Expenditures
Totaling \$4,030,980



OPERATING REVENUES

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
Water User Fees	\$ 4,416,583	\$ 4,508,519	\$ 4,471,000	\$ 4,648,000
Service Charges	92,280	73,777	94,000	85,000
Liens and Tax Titles	33,722	33,190	34,000	34,000
Other	11,838	38,722	11,000	15,000
Operating Revenues Total	\$ 4,554,423	\$ 4,654,208	\$ 4,610,000	\$ 4,782,000

OPERATING EXPENSES

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
<u>Personnel Services</u>				
Personnel Expenses	\$ 1,024,508	\$ 1,102,547	\$ 1,187,483	\$ 1,247,436
Retirement Adjustment				
Audit Adjustment	16,972		-	-
Subtotal	\$ 1,041,480	\$ 1,102,547	\$ 1,187,483	\$ 1,247,436
<u>Non-Personnel Services</u>				
Purchased Services	425,265	460,736	590,701	640,738
Supplies & Materials	344,953	344,121	387,718	378,908
Other Charges & Expenses	60,451	84,345	92,722	92,420
Audit Adjustment	(46,883)	(4,927)	-	-
Subtotal	\$ 783,786	\$ 884,275	\$ 1,071,141	\$ 1,112,066
<u>Other</u>				
General Fund Services	555,471	584,315	600,507	615,241
Depreciation Expense	778,524	784,890	912,563	1,056,237
Subtotal	\$ 1,333,995	\$ 1,369,205	\$ 1,513,070	\$ 1,671,478
Total Operating Expense	\$ 3,159,261	\$ 3,356,027	\$ 3,771,694	\$ 4,030,980

RETIREMENT AND OPEB ASSESSMENT

<i>For Informational Purposes Only</i>				
	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
<u>Personnel Services</u>				
Retirement Assessment	\$ 36,158	\$ 62,590	\$ 64,305	\$ 72,280
OPEB Assessment	18,175	16,402	17,000	18,000
Total Assessment	\$ 54,333	\$ 78,992	\$ 81,305	\$ 90,280

AUTHORIZED POSITIONS

Regular Staff	FY15 Revised Budget		FY16 Initial Budget	
	\$ Amount	Position/Hours	\$ Amount	Position/Hours
Water and Sewer Superintendent	\$ 86,600	0.80 FTEs	\$ 86,600	0.80 FTEs
Public Works Engineer	14,500	0.20	14,521	0.20
Assistant to Superintendent	68,654	0.80	68,564	0.80
Sr. Environ. & Regulatory. Coord.	62,583	0.80	62,494	0.80
Environ. & Regulatory. Coord.	41,208	0.80	41,208	0.80
Administrative Assistant	49,340	0.80	50,434	0.80
Public Works Supervisor	130,611	1.60	133,846	1.60
Crew Leader	109,551	1.60	112,258	1.60
Senior Treatment Systems Operator	53,854	0.80	55,194	0.80
Treatment System Operator	90,280	1.60	95,131	1.60
System Maintainer	200,188	4.00	204,123	4.00
Standby Pay (5111)	14,270	0.17	14,622	0.17
Charges to Snow Account	(4,328)	-0.08	(4,328)	-0.08
Charges to Capital Projects	(19,290)	N/A	(19,297)	0
Vacancy Savings	-	0	-	0
Salary Adjustments	-	-	20,509	-
Subtotal	\$ 898,021	13.89 FTEs	\$ 935,879	13.89 FTEs
5120				
Watershed Patrol	\$ -	0 hrs.	\$ 4,600	460 hrs.
Environmental Technology Intern	5,200	520 hrs.	-	0 hrs.
GIS Project Specialist	2,156	112 hrs.	4,160	208 hrs.
Subtotal	\$ 7,356	0.30 FTEs	\$ 8,760	0.32 FTEs
Employee Benefits				
Health Insurance	\$ 75,000	N/A	\$ 81,000	N/A
Life Insurance	-	N/A	-	N/A
Dental Insurance	-	N/A	-	N/A
Retirement Contribution	64,305	N/A	72,280	N/A
OPEB Contribution	17,000	N/A	18,000	N/A
Subtotal	\$ 156,305	N/A	\$ 171,280	N/A
Payroll Taxes				
Medicare Tax	\$ 9,700	N/A	\$ 11,500	N/A
Social Security Contribution	1,800	N/A	1,500	N/A
Subtotal	\$ 11,500	N/A	\$ 13,000	N/A
Other Personnel Costs				
Overtime (5130)	\$ 92,877	1900 hrs.	\$ 95,190	1900 hrs.
Overtime Adjustments (5130)	-	N/A	1,428	N/A
Police Overtime (5131)	7,400	185 hrs.	7,400	185 hrs.
Mobile Phone Allowance	3,456	N/A	3,840	N/A
IT Salary (5111)	10,568	N/A	10,659	N/A
Subtotal	\$ 114,301	N/A	\$ 118,517	N/A
Total Personnel Costs	\$ 1,187,483	14.20 FTEs	\$ 1,247,436	14.21 FTEs

NET INCOME

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
Statement of Net Income:				
Operating Revenues	\$ 4,554,423	\$ 4,654,208	\$ 4,610,000	\$ 4,782,000
Less Operating Expenses	(3,159,261)	(3,356,027)	(3,771,694)	(4,030,980)
Operating Income	\$ 1,395,162	\$ 1,298,181	\$ 838,306	\$ 751,020
Nonoperating Revenues (Expenses)				
Add Investment Income	\$ 14,025	\$ 14,393	\$ 29,111	\$ 41,458
Add Other Revenue/Expense	\$ 11,820			
Less Interest Expense	(172,867)	(156,145)	(153,144)	(136,681)
Issuance Expense	-	-	-	-
Nonoperating Income	\$ (147,022)	\$ (141,752)	\$ (124,033)	\$ (95,223)
Net Income	\$ 1,248,140	\$ 1,156,429	\$ 714,273	\$ 655,797

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY13 Actual	FY14 Actual	Rev. FY14 Budget	FY15 Budget
Capital Purposes				
Add Depreciation Expense	\$ 778,524	\$ 784,890	\$ 912,563	\$ 1,056,237
Add Net Income	1,248,140	1,156,429	714,273	655,797
Add Debt Financing	400,000	-	-	-
Less Bonds Payable	(470,000)	(520,000)	(520,000)	(520,000)
Net Available for Capital	\$ 1,956,664	\$ 1,421,319	\$ 1,106,836	\$ 1,192,034

CASH POSITION AND FUND BALANCE FORECAST

Cash at Year Opening	FY15		FY16	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 6,769,113		\$ 4,875,449	
Add Receivables	777,463		777,463	
Add Inventory & Other Assets	150,330		150,330	
Less Cash held for Liabilities	(364,632)		(364,632)	
Fund Balance on July 1st	\$ 7,332,274		\$ 5,438,610	
Fund Balance Details (projected)	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 4,169,536	\$ 3,162,738	\$ 4,363,809	\$ 1,074,801
Net Income	714,273	-	655,797	-
Borrowing Proceeds (Repayment)	(520,000)	-	(520,000)	-
User Fee Supported Capital Outlay	-	(2,685,316)	-	(2,650,690)
Borrowing Supported Capital	-	(315,184)	-	-
Add Depreciation Exp./Capital Rsv.	-	912,563	-	1,056,237
Balance Projected at June 30th	4,363,809	1,074,801	4,499,606	(519,652)
Fund Balance on June 30th	\$ 5,438,610		\$ 3,979,954	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 5,438,610		\$ 3,979,954	
Less Receivables	(777,463)		(777,463)	
Less Inventory & Other Assets	(150,330)		(150,330)	
Add Unspent Borrowing	-		-	
Add Cash Held for Liabilities	364,632		364,632	
Projected Cash at June 30th	\$ 4,875,449		\$ 3,416,793	

DEBT SERVICE

	FY13		FY14		Rev. FY15		FY16	
Long-Term Debt Repayment	Actual		Actual		Budget		Budget	
Principal	\$	470,000	\$	520,000	\$	520,000	\$	520,000
Interest		172,867		156,145		153,144		136,681
Debt Issuance Expense		-		-		-		-
Total	\$	642,867	\$	676,145	\$	673,144	\$	656,681

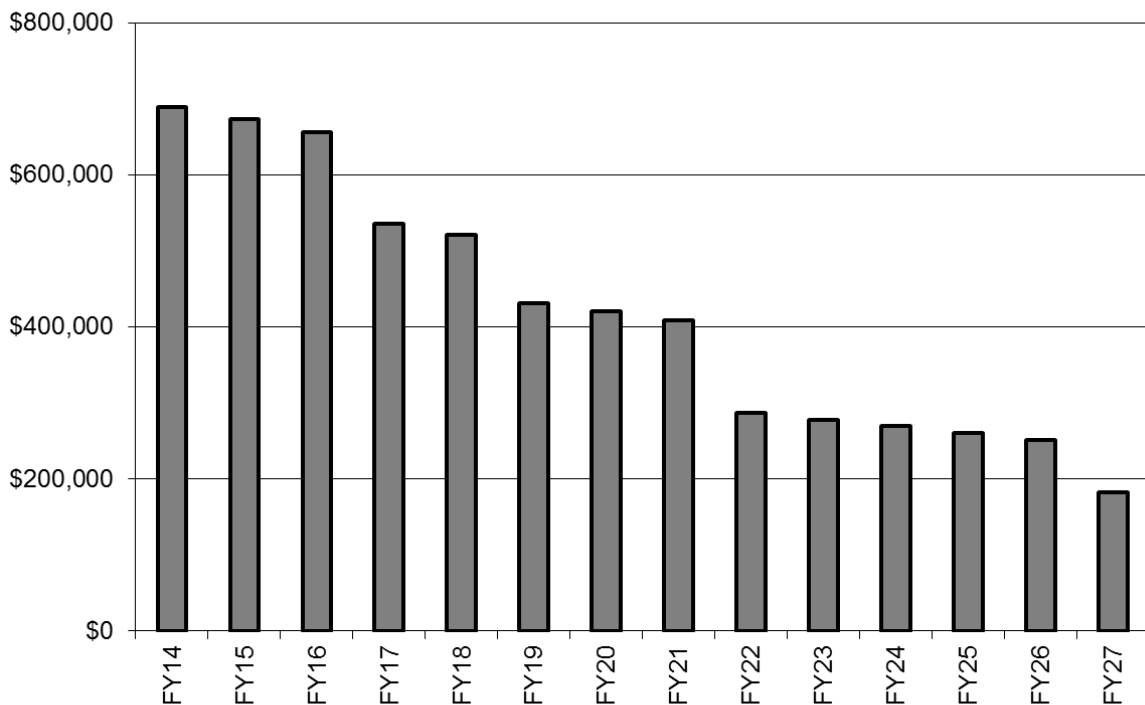
PAYMENTS TO THE GENERAL FUND

	FY13		FY14		Rev. FY15		FY16	
	Actual		Actual		Budget		Budget	
<u>Management & Engineering</u>								
Highway Maintenance	\$	17,192	\$	17,872	\$	18,507	\$	18,652
133/135 Keyes Road		49,168		48,121		48,807		49,635
Public Works Engineering		69,727		83,824		86,086		85,451
Public Works Administration		82,579		85,208		86,808		86,350
Subtotal	\$	218,666	\$	235,025	\$	240,208	\$	240,088
<u>Finance & Administrative</u>								
Town Manager	\$	57,616	\$	58,605	\$	60,925	\$	57,041
Human Resources		16,979		17,422		17,587		18,234
Town Accountant								
Accounting Services		47,661		49,612		49,262		48,133
Audit Services		6,000		6,000		6,000		6,840
Treasurer-Collector		49,876		51,099		51,963		52,638
Finance Administration		67,498		70,922		72,952		73,560
Town House Facility		6,891		6,725		6,734		6,630
Subtotal	\$	252,521	\$	260,385	\$	265,423	\$	263,076
<u>Natural Resources</u>								
Planning Administration	\$	36,740	\$	39,181	\$	42,502	\$	43,077
Natural Resource Protection		23,462		24,128		25,065		25,255
Health Department Services		24,082		25,596		27,309		27,685
Subtotal	\$	84,284	\$	88,905	\$	94,876	\$	96,017
Salary Reserve		-		-		-		16,060
Audit Adjustments		-		-		-		-
Totals	\$	555,471	\$	584,315	\$	600,507	\$	615,241

DEBT SERVICE SCHEDULE

(Issued through 6/30/2014)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY14	520,000	169,327	689,327
FY15	520,000	153,144	673,144
FY16	520,000	136,681	656,681
FY17	420,000	115,706	535,706
FY18	420,000	101,388	521,388
FY19	345,000	86,213	431,213
FY20	345,000	75,050	420,050
FY21	345,000	63,450	408,450
FY22	235,000	51,850	286,850
FY23	235,000	43,050	278,050
FY24	235,000	34,250	269,250
FY25	235,000	25,300	260,300
FY26	235,000	16,275	251,275
<u>FY27</u>	<u>175,000</u>	<u>7,175</u>	<u>182,175</u>
Totals	\$ 5,255,000	\$ 1,256,603	\$ 6,511,603



DISTRIBUTION SYSTEM

Mains (New/Replacement): \$1,140,000 - Annual capital outlay for improvements and extension to distribution system including water services within the right-of-way. The water distribution system consists of over 130 miles of water main ranging in size from 6-inch to 16-inch diameter. The replacement/rehabilitation program is designed to replace aging and deteriorating main in a methodical and prudent manner. The plan of work for FY16 includes the replacement of over 4,000 feet of water main along Hunters Ridge Road and a section of Old Marlboro Road (west of the Peabody Middle School).

Water Meter Replacement Program: \$96,000 - Water Fund portion of costs associated with system-wide meter maintenance and replacement efforts. Efforts will include advancement of smart water meter technology to allow for increased customer awareness of individual water consumption patterns and water saving opportunities.

Hydrants: \$36,000 - The Water Division conducts annual hydrant inspection and replacement activities to insure that all hydrants operate properly. Budget includes costs to replace approximately 15 of the 1,200 hydrants in the distribution system.

STRUCTURES

Station Structures: \$195,000 - Annual capital outlay for improvements and replacement of station structures. Planned work includes rehabilitation of one of the nine groundwater wells and replacement of the Second Division Well bulk storage system (project had been deferred from FY15 when it was determined replacement would require building addition).

Pumping Station Equipment: \$46,000 - Annual capital outlay for improvements and replacement of station equipment used to control, monitor, pump, store, and treat water including motors, pumps, motor control panels, and chemical feed systems. The Water Division is responsible for maintaining and making improvements to eight water pumping facilities and two storage reservoirs.

TREATMENT

Nagog Treatment Plant: \$948,000 – Final design of the Nagog Pond treatment facility including procurement of new ozone equipment. The existing ozone system is no longer suitably reliable and should be replaced prior to the peak summer demand period anticipated in 2016. The final treatment plant design is necessary to update the Town as to the construction and operating expenses of a facility that would comply with EPA's surface water treatment rule.

GENERAL PLANT

Keys Road Facility: \$26,000 - Capital outlay for improvements to Water/Sewer administrative office and garage facilities.

Vehicles: \$81,600 – The Water/Sewer fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer, and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful-life measures. Planned improvements include the replacement of two standard service vehicles and a portable vacuum/trailer unit.

Miscellaneous Equipment: \$10,000 - Miscellaneous equipment not included in 5-year capital equipment/vehicle plan.

SUPPLY/CAPACITY

Source Protection: \$12,000 – Funds for ongoing implementation of water resource protection program.

CAPITAL SPENDING PLAN										
	Actual FY13	Actual FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total FY16-20	
<u>Distribution System</u>										
Water Mains	33,103	0	1,805,000	1,140,000	50,000	1,000,000	50,000	1,000,000	3,240,000	
Meter Replacements	28,627	29,008	163,000	96,000	102,000	93,000	102,000	113,000	506,000	
Hydrants	9,834	26,370	35,000	36,000	37,000	38,000	39,000	40,000	190,000	
Subtotal	71,564	55,378	2,003,000	1,272,000	189,000	1,131,000	191,000	1,153,000	3,936,000	
<u>Pumping Stations/Treatment</u>										
Structures	124,246	0	80,000	195,000	50,000	52,000	54,000	56,000	407,000	
Equipment	33,124	47,518	75,000	46,000	47,000	48,000	49,000	50,000	240,000	
Reservoir Improvements	0	0	100,000	30,000	825,000	155,000			1,010,000	
Nagog Improvements	106,254	193,242	166,816	948,000					948,000	
Route 2A Station and Filtration	83,571	0	100,475	0	6,585,000				6,585,000	
Dam Reconstruction	505,776	2,709							0	
Nagog Intake	37,191	45,781	212,000	0	1,400,000				1,400,000	
Subtotal	890,161	286,540	737,000	1,219,000	8,907,000	255,000	103,000	106,000	10,590,000	
<u>General Plant</u>										
Keyes Road CPW Facility	21,392	191	115,000	26,000	27,000	28,000	500,000	28,000	609,000	
GIS	0	0	24,000	10,000	10,000	10,000	10,000	10,000	50,000	
Vehicles	49,207	69,335	80,000	81,600	116,800	106,100	79,200	40,000	423,700	
Miscellaneous Equipment	0	14,717	10,000	10,000	10,000	10,000	10,000	10,000	50,000	
Depreciable Personnel Services	16,972	16,547	19,500	20,090	20,690	21,310	21,950	22,610	106,650	
Subtotal	87,571	100,790	248,500	147,690	184,490	175,410	621,150	110,610	1,239,350	
<u>Supply and Capacity</u>										
Source Protection	1,454	0	12,000	12,000	12,000	12,000	12,000	12,000	60,000	
Subtotal	1,454	0	12,000	12,000	12,000	12,000	12,000	12,000	60,000	
Total Capital Uses	1,050,749	442,708	3,000,500	2,650,690	9,292,490	1,573,410	927,150	1,381,610	15,825,350	
<u>Funding the Capital Plan</u>										
From Debt	626,538	45,781	315,184	30,000	8,965,000		500,000	-	9,495,000	
From Water Fund Resources	424,212	396,928	2,685,316	2,620,690	327,490	1,573,410	427,150	1,381,610	6,330,350	
Total Capital Sources	1,050,749	442,708	3,000,500	2,650,690	9,292,490	1,573,410	927,150	1,381,610	15,825,350	

Water Fund: Plan and Projection	ACTUAL		FY 2013 - FY 2025										10 years		
	FY 2013	Actual FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2025	FY 16-25
Operating Revenue															
User Fees	4,416,583	4,508,519	4,471,000	4,648,000	4,848,000	5,023,000	5,207,000	5,391,000	5,583,000	5,783,000	5,993,000	6,210,000	6,435,000	6,435,000	55,121,000
Other	137,840	145,689	139,000	134,000	135,000	136,000	137,000	138,000	139,000	140,000	141,000	142,000	143,000	143,000	1,385,000
Subtotal	4,554,423	4,654,208	4,610,000	4,782,000	4,983,000	5,159,000	5,344,000	5,529,000	5,722,000	5,923,000	6,134,000	6,352,000	6,578,000	6,578,000	56,506,000
Operating Expense															
O & M	2,389,855	2,571,137	2,859,131	2,974,743	3,214,705	3,311,917	3,412,099	3,515,344	3,621,748	3,731,410	3,844,433	3,960,922	4,080,987	4,080,987	35,668,307
Depreciation	778,524	784,890	912,563	1,056,237	1,256,508	1,416,227	1,472,714	1,453,037	1,421,176	1,436,206	1,449,277	1,450,593	1,463,742	1,463,742	13,875,717
Subtotal	3,168,379	3,356,027	3,771,694	4,030,980	4,471,213	4,728,143	4,884,813	4,968,381	5,042,924	5,167,616	5,293,710	5,411,515	5,544,728	5,544,728	49,544,024
Operating Income	1,386,044	1,298,181	838,306	751,020	511,787	430,857	459,187	560,619	679,076	755,384	840,290	940,485	1,033,272	1,033,272	6,961,976
ADD: Interest Income	14,025	14,393	29,111	41,458	68,206	105,248	125,633	121,535	115,404	123,487	136,731	153,690	174,574	174,574	1,165,966
Miscellaneous Non-Operating Income	11,820	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS: Interest Expense	172,867	156,145	153,144	136,681	115,706	101,388	86,213	75,050	63,450	51,850	43,050	34,250	25,300	25,300	732,938
Existing Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,767,088
Future Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109,606
Bond Anticipation Notes (BANs)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	104,115
Issuance expense (Premium)	0	0	0	0	8,965	89,650	500	5,000	0	0	0	0	0	0	0
Net Income	1,239,023	1,156,429	714,273	655,797	455,322	244,211	49,857	167,516	302,605	423,508	555,370	706,237	853,771	853,771	4,414,195
Available Resources from:															
Net income	1,239,023	1,156,429	714,273	655,797	455,322	244,211	49,857	167,516	302,605	423,508	555,370	706,237	853,771	853,771	4,414,195
Depreciation expense	778,524	784,890	912,563	1,056,237	1,256,508	1,416,227	1,472,714	1,453,037	1,421,176	1,436,206	1,449,277	1,450,593	1,463,742	1,463,742	13,875,717
subtotal	2,017,547	1,941,319	1,626,836	1,712,034	1,711,830	1,660,437	1,522,572	1,620,553	1,723,781	1,859,714	2,004,648	2,156,831	2,317,512	2,317,512	18,289,912
Bond proceeds	400,000	400,000	0	0	0	8,965,000	500,000	500,000	0	0	0	0	0	0	9,465,000
Loan proceeds	0	0	0	0	8,965,000	0	0	0	0	0	0	0	0	0	9,465,000
LESS: Principal repayments	470,000	520,000	520,000	520,000	420,000	420,000	345,000	345,000	345,000	235,000	235,000	235,000	235,000	235,000	3,335,000
Existing Debt	0	0	0	0	0	0	448,250	448,250	498,250	498,250	498,250	498,250	498,250	498,250	3,387,750
New Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BAN Repayment	0	400,000	0	0	0	8,965,000	0	500,000	0	0	0	0	0	0	9,465,000
Net Available for Capital Purposes	1,947,547	1,421,319	1,106,836	1,192,034	10,256,830	1,240,437	1,229,322	827,303	880,531	1,126,464	1,271,398	1,423,581	1,584,262	1,584,262	21,032,162
Capital Plan	1,064,316	442,708	3,000,500	2,650,690	9,292,490	1,573,410	927,150	1,381,610	707,290	726,990	747,710	769,450	791,210	791,210	19,568,000
Cash Position															
Beginning balance	5,167,220	5,858,743	6,769,113	4,875,449	3,416,793	4,381,133	4,048,160	4,350,332	3,796,025	3,969,266	4,368,741	4,892,428	5,546,559	5,546,559	
ADD: Net available	1,947,547	1,421,319	1,106,836	1,192,034	10,256,830	1,240,437	1,229,322	827,303	880,531	1,126,464	1,271,398	1,423,581	1,584,262	1,584,262	
LESS: Planned Capital	1,064,316	442,708	3,000,500	2,650,690	9,292,490	1,573,410	927,150	1,381,610	707,290	726,990	747,710	769,450	791,210	791,210	
Auditor's Adj.Changes in assets & liab.	200,825	68,241	0	0	0	0	0	0	0	0	0	0	0	0	
Ending balance	5,849,626	6,769,113	4,875,449	3,416,793	4,381,133	4,048,160	4,350,332	3,796,025	3,969,266	4,368,741	4,892,428	5,546,559	6,339,611	6,339,611	
ending fund balance	6,353,664	6,769,113	4,875,449	3,416,793	4,381,133	4,048,160	4,350,332	3,796,025	3,969,266	4,368,741	4,892,428	5,546,559	6,339,611	6,339,611	

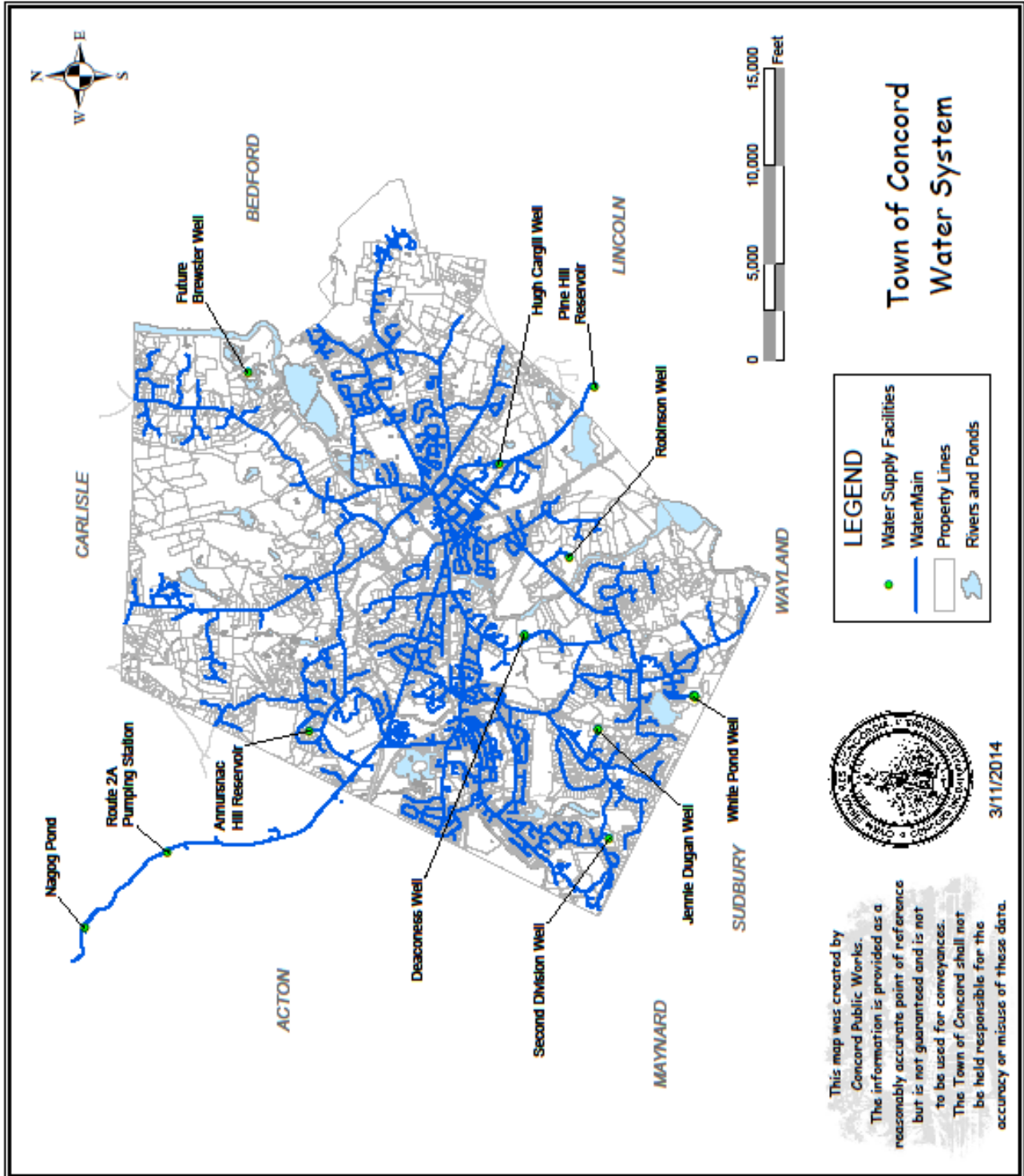
WATER RATES

(Per Cubic Foot)

W-15 Class of Customer	Current FY15	Effective 6/1/15	%Chg.
1 & 2 Residential Service	(1 cubic feet = 7.48 gallons)		
1st Step: (all year)	\$ 0.0459	\$ 0.0477 **	3.9%
Conservation Step*: (25 - 48 units)	\$ 0.0918	\$ 0.0954	3.9%
Conservation Step*: (over 48 units)	\$ 0.1148	\$ 0.1193	3.9%
*May 1st through October 31st			
3 General Service			
1st Step: (all year)	\$ 0.0459	\$ 0.0477	3.9%
2nd Step: (all year) (over 50 units bimonthly)	\$ 0.0583	\$ 0.0606	3.9%
4 Municipal Service			
1st Step: (all year)	\$ 0.0452	\$ 0.0470	4.0%
Interruptible Outdoor Irrigation use			
5 Second Meter Service			
A. Irrigation/Pool or Accessory use:			
1st Step: (all year)	\$ 0.0918	\$ 0.0954	3.9%
Conservation Step: (over 48 units bimonthly, May 1st through October 31st)	\$ 0.1148	\$ 0.1193	3.9%
B. Non-Irrigation Commercial/Industrial			
	\$ 0.0583	\$ 0.0606	3.9%

**A 50% discount on Step 1 water consumption, up to a maximum of 2,400 cubic feet in a bimonthly billing period, is provided for customers of record who meet certain age and income eligibility criteria.

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1a Average Residential Customer (1,500 cu ft bimonthly) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 413	\$ 429	\$ 16.20	\$ 1.35	3.9%
1b Large Summertime Residential Customer (4,000 cu ft bimonthly during summer; 2,500 cu ft bimonthly rest of year)	\$ 1,115	\$ 1,159	\$ 43.74	\$ 3.65	3.9%
3a Small Commercial Customer (2,500 cu ft bimonthly) <i>Approximately two-thirds of commercial/institutional/Gov't customers normally use less than than the 2nd step threshold.</i>	\$ 689	\$ 716	\$ 27.00	\$ 2.25	3.9%
3b Large Commercial Customer (30,000 cu ft bimonthly)	\$ 10,122	\$ 10,521	\$ 399	\$ 33.25	3.9%
5a Small Municipal Customer (4,500 cu ft bimonthly)	\$ 1,220	\$ 1,269	\$ 49	\$ 4.05	4.0%
5b Large Municipal Customer (60,000 cu ft bimonthly)	\$ 16,272	\$ 16,920	\$ 648	\$ 54.00	4.0%



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Section V

Sewer Fund

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Mission Statement

The mission of the Sewer Division is to enhance Concord's quality of life, and through sound management, innovation, teamwork and vision, provide dependable, high quality, responsive sewer utility services, consistent with values and at reasonable costs to Concord's citizens, businesses, institutions and visitors.

Sewer Fund Budget Contents

Overview	pp. 1-2
Sewer Rates	p. 3
Program Highlights	pp. 4-5
Revenues and Expenditures	pp. 6-10
Sewer Financial Statement	p. 11
Debt Service	p. 12
Capital Spending	pp. 13-14
Supplemental Information	pp. 15-16

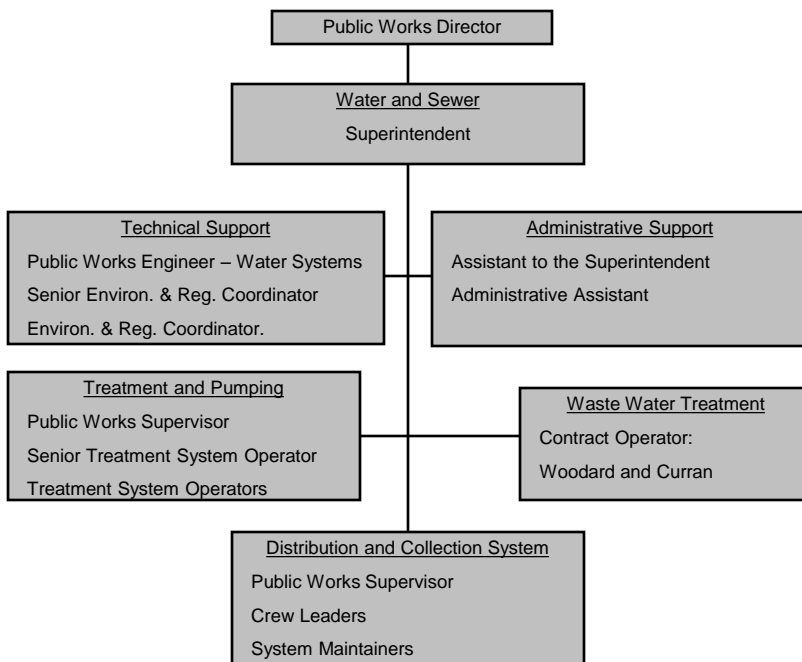
Sewer Fund Highlights

- The proposed FY16 sewer rate of \$0.1086 per cubic foot represents a 3% increase over the FY15 rate of \$0.1055 per cubic foot. Since FY 2007 sewer rates have increased by an average annual rate of 4.7%. For the average residential customer, the annual increase in the sewer bill will be \$18.60.
- The proposed FY16 capital improvement plan is \$2,042,080 which includes \$1,500,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in West Concord.
- Additional costs are budgeted for septage treatment in FY16 because the quantity of septage received at the Treatment Plant has increased by 10%.
- The proposed FY16 operating budget is \$3,257,555, an increase of 3.4% from FY15.

Expenditure Summary

	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Proposed
Operating Income	\$ (815,360)	\$ (880,985)	\$ (577,025)	\$ (559,556)
Net Income	\$ 132,957	\$ 2,407,283	\$ (99,109)	\$ (464,693)
Undesignated Fund Balance	\$ 4,099,618	\$ 7,394,518	\$ 7,370,314	\$ 5,766,172

See page V-9 for greater detail on income and fund balance results.



Description:

In 1894, Concord received legislative authority to create a municipal sewer system. Today, the system consists of 33 miles of collection main, two pumping stations, six neighborhood lift stations, and an advanced wastewater treatment plant.

The 1976 Annual Town Meeting established a Sewer Fund to ensure that the operation, maintenance, and capital improvement of the sewer system would be a financially viable enterprise. Expenses for this system are covered entirely by user fees. As of 2014 the total value of collection system and treatment plant infrastructure assets was approximately 21.4 million dollars.

The municipal sewer system serves 1,834 residential and commercial customers representing approximately 34% of the community. The wastewater treatment facility continues to process over 1.0 million gallons per year of septage pumped from residential and commercial establishments served by private septic systems within the Town of Concord.

Long-Term Financial Stability

Along with its core mission to operate and maintain the Town’s municipal sewer system in a reliable and efficient manner, the sewer enterprise must also be financially self-supporting. This means that the Sewer Division is expected to cover all costs associated with operations, capital maintenance and repairs by generating sufficient revenue through user fees and special service fees. The Sewer Division maintains a detailed 10-year financial proforma to facilitate long range planning for all revenues and anticipated investments.

Since the sewer enterprise fund was formally established in 1976, there have been no property tax contributions to subsidize pre-existing operations or infrastructure improvements. Taxpayer support has been sought through Town Meeting for projects which have been designed to expand the sewer collection system and to support major upgrades to the Wastewater Treatment plant, as it also accepts septage from properties which are not directly connected to the sewer system.

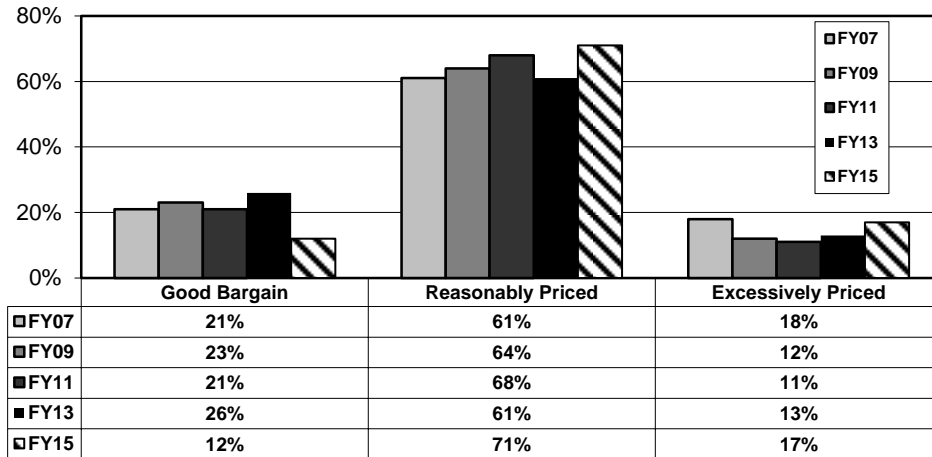
Town Residential Survey

In the fall of 2006, 2008, 2010, and 2012, the Town conducted a telephone survey of 375 randomly selected Concord residents. In the fall of 2014 (FY15), the polling methodology changed and a survey was sent out to all Concord households and 1,337 responses were received. From those responses, 530 respondents said that they use the Town sewer system.

1. What is your opinion of the price of Town Sewer Services?

The vast majority of Concord households that are on Town sewer lines feel that the service is at least “reasonably priced,” while 12% of survey respondents even describe it as “a good bargain.”

1. Opinion of Sewer Service Price



Sewer Rates:

The total revenue projected to be raised through sewer rates in FY16 is **\$2,563,000.**

Rates are set each year by the Public Works Commission following a public hearing with the following goals:

1. To ensure that the Division has the resources to operate, maintain and improve the system;
2. To minimize rate “shock” so that sewer costs can be a relatively predictable expense; and
3. To accurately reflect sewer use (which may be different than seasonally skewed water use).

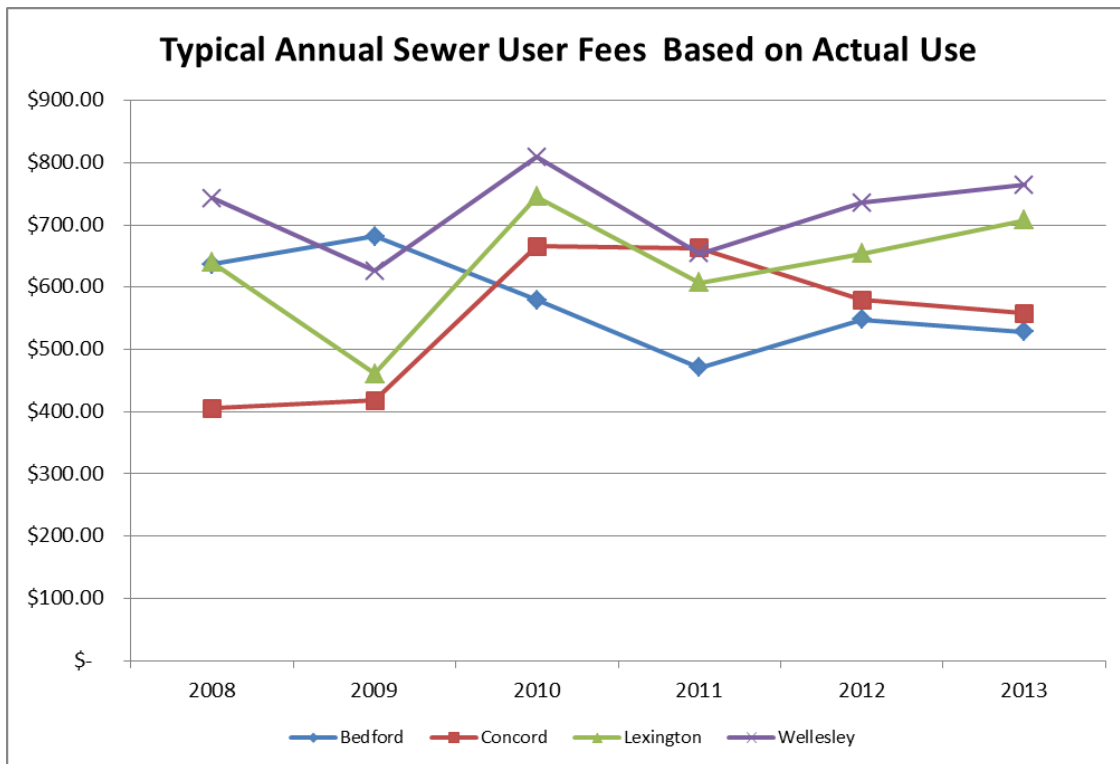
Sewer Rate Highlights

The proposed FY16 sewer rate is \$0.1086 per cubic foot (1 cubic foot = 7.48 gallons).

- The FY16 rate of \$0.1086 represents a 3% increase over the FY15 rate. For the average residential customer, the annual increase in the sewer bill will be \$18.60.
- Summer/fall residential sewer usage is billed at the level of winter/spring water consumption to eliminate the effect of seasonal outdoor water use.
- Non-residential sewer billing is based on water use year-round.
- The proposed septage rate is \$0.083 per gallon which represents a 2.5% increase from FY15.

Benchmarking Sewer Rates

The comparison of sewer rates between individual systems and communities can be particularly difficult, given the wide variation in management and financial structures and customer demographics. Some level of public sewerage service is provided by 57% of Massachusetts communities. Some systems, like Concord, adhere to strict enterprise principles (i.e., full cost accounting with consideration of long range investments and depreciation of fixed assets) while other systems are subsidized through a municipality's general fund. Statewide, 56% of communities have adopted a flat rate structure, 32% use an ascending rate structure and 11% assess a flat fee. More sophisticated and flexible rate designs, such as the winter/spring demand basis employed by Concord for residential customers, have been adopted by only 3% of systems across the state (from Tighe and Bond rate survey 2012). The table below demonstrates how rate adjustments (and cost of service) over time have impacted Concord and three neighboring systems based on actual water use.



Wastewater Program

In addition to routine operations, maintenance and improvements to ensure reliable and quality service to all municipal customers, the programs and initiatives detailed below strike the delicate balance between essential needs and broader community and regulatory interests, particularly in the area of increasingly complex and sophisticated water resource management goals.

Wastewater treatment capacity limitations continue to pose the single most immediate and formidable wastewater challenge facing the community. The following summarizes some of the more important developments and recommendations made to date.



Primary Clari-thickener - Drive Replacement

NPDES Surface Water Discharge Permit: Concord's appeal of its National Elimination System Discharge System Permit (NPDES) (originally issued on August, 2, 2013) remains open. In accordance with recently revised permit appeal procedures, the Town submitted a formal petition for relief of contested provisions to both EPA and MassDEP. Bowditch and Dewey, LLP, provided legal counsel through this formal appeal process. On May 22, 2014, the Town was afforded a rare opportunity to have its arguments heard in front of EPA's Environmental Appeal Board. This hearing was offered to provide the Town with an opportunity to clarify its positions as they related to a new Aluminum discharge standard, more stringent pH limits, and flow limits that continue to restrict Concord's ability to meet wastewater needs that have been clearly identified and supported by Town meeting action. Throughout this effort, the Town Manager, Board of Selectmen, and Public Works Commission have all been kept informed of these developments and understand the balance the Town is seeking regarding permit compliance costs and associated environmental benefits. The Town will continue to work with both EPA and DEP, where appropriate, towards a mutually beneficial resolution.

Wastewater Treatment Facility: Woodard & Curran, Inc. continues to operate the Town's Wastewater Treatment Plant (WWTP), located off Bedford Street, under the supervision of the Water and Sewer Division. The plant operates in compliance with requirements detailed in state and federally issued permits.

An invitation for bids was issued and contract awarded to John W. Egan Inc. (West Newton, MA) who performed the structural rehabilitation of two primary clari-thickeners and the headworks channel located at the Wastewater Treatment Facility. The scope of work included cleaning, repairs and application of a corrosion-resistant coating to these structures. When this work was completed, the mechanical drive for primary clari-thickener (Unit #2) was replaced with a new unit furnished by DBS Manufacturing (Atlanta, GA).

Sewer Station Improvements: Notable improvements made within the sewer pumping stations include the decommissioning of an antiquated operator lift system within the Assabet station, the replacement of a "muffin monster" (a rugged wastewater grinding machine), installation of a no-clog pump impeller in the last of three pumps in the Lowell Road station, and retrofitting of portable emergency generator connectors at neighborhood lift stations to reduce response time when emergency power is required.

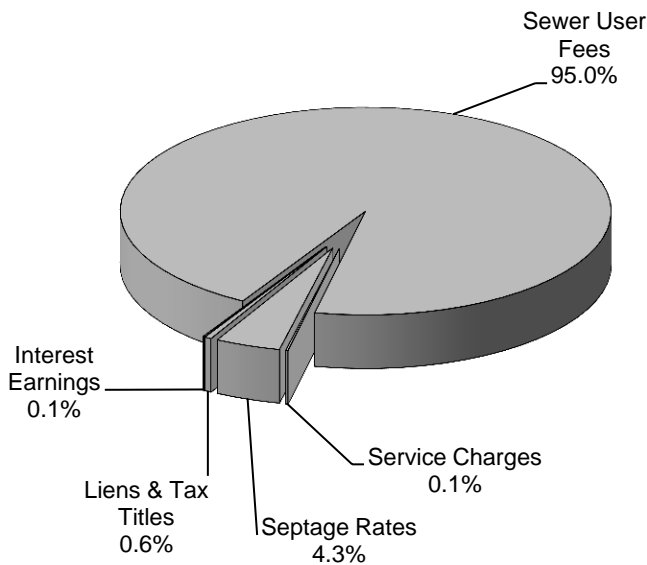
Inflow/Infiltration: Continued investigation and repairs of inflow and infiltration (I/I) problems are important to the upkeep of a properly functioning sewer system. Over the last several decades, Concord has undertaken a variety of efforts with the goal of identifying the locations of I/I problems and correcting the problems deemed most detrimental to the sewer system. This work has included flow monitoring, television inspections of numerous reaches of sewer pipe, smoke testing, dye testing, root control treatment, joint testing and sealing, pipe lining, and occasionally replacement of sewer pipe. In addition, manhole inspections are performed to evaluate the integrity of sewer manholes and their potential for contributing to I/I, with rehabilitation performed as necessary.

Program Implementation:

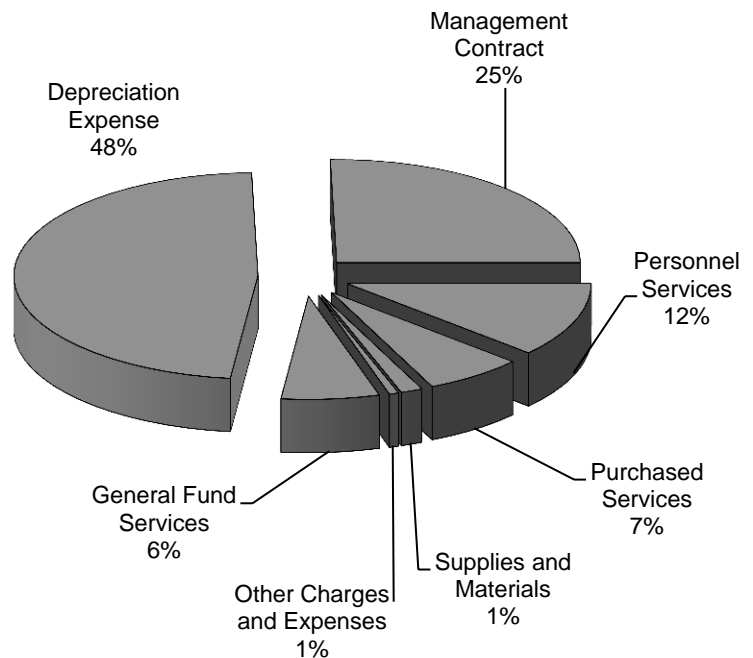
The proposed FY16 operating budget is \$3,257,555. This represents a 3% increase as compared to the Sewer Fund’s revised FY15 operating budget. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division’s approximately \$21.4 million worth of infrastructure (recorded as of the end of FY14). The FY16 budgeted depreciation expense of \$1,556,563 is roughly 7% of these capital assets. Personnel Services are budgeted at \$380,980 in FY16, a 5.7% increase from the revised FY15 total of \$360,528.

Excluding depreciation, the FY16 budget proposes level funding for wastewater collection and a 2.5% increase in wastewater treatment. The costs associated with the operation of the Wastewater Treatment facility are directly related to meeting state and federally mandated National Pollutant Discharge Elimination System (NPDES) permit requirements and funding contract operation services presently provided by Woodard & Curran. Concord’s 5-year NPDES permit is presently under review by EPA and DEP and will be re-issued in the near future. More restrictive water quality limits resulting in increased costs for chemicals, electricity and sludge management are anticipated in this budget .

FY16 Operating Revenues
Totaling \$2,698,000



FY16 Operating Expenses
Totaling \$3,257,556



Operating Income:

This FY16 Budget calls for Operating Expenditures that are \$559,556 above Operating Revenues. This results in an operating loss for the year. However, by FY22, Operating Income turns positive as depreciation expense, which accounts for roughly 47% of all operating expenses, begins to decline and revenue increase (see page V-10, Sewer Financial Statements).

OPERATING REVENUES				
	FY13	FY14	Rev. FY15	FY16
	Actual	Actual	Budget	Budget
Sewer User Fees	\$ 2,176,131	\$ 2,261,081	\$ 2,438,000	\$ 2,563,000
Service Charges	5,675	7,538	4,000	4,000
Septage Rates	88,056	96,550	114,000	116,000
Liens & Tax Titles	11,363	8,857	15,000	12,000
Other Revenue	3,052	11,357	3,000	3,000
Total Operating Revenues	\$ 2,284,277	\$ 2,385,383	\$ 2,574,000	\$ 2,698,000
OPERATING EXPENSES				
Sewer Divisions	FY13	FY14	Rev. FY15	FY16
Collection	Actual	Actual	Budget	Budget
Personnel Services	\$ 302,411	\$ 316,561	\$ 315,388	\$ 334,119
Purchased Services	106,362	365,511	188,993	178,256
Supplies & Materials	53,960	41,667	57,175	47,154
Other Charges & Expenses	18,028	25,018	20,266	20,400
General Fund Services	95,785	100,511	103,284	105,660
Audit Adjustments	(1,149)	30,603	-	-
Subtotal	\$ 575,397	\$ 879,871	\$ 685,106	\$ 685,589
Treatment				
Personnel Expenses	\$ 47,510	\$ 49,709	\$ 45,140	\$ 46,861
Purchased Services	18,787	7,383	35,000	35,000
Management Contract	720,050	741,412	806,813	827,883
Supplies & Materials	-	-	-	-
Other Charges & Expenses	200	3,485	-	-
General Fund Services	95,785	100,511	103,284	105,660
Audit Adjustments	-	-	-	-
Subtotal	\$ 882,332	\$ 902,500	\$ 990,237	\$ 1,015,404
Depreciation Expense	1,641,908	1,483,997	1,475,682	1,556,563
Total Operating Expense	\$ 3,099,637	\$ 3,266,368	\$ 3,151,025	\$ 3,257,556
RETIREMENT AND OPEB ASSESSMENT				
<i>For Informational Purpose Only</i>				
	FY13	FY14	Rev. FY15	FY16
	Actual	Actual	Budget	Budget
Retirement Assessment	\$ 9,039	\$ 12,490	\$ 12,832	\$ 18,070
OPEB Assessment	4,544	4,849	5,000	5,500
Total Assessment	\$ 13,583	\$ 17,339	\$ 17,832	\$ 23,570

AUTHORIZED POSITIONS					
Collection Personnel Costs	Rev. FY15 Budget		FY16 Budget		
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount	
Regular Staff					
Water and Sewer Superintendent	0.20 FTEs	\$ 21,650	0.20 FTEs	\$	21,331
Assistant to Superintendent	0.20	17,141	0.20		16,889
Senior Env. & Reg. Coordinator	0.20	15,646	0.20		15,021
Env. & Reg. Coordinator	0.20	10,302	0.20		9,930
Administrative Assistant	0.20	12,335	0.20		12,609
Public Works Supervisor	0.40	32,653	0.40		33,461
Crew Leader	0.40	27,388	0.40		28,065
Senior Treatment System Operator	0.00	13,464	0.20		13,799
Treatment System Operator	0.60	22,570	0.40		23,783
System Maintainer	1.00	50,047	1.00		51,031
Standby Pay (5111)	365 hrs	14,270	365 hrs		14,622
Charges to Snow Account	40	(1,082)	0		-
Charges to Projects	N/A	-	N/A		-
Salary Adjustments	N/A	-	N/A		5,161
Subtotal	3.40 FTEs	\$ 236,384	3.40 FTEs	\$	245,702
Employee Benefits					
Health Insurance	N/A	\$ 13,000	N/A	\$	14,000
Life Insurance	N/A	-	N/A		-
Dental Insurance	N/A	-	N/A		-
OPEB	N/A	5,000	N/A		5,500
Retirement Contribution	N/A	12,832	N/A		18,070
Subtotal	N/A	\$ 30,832	N/A	\$	37,570
Payroll Taxes					
Medicare Tax	N/A	\$ 3,000	N/A	\$	3,500
Social Security Contribution	N/A	-	N/A		-
Subtotal	N/A	\$ 3,000	N/A	\$	3,500
Other Personnel Costs					
Overtime (5130)	800 hrs.	\$ 38,528	800 hrs.	\$	40,080
Police Overtime (5131)	100	4,000	100		4,000
IT Salary (5111)	N/A	2,644	N/A		2,666
Salary Adjustments OT (5130)	N/A	-	N/A		601
Subtotal	N/A	\$ 45,172	N/A	\$	47,346
Total Collections	3.40 FTEs	\$ 315,388	3.40 FTEs	\$	334,119
Treatment Personnel Costs					
Public Works Engineer	0.80 FTEs	\$ 58,000	0.80 FTEs	\$	58,086
Charge to Capital Projects	N/A	(16,860)	N/A		(16,874)
Salary Adjustments (2%)	N/A	-	N/A		1,649
Health	N/A	3,000	N/A		3,000
Medicare Tax	N/A	1,000	N/A		1,000
Total Treatment	0.80 FTEs	\$ 45,140	0.80 FTEs	\$	46,861
Total Sewer Personnel	4.20 FTEs	\$ 360,528	4.20 FTEs	\$	380,980

NET INCOME				
	FY13	FY14	Rev. FY15	FY16
	Actual	Actual	Budget	Budget
Statement of Net Income:				
Operating Revenues	\$ 2,284,277	\$ 2,385,383	\$ 2,574,000	\$ 2,698,000
Less Operating Expenses	(3,099,637)	(3,266,368)	(3,151,025)	(3,257,556)
Operating Income	\$ (815,360)	\$ (880,985)	\$ (577,025)	\$ (559,556)
Non-operating Revenues (Expenses)				
Add Investment Income	\$ 8,584	\$ 14,316	\$ 36,815	\$ 65,484
Add CoMag Incentive Payments	1,006,882	2,943,125	-	-
Add Sewer Improvement Revenues	118,936	504,999	612,500	201,000
Less Int. Exp and Admin. Fees	(186,087)	(174,172)	(171,399)	(171,621)
Non-operating Income	\$ 948,315	\$ 3,288,268	\$ 477,916	\$ 94,863
Net Income	\$ 132,957	\$ 2,407,283	\$ (99,109)	\$ (464,693)

Note: FY14 Net Income of \$2,407,283 plus Sewer Betterment income of \$158,012 minus expenses of \$34,377 + \$2,578 in Betterment interest and issuance expense plus the transfer in of \$79,512 for the General Fund portion of the WPAT loan equals the change in net assets of \$2,607,852 seen in the FY14 Audited Financial Statements.

AVAILABLE RESOURCES				
Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY13	FY14	Rev. FY15	FY16
Capital Purposes	Actual	Actual	Budget	Budget
Add Depreciation Expense	\$ 1,641,908	\$ 1,483,997	\$ 1,475,682	\$ 1,556,563
Add Net Income	132,957	2,407,283	(99,109)	(464,693)
Add Bond Proceeds	-	-	600,000	-
Less Bonds Payable	(593,420)	(601,599)	(613,557)	(653,932)
Net Available for Capital	\$ 1,181,445	\$ 3,289,681	\$ 1,363,016	\$ 437,938

Note: Net Available for Capital does not include funds available in the Sewer Improvement Fund

CASH POSITION AND FUND BALANCE FORECAST				
Cash at Year Opening	FY15		FY16	
Cash on July 1st	\$ 7,375,157		\$ 7,350,953	
Add Receivables	374,988		374,988	
Less Cash held for Liabilities	(355,627)		(355,627)	
Fund Balance on July 1st	\$ 7,394,518		\$ 7,370,314	
Fund Balance Details (projected)	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ (119,337)	\$ 7,513,855	\$ (832,003)	\$ 8,202,317
Net Income	(99,109)	-	(464,693)	-
Bonds Payable	(613,557)	-	(653,932)	-
Borrowing Proceeds	-	600,000	-	-
Capital Borrowing	-	(600,000)	-	-
Capital Outlay (non-borrowing)	-	(787,220)	-	(2,042,080)
Add Depreciation Expense	-	1,475,682	-	1,556,563
Balance Projected at June 30th	(832,003)	8,202,317	(1,950,628)	7,716,800
Fund Balance on June 30th	\$ 7,370,314		\$ 5,766,172	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 7,370,314		\$ 5,766,172	
Less Receivables	(374,988)		(374,988)	
Add Cash Held for Liabilities	355,627		355,627	
Projected Cash at June 30th	\$ 7,350,953		\$ 5,746,811	
Sewer Improvement Fund Cash	\$ 2,977,265		\$ 2,925,265	
Unrestricted Cash	\$ 4,373,688		\$ 2,821,546	

SEWER IMPROVEMENT FUND								
	FY13		FY14		Rev. FY15		FY16	
	Actual		Actual		Budget		Budget	
Cash on July 1st	\$	1,986,531	\$	2,073,319	\$	2,525,765	\$	2,977,265
Revenues		118,936		504,999		612,500		201,000
Expenditures		(32,148)		(52,553)		(161,000)		(253,000)
Adjustment		-		-		-		-
Cash on June 30th	\$	2,073,319	\$	2,525,765	\$	2,977,265	\$	2,925,265
Net Activity	\$	86,788	\$	452,446	\$	451,500	\$	(52,000)

Note: The Sewer Improvement Fund is included in the cash and fund analysis found on the preceding page (the Sewer Betterment Account, shown below, is not).

SEWER BETTERMENT CASH FLOW ANALYSIS								
	FY13		FY14		Rev. FY15		FY16	
	Actual		Actual		Budget		Budget	
Activity								
Cash at July 1st	\$	718,136	\$	733,061	\$	747,596	\$	761,125
Cash Received		173,117		172,547		171,358		158,597
Debt Service and Admin. Cost		(158,192)		(158,012)		(157,829)		(157,641)
Cash at June 30th	\$	733,061	\$	747,596	\$	761,125	\$	762,081
Net Activity	\$	14,925	\$	14,535	\$	13,529	\$	956
Net Assets (as of June 30th)								
Cash	\$	733,061	\$	747,596	\$	761,125	\$	762,081
Betterment Receivables		1,020,009		886,206		748,014		620,113
Net Assets	\$	1,753,069	\$	1,633,802	\$	1,509,139	\$	1,382,194
Less Remaining Debt Service		(2,038,732)		(1,880,720)		(1,726,892)		(1,565,250)
Surplus / Deficit	\$	(285,663)	\$	(246,918)	\$	(217,753)	\$	(183,056)

Note: The negative number shown as Surplus / Deficit will be offset by future collections from interest earned on the account's cash holdings, as well as by interest charged to property owners with outstanding balances (both of which accounting practices do not allow to be shown as an asset).

The **Sewer Improvement Fund** was established under a policy formulated by the Public Works Commission and authorized by Article 25 at Town Meeting in 1989 whereby new connections and uses outside the scope of the 1984 Sewer Facilities Plan pay a fee which is used to create new capacity in the sewer system for the additional flows, either through expansion of the existing sewer infrastructure or reduction in infiltration and inflow.

The **Sewer Betterment Fund** segregates costs and receipts related to expansion of the sewer system. When sewer service is extended into new neighborhoods by vote of Town Meeting, a portion of the cost for the sewer mains in the street and the pumping stations in the neighborhood is assessed as a betterment to the properties on those streets that directly benefit by having sewer available; the remainder of the cost is paid by the Sewer Fund and the Town property tax. The amount of the betterment is set by the Public Works Commission after the sewer extension project is finished and all costs have been paid. Betterments must be paid by property owners when sewer service becomes available whether they immediately tie into the sewer or not. Payments may be made at once or spread over a number of years.

Sewer Fund

Revenues and Expenditures

Sewer Fund: Plan and Projection	ACTUAL		Actual	10 Years											
	FY 2013	FY 2014		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY16-25
Operating Revenue															
User Fees	2,176,131	2,261,081	2,438,000	2,563,000	2,668,000	2,792,000	2,964,000	3,098,000	3,239,000	3,385,000	3,536,000	3,694,000	3,858,000	31,797,000	
Other	108,146	124,302	136,000	135,000	137,000	140,000	142,000	144,000	147,000	150,000	152,000	155,000	158,000	1,460,000	
Subtotal	2,284,277	2,385,383	2,574,000	2,698,000	2,805,000	2,932,000	3,106,000	3,242,000	3,386,000	3,535,000	3,688,000	3,849,000	4,016,000	33,257,000	
Operating Expense															
O & M	1,457,727	1,782,373	1,675,342	1,700,992	1,752,242	1,805,044	1,859,448	1,915,501	1,973,254	2,032,760	2,094,073	2,157,249	2,222,344	19,512,906	
Depreciation	1,641,908	1,483,997	1,475,682	1,556,563	1,650,889	1,705,993	1,839,049	1,356,902	1,420,580	1,395,082	1,420,580	1,294,284	1,270,575	14,910,496	
Subtotal	3,099,635	3,266,370	3,151,025	3,257,555	3,403,131	3,511,037	3,698,497	3,272,402	3,393,834	3,427,842	3,514,653	3,451,533	3,492,919	34,423,402	
Operating Income	-815,358	-880,987	-577,025	-559,555	-598,131	-579,037	-592,497	-30,402	-7,834	107,158	173,347	397,467	523,081	-1,166,402	
ADD: Interest Income	8,584	14,316	36,815	65,484	107,154	159,877	169,071	129,667	119,536	140,252	163,896	190,658	102,422	1,348,018	
Co-Mag Incentive Payments	1,006,882	2,943,125													
Sewer Improvement Fees	118,936	504,999	612,500	201,000	802,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	2,611,000	
LESS: Interest Expense															
Existing Debt	186,087	162,472	165,399	150,621	134,242	122,634	110,792	98,710	86,384	73,808	60,979	48,502	34,979	921,651	
New Debt	0	0	0	21,000	19,950	18,900	17,850	21,800	20,250	18,700	17,150	15,600	14,050	185,250	
Bond Anticipation Notes (BANs)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,750	
Issuance expense	0	11,700	6,000	0	0	0	100	1,000	0	0	0	0	0	1,100	
Net Income	132,957	2,407,281	-99,109	-464,691	156,831	-359,695	-351,168	177,004	206,069	355,902	460,114	725,023	777,475	1,682,865	
Available Resources from:															
Net income	132,957	2,407,281	-99,109	-464,691	156,831	-359,695	-351,168	177,004	206,069	355,902	460,114	725,023	777,475	1,682,865	
Depreciation expense	1,641,908	1,483,997	1,475,682	1,556,563	1,650,889	1,705,993	1,839,049	1,356,902	1,420,580	1,395,082	1,420,580	1,294,284	1,270,575	14,910,496	
subtotal	1,774,865	3,891,278	1,376,574	1,091,871	1,807,721	1,346,298	1,487,882	1,533,906	1,626,648	1,750,984	1,880,694	2,019,308	2,048,049	16,993,361	
Funds Provided by Improvement Fees	32,148	32,833	161,000	253,000	107,000	594,000	1,215,000	1,219,000	123,000	127,000	131,000	135,000	140,000	100,000	
Bond proceeds	0	0	600,000	0	0	0	0	100,000	0	0	0	0	0	100,000	
Loan proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LESS: Principal repayments															
Existing Debt	593,420	601,599	613,557	623,932	534,516	545,314	556,331	567,570	579,036	590,734	602,668	614,843	627,265	5,842,209	
New Debt	0	0	0	30,000	30,000	30,000	30,000	40,000	40,000	40,000	40,000	40,000	40,000	360,000	
BAN Repayment	0	0	0	0	0	0	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Net Available for Capital Purposes	1,213,593	3,322,512	1,524,017	690,939	1,350,205	1,364,984	2,216,551	2,145,336	1,130,612	1,247,250	1,369,026	1,499,465	1,520,784	10,491,152	
Capital Plan	177,612	128,582	1,387,220	2,042,080	486,360	974,150	2,296,950	2,227,670	344,210	358,760	372,330	386,910	402,510	9,891,930	
Cash Position															
Beginning balance	3,192,145	3,945,812	7,375,157	7,350,954	5,746,814	6,503,658	6,300,493	5,005,093	3,703,759	4,367,162	5,128,651	5,994,347	6,971,902		
ADD: Net available	1,213,593	3,322,512	1,524,017	690,939	1,350,205	1,364,984	2,216,551	2,145,336	1,130,612	1,247,250	1,369,026	1,499,465	1,520,784		
LESS: Planned Capital	177,612	128,582	1,387,220	2,042,080	486,360	974,150	2,296,950	2,227,670	344,210	358,760	372,330	386,910	402,510		
Sewer Improvement Fee Support	32,148	32,833	161,000	253,000	107,000	594,000	1,215,000	1,219,000	123,000	127,000	131,000	135,000	140,000		
Changes in assets & liabilities	250,166	-268,249													
Ending balance	3,945,812	7,375,157	7,350,954	5,746,814	6,503,658	6,300,493	5,005,093	3,703,759	4,367,162	5,128,651	5,994,347	6,971,902	7,950,176		
(does not include Betterment balance)															
Sewer Improvement Fund Balance	2,073,319	2,525,765	2,977,265	2,925,265	3,620,265	3,227,265	2,213,265	1,195,265	1,273,265	1,347,265	1,417,265	1,483,265	1,544,265		
(included in Ending Balance)															
Ending balance w/o Sewer Improvement	1,872,493	4,849,392	4,373,689	2,821,548	2,883,393	3,073,227	2,791,828	2,508,494	3,093,896	3,781,386	4,577,082	5,488,636	6,405,911		

DEBT SERVICE

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
Long Term Debt Repayment:				
Principal	\$ 593,420	\$ 601,599	\$ 613,557	\$ 653,932
Interest	181,698	162,472	154,461	161,461
Issuance Expense	-	-	6,000	-
Administration Fee (WPAT)	12,448	11,700	10,938	10,160
Totals	\$ 787,566	\$ 775,771	\$ 784,956	\$ 825,553

Note: The Debt Schedule above and on the facing page does not account for Accrual periods across fiscal years, and so differs from the Town's Audited Financial Statements.

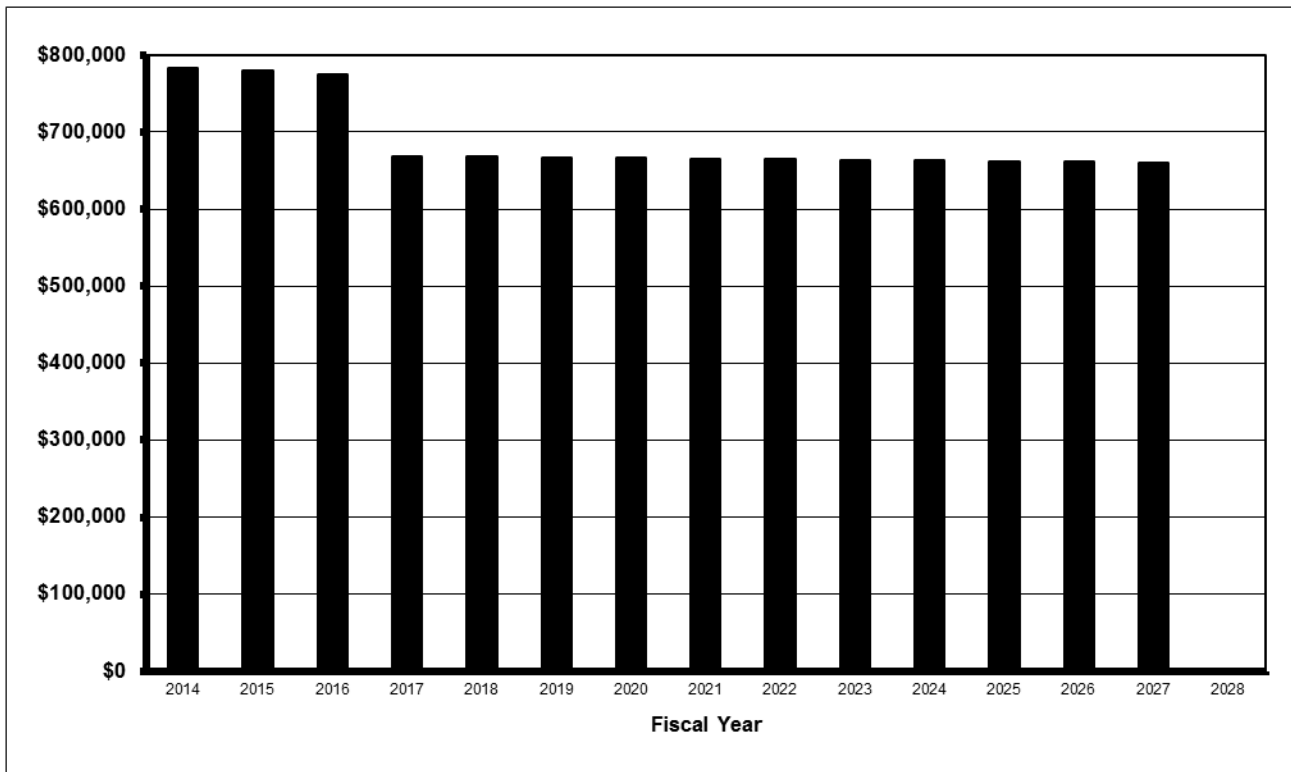
PAYMENTS TO THE GENERAL FUND

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Budget
Management & Engineering:				
Public Works Administration	\$ 33,032	\$ 34,084	\$ 34,724	\$ 34,542
Public Works Engineering	17,436	21,461	22,027	21,866
Highway Maintenance	4,324	4,496	4,654	4,691
133/135 Keyes Road	11,900	11,635	11,801	12,006
Subtotals	\$ 66,692	\$ 71,676	\$ 73,206	\$ 73,105
Financial & Administrative:				
Town Manager	\$ 28,809	\$ 29,304	\$ 30,464	\$ 28,522
Human Resources	5,152	5,286	5,337	5,532
Finance Administration	16,876	17,732	18,241	18,392
Treasurer-Collector	12,327	12,634	12,849	13,019
Town Accountant:				
General Services	11,819	12,285	12,197	11,883
Audit Services	6,000	6,000	6,000	6,840
Town House Facilities	3,447	3,364	3,368	3,316
Subtotals	\$ 84,430	\$ 86,605	\$ 88,456	\$ 87,504
Natural Resource:				
Planning	\$ 6,125	\$ 6,531	\$ 7,085	\$ 7,181
Natural Resources	5,868	6,035	6,270	6,315
Health	28,455	30,175	31,550	31,644
Subtotals	\$ 40,448	\$ 42,741	\$ 44,905	\$ 45,140
Salary Reserve	\$ -	\$ -	\$ -	\$ 5,571
Totals	\$ 191,570	\$ 201,022	\$ 206,567	\$ 211,320

SEWER DEBT SERVICE

Exclusive of betterment financing

Fiscal Year	Principal	Interest	Admin. Fees	Total
2013	593,420	194,146	12,448	\$800,014
2014	603,388	179,930	11,700	\$795,018
2015	613,557	165,399	10,938	\$789,894
2016	623,932	150,621	10,160	\$784,713
2017	534,516	134,242	9,366	\$678,124
2018	545,314	122,634	8,556	\$676,504
2019	556,331	110,792	7,730	\$674,853
2020	567,570	98,710	6,887	\$673,167
2021	579,036	86,384	6,027	\$671,447
2022	590,734	73,808	5,149	\$669,691
2023	602,668	60,979	4,254	\$667,901
2024	614,843	48,502	3,341	\$666,686
2025	627,265	34,979	2,410	\$664,654
2026	639,936	21,182	1,459	\$662,577
2027	652,865	7,108	490	\$660,463
2028	0	0	0	\$0
Totals	\$8,945,375	\$1,489,416	\$100,915	\$10,535,706



FY16 Capital Plan:**COLLECTION SYSTEM****Station Structures: \$12,000**

Annual capital outlay for improvements and replacement of structures including six neighborhood lift stations and two main pump stations.

Station Equipment: \$1,525,000

Annual capital outlay for improvements and replacement of equipment housed within six neighborhood lift stations and two main pump stations. Equipment is required to control, monitor, pump, store, and treat wastewater enroute to WWTP including motors, pumps, motor control panels, and air compressors. Complete upgrades are planned for Lowell Road and Assabet Avenue pump stations (deferred from FY15 budget) including replacement of major mechanical, electrical, and instrumentation systems as well as upgrades for odor control and solids handling.

Mains (Sewer Collectors): \$16,000

Annual capital outlay for improvements to and extension of distribution system. Program is intended to insure that aging and deteriorating main is repaired or replaced in a manner that will maximize service. The Water & Sewer Division will continue to coordinate system improvements with other Town departments to insure division activities are performed in concert with other public works initiatives (such as Roads Program and CMLP initiatives). Planned work includes routine casting replacements and adjustments.

Inflow/Infiltration: \$103,000

The wastewater treatment plant currently receives about one million gallons of sewer flow per day. In accordance with our WWTP NPDES permit, annual inflow and infiltration (I/I) activities are required to reduce groundwater and storm water which enters the collection system through deteriorating pipes, leaking manholes or illicit storm water connections. Planned work includes targeted TV inspections, metering and spot repair of sewer mains.

Meter Replacement Program: \$24,000

Sewer fund portion of costs associated with system-wide meter maintenance and replacement efforts. Efforts will include advancement of smart water meter technology to allow for increased customer awareness of individual water consumption patterns and water saving opportunities.

WASTE WATER TREATMENT PLANT**Structures: \$125,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include the rehabilitation of the mechanical system associated with primary clarithickner #1, cleaning of a 20,000 gallon septage holding tank, and replacement of a roof located on the former chlorine contact building located adjacent to discharge weir.

Equipment: \$25,000

Annual cost to replace equipment presently used beyond recommended service life, including motors, pumps, motor control panels, chemical feed systems, and process instrumentation. Planned work includes electrical/process control upgrades to the plant water system and refurbishment of the primary sludge pump.

GENERAL PLANT**Keyes Road Facility: \$26,000**

Capital outlay for improvements to Water/Sewer administrative office and garage facilities.

Vehicles: \$20,400

The Water/Sewer fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer, and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful-life measures. Planned replacements include two ¾ ton service vehicles and a portable vacuum/trailer unit.

Wastewater Capacity: \$150,000

Includes ongoing wastewater capacity assessment activities including long-term NPDES surface water compliance efforts, treatment and disposal alternative analysis, and the development of an integrated water resource management plan (pending EPA support and interest).

CAPITAL SPENDING PLAN									
	Actual FY13	Actual FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total FY16-20
<u>Collection System</u>									
<u>Pumping Plant</u>									
Station Structures	0	0	11,000	12,000	13,000	14,000	15,000	16,000	70,000
Station Equipment	65,257	43,968	100,000	1,525,000	26,000	27,000	28,000	29,000	1,635,000
Subtotal	65,257	43,968	111,000	1,537,000	39,000	41,000	43,000	45,000	1,705,000
<u>Collection Plant</u>									
Sewer Mains/Laterals	0	0	15,000	16,000	17,000	18,000	19,000	20,000	90,000
Inflow/Infiltration (Note 1)	0	32,833	100,000	103,000	107,000	111,000	115,000	119,000	555,000
Meter Replacements	11,741	0	41,000	24,000	25,000	23,000	25,000	28,000	125,000
Subtotal	11,741	32,833	156,000	143,000	149,000	152,000	159,000	167,000	770,000
<u>Wastewater Treatment Plant</u>									
Structures	22,960	19,675	284,000	125,000	200,000	200,000	30,000	31,000	586,000
Plant Equipment	14,994	0	115,000	25,000	26,000	27,000	28,000	29,000	135,000
Capacity/Treatment Optimization	0	0	0	0	0	0	800,000	800,000	1,600,000
Depreciable Personal Services	13,743	14,772	15,220	15,680	16,160	16,650	17,150	17,670	83,310
Subtotal	51,697	34,447	414,220	165,680	242,160	243,650	875,150	877,670	2,404,310
<u>General Plant</u>									
Keyes Road CPW Facility	5,405	0	25,000	26,000	27,000	28,000	100,000	28,000	209,000
Vehicle Replacements	11,364	17,334	20,000	20,400	29,200	26,500	19,800	10,000	105,900
Subtotal	16,769	17,334	45,000	46,400	56,200	54,500	119,800	38,000	314,900
<u>Wastewater Management Project</u>									
Wastewater Planning (Note 1)	32,148	0	61,000	150,000	0	483,000	1,100,000	1,100,000	2,833,000
W.R. Grace land acquisition (funded through borrowing)			600,000						0
Subtotal	32,148	0	661,000	150,000	0	483,000	1,100,000	1,100,000	2,833,000
Total Capital Uses	177,612	128,582	1,387,220	2,042,080	486,360	974,150	2,296,950	2,227,670	8,027,210
Funding the Capital Plan									
Total - User Fees	145,464	95,749	626,220	1,789,080	379,360	380,150	981,950	1,008,670	4,539,210
Total - Sewer Improvement Fees	32,148	32,833	161,000	253,000	107,000	594,000	1,215,000	1,219,000	3,388,000
Total - Borrowing			600,000				100,000		100,000
Total Capital Sources	177,612	128,582	1,387,220	2,042,080	486,360	974,150	2,296,950	2,227,670	8,027,210

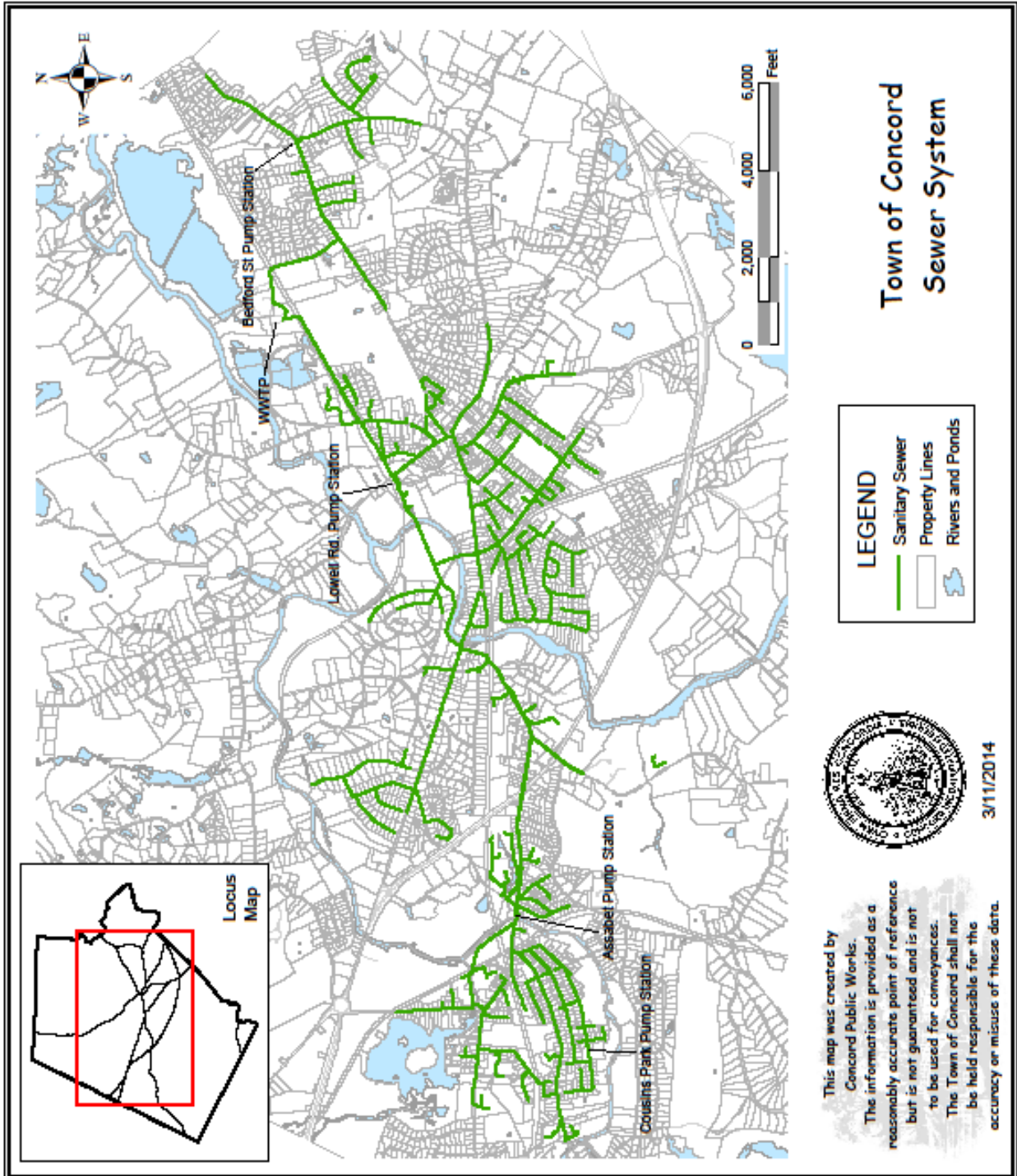
Note 1: Charged to Sewer Improvement Fund

SEWER RATES

(Per Cubic Foot)

Class of Customer	Current FY15	Effective 6/1/15	%Chg.
S-15	(1 cubic foot = 7.48 gallons)		
1 Residential Service Rate billed year around but uses wintertime average consumption for non-wintertime months.	\$ 0.1055	\$ 0.1086	3%
2 Non-Residential Service Rate billed year around using actual readings for each billing period.	\$ 0.1055	\$ 0.1086	3%
3 Chiller/Cooling System Discharge Sewer Service For large non-residential sewer customers with dedicated cooling-system water supply	\$ 0.0211	\$ 0.0217	3%

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1 Average Residential Customer (1,000 cu ft bimonthly wintertime use)	\$ 633	\$ 652	\$ 18.60	\$ 1.55	3%
2 Typical Non-Residential Customer (1,800 cu ft bimonthly)	\$ 1,139	\$ 1,173	\$ 33.48	\$ 2.79	3%



Section VI
Solid Waste Fund

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Mission Statement

The mission of the Solid Waste Division is to provide an efficient, environmentally sound and cost-effective solid waste collection & disposal and recycling program for subscribers to the Town’s curbside program.

Solid Waste Fund Contents

Overview	p. 1
Collection and Disposal	p. 2
Performance Measures	pp. 3-4
Revenues and Expenses	pp. 5-9
Seasonal Events	p. 10

Solid Waste Fund Highlights

- Revenues are budgeted to grow to \$1,257,998 in FY16 from \$1,211,342 in FY15 (a 3.9% increase).
- Expenses are budgeted at \$1,254,795, a 2% increase from the FY15 budget of \$1,228,305.
- The curbside subscription fee for FY16 is proposed to increase by \$10 to \$230.00 per year. There will be no price increase for barrel stickers or weekly disposal tags.

Expenditure Summary				
	FY13 Actual	FY14 Actual	FY15 Budgeted	FY16 Proposed
Operating Income	\$ (4,868)	\$ 31,488	\$ (16,963)	\$ 3,203
Net Income	\$ (4,868)	\$ 31,488	\$ (16,963)	\$ 3,203
Undesignated Fund Balance	\$ 152,701	\$ 184,189	\$ 167,226	\$ 170,429



Description:

Concord’s curbside collection program is open to all residents and small commercial facilities. Under the program, curbside collection, disposal and recycling services are provided to residents, municipal sites, and schools under contract by Waste Management of Massachusetts, Inc.

The curbside collection program is a fee-based program that is not supported by tax dollars. Program subscribers pay a base fee, plus a charge per bag or barrel of trash.

The Solid Waste Division partners with REUSIT (Rescue the Environment and Us from being Smothered In Trash) twice-a-year for DropOff-SwapOff events for recyclable materials and oversized waste not collected at the curb.

The Solid Waste Division also co-sponsors two business recycling events per year, and collects fluorescent light bulbs and mercury products from residents on a daily basis. The division oversees the paint shed at the Compost Site—open Saturdays April through October—for the collection of paint and paint products for re-use and proper disposal.

Collection and Disposal Contract:

The Town negotiated a favorable three-year contract extension with Waste Management in 2012 after an extensive analysis of the municipal market and hauler comparison. The contract extension is effective through 6/30/16, and it allows the Town to evaluate alternative collection and disposal methods during the term of the contract. In the months ahead, Concord Public Works will begin preliminary research and evaluation of procurement options for a new solid waste & recycling contract that will best fit the needs of the curbside program beyond 7/1/16.

Collection Rate Highlights

With the FY16 proposed Curbside Collection Rates, the average cost per household (based on 1 barrel per week) is:

\$308.00 per year

•The FY16 cost represents a 3.4% increase over the FY15 amount of \$298.00.

FY13 – FY16 Contract Charges and Collection Rates

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	
Trash and Recycling	\$189.00	\$195.00	\$198.84	\$202.80	per subscriber per year
Recycling Only	\$111.00	\$114.00	\$116.28	\$118.60	per subscriber per year
Dumpster Pickup	\$39.00	\$41.00	\$42.00	\$43.00	per pickup
Recycling Toter	no charge	no charge	no charge	no charge	
Public Barrels	\$2.20	\$2.25	\$2.30	\$2.35	per barrel per pickup
Trash Tonnage	\$78.00	\$76.00	\$77.50	\$79.00	per ton
Commingled Containers	\$25.00	\$27.00	\$28.00	\$29.00	per ton
Paper Processing Fee	\$25.00	\$25.00	\$60.00	\$60.00	per ton

The Waste Management contract contains an index based revenue-sharing provision whereby the Town receives revenue (and does not pay a processing fee) for paper during strong market conditions. The index was based on the Yellow Sheet News #6 – High Price for New England Paper through 12/31/13. The Yellow Sheet News #6 has been discontinued as a paper classification. Effective, 1/1/14, the index for the revenue-share provision changed to the Official Board Market’s high price for ONP#8 newsprint, and the processing fee changed accordingly.

Curbside Collection Rates

(for the periods beginning in May)

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	
Trash and Recycling Subscription	\$200.00	\$210.00	\$220.00	\$230.00	per year
Recycling Only Subscription	\$112.00	\$114.00	\$118.00	\$120.00	per year
Weekly Disposal Tag	\$1.50	\$1.50	\$1.50	\$1.50	per barrel per week
Barrel Sticker	\$78.00	\$78.00	\$78.00	\$78.00	per year
Cost per Household (Based on 1 barrel per week)	\$278.00	\$288.00	\$298.00	\$308.00	

Key Performance Measures

- Concord's Recycling Rate & Tonnage.
- Recycling Rates from other Towns
- Citizen Survey



Recycling Rate & Tonnage

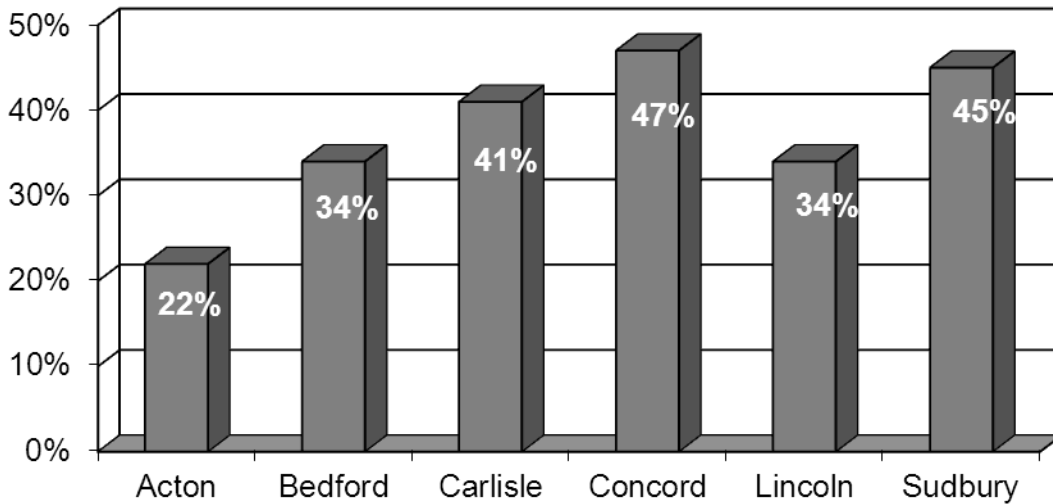
Concord continues to be one of the top curbside recycling communities in Massachusetts. As of December 31, 2014, curbside subscribers recycled an average of 42% of the total materials collected. In FY14, subscribers to the municipal curbside collection program disposed of 2,544 tons of trash, and recycled 1,181 tons of paper and 579 tons of comingled containers. Historical tonnages and recycling rates are outlined below.

	No. of subscribers	Change	Trash	Recycling	Total	Percent Recycled
	as of 6/30	# subscribers	tons	tons	tons	%
FY96	2,309	192	1,984	1,312	3,296	40%
FY97	2,132	-177	2,226	1,189	3,415	35%
FY98	2,557	425	2,351	1,264	3,615	35%
FY99	2,724	167	2,173	1,598	3,771	42%
FY00	2,828	104	2,254	1,809	4,063	45%
FY01	2,907	79	2,269	1,830	4,099	45%
FY02	3,009	102	2,267	1,902	4,169	46%
FY03	3,077	68	2,376	1,954	4,330	45%
FY04	3,140	63	2,380	1,975	4,355	45%
FY05	3,218	78	2,571	1,998	4,569	44%
FY06	3,224	6	2,551	1,981	4,532	44%
FY07	3,270	46	2,559	1,982	4,541	44%
FY08	3,305	35	2,467	2,025	4,492	45%
FY09	3,323	18	2,387	1,864	4,251	44%
FY10	3,407	84	2,426	1,810	4,236	43%
FY11	3,468	61	2,483	1,780	4,263	42%
FY12	3,488	20	2,484	1,794	4,278	42%
FY13	3,514	26	2,513	1,734	4,247	41%
FY14	3,517	3	2,544	1,760	4,304	41%

Benchmarking Recycling Rates

As shown on the graph below, the amount of materials that Concord recycles is greater than that of the surrounding towns. To a large extent, this achievement is a result of the pay-as-you-throw pricing structure that the Town has implemented. With the pay-as-you-throw system, there is an added cost for each additional barrel of trash that is put out for collection.

Residential Recycling Rates
(Latest DEP figures)

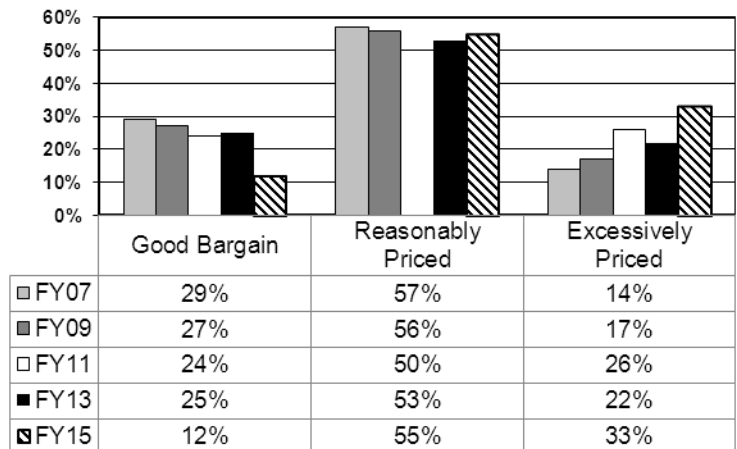


NOTE: The DEP has moved away from tracking municipal recycling rates as a method to measure diversion from the waste stream. The DEP now tracks tonnage per household instead.

Town Residential Survey

During the fall of 2006, 2008, 2010, 2012 and 2014, the Town conducted a survey of Town residents and asked the following question: Do you consider the price of the Town's trash and recycling pickup is a Good Bargain, Reasonably Priced, or Excessively Priced? For the 2014 (FY15) Residential Survey, 12% responded "Good Bargain", 55% responded as "Reasonably Priced", and 33% "Excessively Priced".

Opinion of Collection Rates



Program Implementation

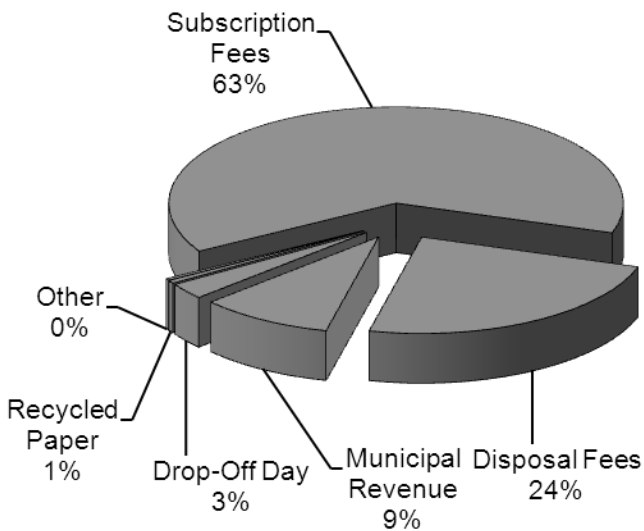
Eighty-seven percent of the Solid Waste Division’s revenues in FY16 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,095,000 of the total). Subscription fees and disposal fees (barrel stickers and weekly tags) are calculated each year to allow the Division to meet its yearly expenditures while remaining competitive — typically well below the rate private haulers charge. Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$119,127 (approximately 9.5% of the total). Revenue from DropOff Day, brush fees, and sales of recycling bins & compost bins is projected at \$43,871 (approximately 3.5% of the total).

The two largest expense categories are Collection and Disposal, both provided by the Contractor.

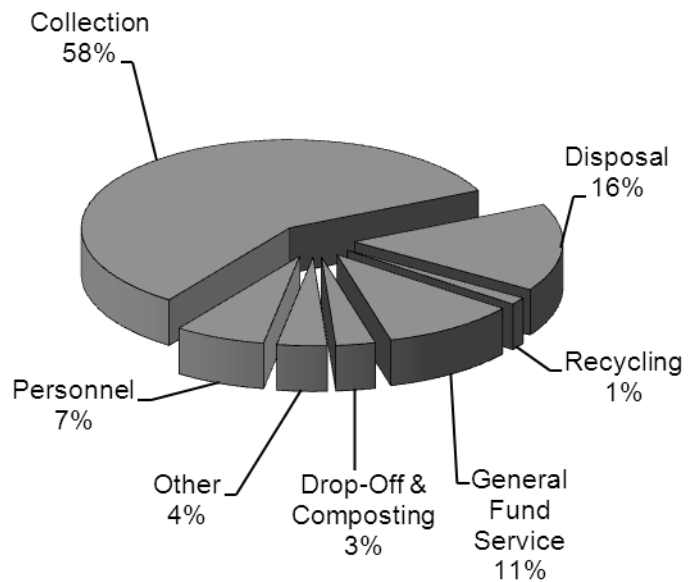
FY16 collection costs, based on Waste Management’s FY16 contract pricing, are budgeted at \$730,483. This represents a 5% increase over the FY15 budget of \$696,123

Disposal costs are projected to increase in FY16. Disposal costs, based on Waste Management’s FY16 contract pricing, are budgeted at \$201,422. This represents a 2.1% increase from the FY15 budget of \$197,263.

Operating Revenues
Totaling \$1,257,998



Operating Expenses
Totaling \$1,254,795



Operating Revenues

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Estimate
Subscription Fees (Collection)	\$ 707,164	\$ 748,026	\$ 761,006	\$ 796,890
Disposal Fees (Tags and Stickers)	281,455	\$ 290,273	289,275	298,110
Town Facilities and Public Barrels	45,418	\$ 48,673	49,170	49,857
Schools	65,374	\$ 66,933	68,480	69,270
Compost Bins	2,186	\$ 2,358	2,600	2,860
Recycling Bins	484	\$ 820	880	1,080
Drop-Off Day	30,823	\$ 36,577	33,931	33,931
Brush Fees	4,186	\$ 2,895	6,000	6,000
Sale of Recycled Paper	4,981	\$ 5,904	-	-
Operating Revenues Total	\$ 1,142,071	\$ 1,202,459	\$ 1,211,342	\$ 1,257,998

Operating Expenses

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Estimate
<u>Curbside Program</u>				
Personnel Services	\$ 78,048	\$ 81,486	\$ 84,792	\$ 88,331
Curbside Collection Contract	668,812	675,344	696,123	730,483
Contracted Disposal Services	193,695	190,181	197,263	201,422
Recycling Processing Fees	15,621	17,891	16,716	16,791
Fuel Adjustment Expense	-	-	6,840	6,840
Customer Rebate	-	-	-	-
Purchased Services	23,257	31,161	29,413	30,317
Supplies and Materials	10,020	9,227	10,056	9,528
Other Charges and Expenses	762	1,005	1,850	1,900
Capital Outlay	-	-	20,000	-
General Fund Services	120,152	123,995	126,732	130,854
Subtotal	\$ 1,110,367	\$ 1,130,290	\$ 1,189,786	\$ 1,216,466
<u>Drop-Off Program</u>				
Personnel Services	4,696	6,941	5,413	5,223
Oversized waste collection	-	-	4,080	4,080
Oversized waste disposal	9,024	9,347	5,394	5,394
Recyclable Materials processing	15,197	16,856	15,972	15,972
Purchased Services & Supplies	2,653	2,536	2,660	2,660
Subtotal	\$ 31,571	\$ 35,681	\$ 33,519	\$ 33,329
<u>Composting Site Program</u>				
General Fund Services	5,000	5,000	5,000	5,000
Subtotal	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Expenses	\$ 1,146,938	\$ 1,170,971	\$ 1,228,305	\$ 1,254,795

Personnel Services Detail

	FY15 Revised Budget		FY16 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Curbside Collection Program				
5111 - Recycling and Disposal Program Administrator	1.00	\$ 83,592	1.00	\$ 86,931
5178 - Medicare Tax	N/A	1,200	N/A	1,400
Subtotal	1.00 FTEs	\$ 84,792	1.00 FTEs	\$ 88,331
Drop-Off Day Program				
5130 - Drop-Off Day Overtime	100.0 hrs.	\$ 2,861	56.0 hrs.	\$ 2,627
5131 - Police Overtime	40.0 hrs.	2,552	44.0 hrs.	2,596
Subtotal	0.00 FTEs	\$ 5,413	0.00 FTEs	\$ 5,223
Total Personnel Services	1.00 FTEs	\$ 90,205	1.00 FTEs	\$ 93,554

Detail of General Fund Services by Program

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Estimate
Curbside & Drop-Off Programs				
Town Manager	\$ 4,803	\$ 4,885	\$ 5,078	\$ 4,754
Human Resources	1,206	1,239	1,252	1,298
Accounting	4,069	4,296	4,296	4,491
Treasury and Finance Administration	36,749	37,993	38,823	39,349
Town House	1,150	1,123	1,124	1,107
CPW Administration	65,639	67,902	69,653	69,678
Engineering	-	-	-	-
135 Keyes Road	6,536	6,557	6,506	6,615
Salary Reserve	-	-	-	3,562
Subtotal	\$ 120,152	\$ 123,995	\$ 126,732	\$ 130,854
Composting Site Program				
Highway Maintenance	5,000	5,000	5,000	5,000
	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Combined	\$ 125,152	\$ 128,995	\$ 131,732	\$ 135,854

Net Income and Fund Balance

	FY13		FY14		Rev. FY15		FY16	
	Actual		Actual		Budget		Estimate	
Operating Income:								
Operating Revenues	\$	1,142,071	\$	1,202,459	\$	1,211,342	\$	1,257,998
Less Operating Expenses		(1,146,938)		(1,170,971)		(1,228,305)		(1,254,795)
Operating Income	\$	(4,868)	\$	31,488	\$	(16,963)	\$	3,203
Non-Operating Income:								
Non-Operating Revenues	\$	-	\$	-	\$	-	\$	-
Non-Operating Expenses		-		-		-		-
Non-Operating Income	\$	-	\$	-	\$	-	\$	-
Net Income	\$	(4,868)	\$	31,488	\$	(16,963)	\$	3,203
Fund Balance:								
Beginning Fund Balance	\$	157,569	\$	152,701	\$	184,189	\$	167,226
Net Income		(4,868)		31,488		(16,963)		3,203
Ending Fund Balance	\$	152,701	\$	184,189	\$	167,226	\$	170,429

Fund Balance by Program

	FY13 Actual	FY14 Actual	Rev. FY15 Budget	FY16 Estimate
Curbside & Drop-Off Program				
Revenues	\$ 1,137,885	\$ 1,199,564	\$ 1,205,342	\$ 1,251,998
Expenses	(1,141,938)	(1,165,971)	(1,203,305)	(1,249,795)
Other Adjustments (Capital)	-	-	(20,000)	
Net Income	\$ (4,053)	\$ 33,592	\$ (17,963)	\$ 2,203
Beginning Fund Balance	\$ 153,741	\$ 149,687	\$ 183,279	\$ 165,316
Net Income	(4,054)	33,592	(17,963)	2,203
Ending Fund Balance	\$ 149,687	\$ 183,279	\$ 165,316	\$ 167,519
Composting Site Program				
Revenues	\$ 4,186	\$ 2,895	\$ 6,000	\$ 6,000
Expenses	(5,000)	(5,000)	(5,000)	(5,000)
Other Adjustments			-	-
Net Income	\$ (814)	\$ (2,105)	\$ 1,000	\$ 1,000
Beginning Fund Balance	\$ 3,828	\$ 3,014	\$ 909	\$ 1,909
Net Income	(814)	(2,105)	1,000	1,000
Ending Fund Balance	\$ 3,014	\$ 909	\$ 1,909	\$ 2,909

DropOff-SwapOff

Concord Public Works co-sponsors two DropOff–SwapOff events a year with REUSIT (Rescue The Environment and Us From Being Smothered In Trash). These events provide opportunities for Concord residents to recycle, reuse, or dispose of items that no longer have a useful life, including bulky, over-size items that are not collected at the curb.

The DropOff portion of the event is primarily fee-based, whereas the SwapOff is a free take-it-or-leave-it area. The May 10, 2014 DropOff – SwapOff attracted 931 households. The October 18, 2014 DropOff – SwapOff, was attended by 893 households. These events also included highly successful unwanted medication/sharps collections. There will be another unwanted medication/sharps collection at the upcoming DropOff on May 9, 2015.

Business Recycling

CPW partners with CRS (Complete Recycling Solutions) for two business recycling events a year. These events are typically held on the first Friday in April and the last Friday in September or the first Friday in October at the 300 Baker Ave. Ext. parking lot. The business recycling events are an opportunity for Concord businesses to properly dispose of old computers, printers, fax machines, other electronics, and fluorescent light bulbs. In 2014, 2,672 lbs. of electronics and 3,443 linear feet of fluorescent light bulbs were collected from Concord businesses.

Hazardous Waste Disposal

Curbside subscribers are given one free pass per year to the Minuteman Hazardous Products Regional Facility in Lexington, where they can drop off chemicals and other hazardous waste for proper disposal. Concord is one of eight Minuteman communities that help manage hazardous waste collection events at the site. The site is open one weekend day a month from April – November. Fifty-six curbside subscribers visited the site in 2014 along with three non-curbside subscribers who paid the vendor directly. Additionally, Concord Public works hosted a hazardous waste collection for residents on September 24, 2014. This collection was attended by 133 curbside subscribers and 19 non-subscribers.

Paint Shed / Compost Site

The Paint Shed is open on Saturdays, April – October. During the 2014 season, 351 residents dropped off paint and 182 residents picked up paint for re-use. Concord residents are permitted to drop off yard waste and brush at the Compost Site. The Compost Site is open Saturdays from April to early December as well as additional days in January for Christmas tree disposal. Residents can pick up compost and wood chips free of charge.

Section VII

Swim and Fitness Fund

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Mission Statement

The mission of the Beede Swim and Fitness Center is to ensure community access to a quality personal health facility at a reasonable cost, while imposing no financial burden on Concord taxpayers.

Beede Center Budget Contents

Overview	p. 1
Operations and Memberships	pp. 2-3
Programs, Features, and Fees	pp. 4-5
Revenues and Expenditures	PP. 6-9
Financial Statement	pp. 10-11
Capital Spending	pp. 12-14
Fund Balance Charts	p. 15
Proforma	p. 16

Beede Center Highlights

- As of January 2015, a year-round Beede Swim and Fitness membership costs \$915 for an adult individual and \$1,685 for a family (both rates assume Concord residency). **See pages 4 through 5 for more details on membership rates.*
- In FY16, the Beede Center is budgeting for negative operating income results due primarily to a depreciation expense of \$511,127.
- The Beede Center ended FY14 with an undesignated fund balance of \$1.55 million. These funds help the Beede Center to weather years of negative net income operating results, such as may occur in FY15 and FY16.
- A proforma projecting out Beede Center options is available on page VII-16, and covers FY13 to FY20.

Expenditure Summary				
	FY13 Actual	FY14 Actual	FY15 Revised	FY16 Proposed
Operating Income	\$ 18,932	\$ 86,084	\$ (208,836)	\$ (299,962)
Net Income	\$ 217,910	\$ 95,259	\$ 30,164	\$ (266,762)
Fund Balance	\$ 1,370,337	\$ 1,557,876	\$ 1,358,040	\$ 1,091,278

Description:

The Beede Swim and Fitness Center, located on the campus of the Concord-Carlisle Regional High School, hosts an 8-lane lap pool, a therapy pool, a children's pool, a diving well, and pool-side spectator seating.

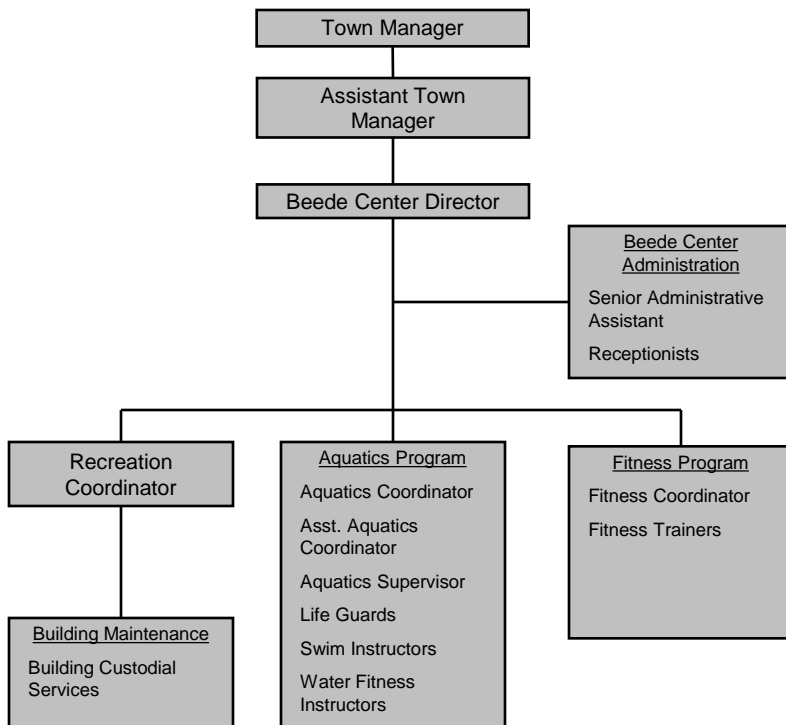
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men's and women's locker/shower rooms, family changing rooms, and staff office space.

The facility is open approximately 100 hours each week throughout the year.

The Beede Center opened on April 18th, 2006. It was constructed for approximately \$11 million, which was made possible by a \$6 million gift from the Alfred Sawyer Trust and a \$1.8 million gift from the Beede family, as well as through many generous contributions from the community.

The Recreation Department operates the Center as an enterprise fund in accordance with Article 30 of the 2005 Annual Town Meeting.

The Beede Center strives to balance the recreational needs of the community with its obligation to be financially self-supporting and stable.





Current Financial Status:

The Beede Center ended FY14 with an operating income of \$86,084 and a net income of \$95,259. This set the Beede Center’s undesigned fund balance at \$1,557,876 at fiscal year end.

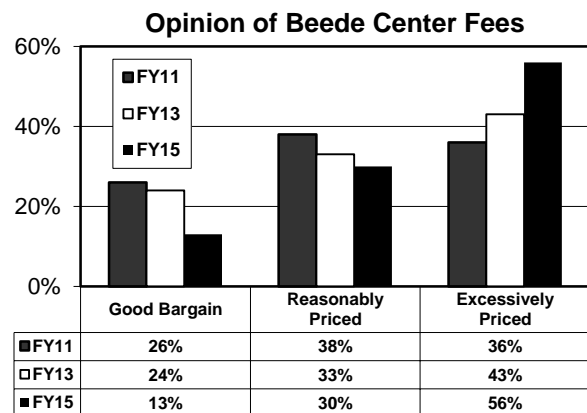
Negative operating income projected for FY16 is a projected (\$308,656) mainly due to an increased depreciation expense. However, this is manageable because the Beede Center has a strong reserve fund. This reserve, totaling \$1.55 million at the beginning of FY15, exists precisely so that the Beede Center does not have to sacrifice its service quality, issue sharp fee increases, or deviate from its long-term plans in order to deal with short-term negative operating results

The Beede Center will also continue to meet its obligation to plan and prepare for the long-term maintenance and replacement of the \$11 million facility by fully funding its depreciation expense at approximately \$511,127. Revenues are expected to be greater in FY16 due to a modest 2-3% increase in membership fees. However, the Beede Center is anticipating increased operating expenditures related to providing a first-class swim and fitness experience

With sound management, the Beede Center continues to weather the difficult economic times without having to compromise on its long-term financial stability or depend on taxpayer support.

Programs and Fees:

To compliment its swim and fitness offerings, the Beede Center offers personal training, various water fitness and swim lessons, nutrition/diet coaching, and, as a convenience to those with children, childcare. All of these programs are available to the general public, and are offered at a discounted fee to members. The Concord Residential Surveys has included a question about the fees charged for by Beede Center for membership. Of those respondents who said that they use the Beede Center, 13% thought it was a “good bargain” and 30% thought it was “reasonably priced”. The Beede Membership fees are carefully balanced with operational overhead to continue to provide a first rate affordable facility without the support of tax dollars. For information about membership fees and services, see pages VI-4 and VI-5 of this budget book.



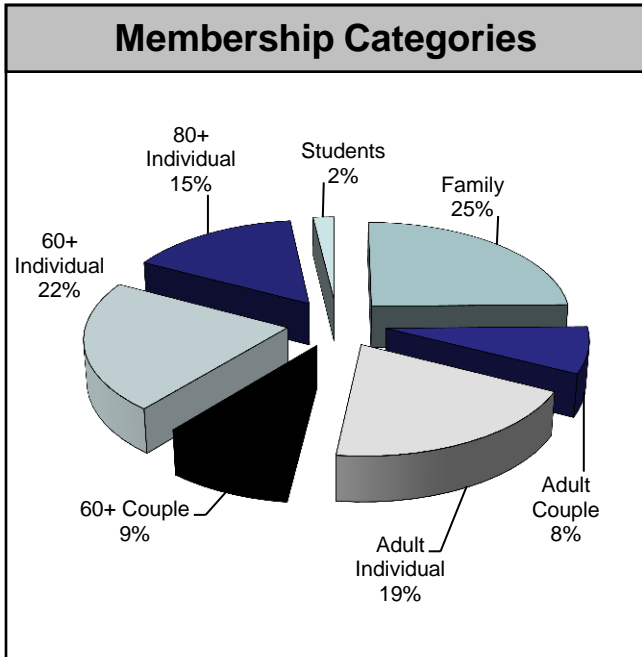
It should be stressed that the Beede Center operates with revenue solely from user fees and **no tax dollars** are contributed to the Center.

Facility Improvements and Upkeep:

The Beede Center has been in operation for nearly nine years. Building maintenance is an important and regular expense for this enterprise. After nine years of operating 100 hours per week, 51 weeks a year, the Beede Center has installed a new dehumidification system to be a more energy efficient facility. Funding for the approximately \$1.5 million project came from the fund balance which has increased over the years from a combination of net income as well as depreciation expense. More detail of the Beede Center capital projects is available on pages VI-12 through VI-14.

Membership Discussion

Please note that there is a difference between *members* and *memberships* – memberships often result in multiple members (i.e., one family membership could result in 2, 3, 4, 5, or more resulting new members).

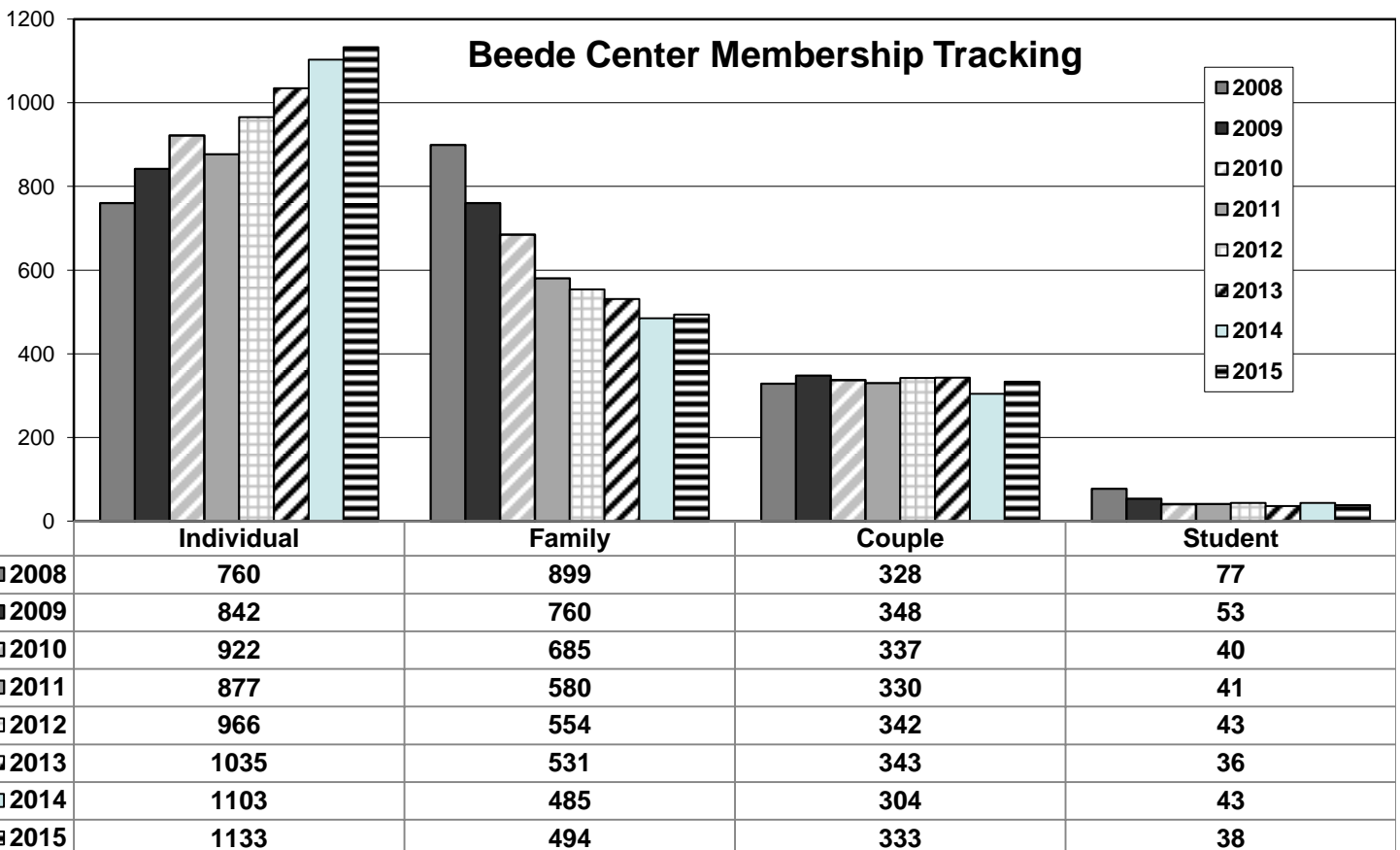


Membership Trends

Beede Center membership, as of January 2015, totals 1,998 with 4,107 members.

Membership has been stable over the past year from 2014 to 2015.

- Since January 2014, Family Memberships have stabilized with a slight increase from 485 to 494
- Individual Memberships have increased by 30, from 1103 to 1133;
- Couple Memberships have increased by 29, from 304 to 333
- Student Memberships have decreased by 5, from 43 to 38.



Beede Center Membership Fees

Membership fees are set on a calendar year basis each January.

For the 2015 calendar year, fees will slightly increase.

The following goals are kept in mind when setting fees:

- Fees should reflect the cost of services provided, allowing the Beede Center to operate as a self-supporting enterprise fund;
- Fees should be set in a way that minimizes “shock” increases;
- Fees should be set to encourage a use of the facility that is appropriate for its capacity.



Calendar Year 2015 Membership Rates are as follows:

Concord and Carlisle Residents

	Adult	Couple	Family	60+ Adult	60+ Couple	14+ Student
Swim & Fitness	\$915	\$1430	\$1685	\$690	\$1085	\$690
Swim	\$815	\$1290	\$1485	\$630	\$965	\$630
Fitness	\$715	\$1290	\$1485	\$630	\$950	\$630

Non-Residents

	Adult	Couple	Family	60+ Adult	60+ Couple	14+ Student
Swim & Fitness	\$1015	\$1525	\$1890	\$790	\$1210	\$790
Swim	\$915	\$1405	\$1575	\$730	\$1065	\$730
Fitness	\$915	\$1405	\$1575	\$730	\$1065	\$730

All memberships begin the day of purchase and are valid for one year.

A \$199 joining fee is applied to all new memberships.

Hours of Operation

Monday through Friday: 5:30 AM – 9:00 PM

Saturday and Sunday: 7:00 AM – 6:00 PM

The Beede Center is closed on the following days:

Patriots Day; Easter; Memorial Day; July 4th; Labor Day; and Christmas.

There are limited hours on Thanksgiving Day, Christmas Eve, New Year’s Eve, and New Year’s Day.

Excerpts From the Beede Center's Membership Brochure

At the Beede Swim & Fitness Center we offer the amenities that make it easy to get in, get out and get on with your life. From the locker rooms to the parking lot, everything is designed to make your experience as convenient and efficient as possible.

LOCKER ROOMS

Each locker room features separate areas for recreational and competitive users. In addition, we offer four private, handicapped-accessible family changing rooms.

CHILD CARE

Do you have little ones at home? Don't sweat it. Please call 24 hours ahead for reservations and then while you work out, your kids can play and be cared for by our childcare professionals.

PARKING

Parking is never a problem with the card-key-accessed lot that's separate from the High School. So there's always a space ready and waiting.

SPECTATOR SEATING

Thanks to a state-of-the-art dehumidification system, people can watch, cheer or just catch up on their reading in remarkable comfort.

INSTRUCTION

Whether you want to improve your strokes, your dives, or your workouts we have group and private lessons for every age and ability.

PERSONAL TRAINING

Every member receives a free equipment orientation and workout plan from one of our fitness experts. However, we realize that many of you are also interested in a more serious training regime. For these individuals, we offer personalized training programs created and supervised by our certified personal trainers.

Whether you're looking for swimming and diving lessons for the kids, or fitness and exercise training for yourself, the Beede Swim & Fitness Center offers a variety of classes and personal instruction to help you achieve your goals.

SWIMMING AND DIVING

From swim and diving lessons for children and adults to water fitness class, the Beede Center has just what you're looking for. Swimming Members are also entitled to the discounted Member Rate and Priority Sign-up Status for all in-house swimming and diving lessons, water fitness programs and other programs. Here is a sampling of the programs available to you:

- American Red Cross Swim Lessons for all ages;
- Water Fitness classes;
- USA/AAU and recreational dive programs are offered for youths;
- Coached workouts for masters and triathletes;
- The Otters Swim Team is offered to those youths who are interested in a recreational swim team atmosphere.
- Swimming with a Porpoise for young swimmers who want a team workout, but are not ready for competitive swimming.
- Aquatic Physical Therapy is available by a licensed physical therapist.

FITNESS PROGRAMS

In addition to on-site personal training, Beede Center members can take advantage of over 30 group exercise classes every week at our other Concord Recreation locations. Just around the corner at 105 Everett Street, the Pilates and Yoga studios have a comfortable feel, conducive to mind-body exercise. At 90 Stow Street, the Hunt Gym offers a hardwood floor and state-of-the-art sound system.

Classes include:

- Indoor Cycling & Rowing
- Pilates
- Step and Low Impact Aerobics
- Reformer Personal Training
- Boot Camp
- Yoga
- Hi Intensity Cross training
- Stability Ball

Program Implementation

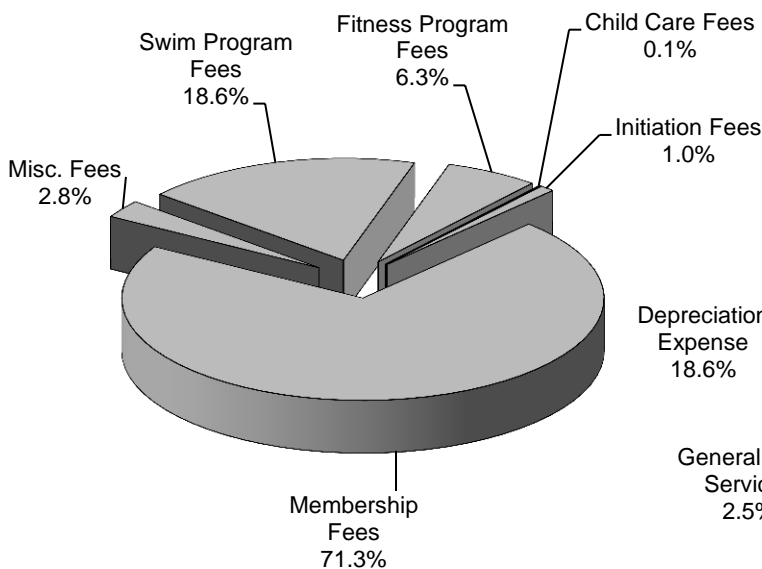
The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,740,698 or 71% of the total). Because of this, membership fees are carefully set each year, and membership levels are monitored. As Beede revenues in general are influenced by economic conditions, the Town also works to manage the enterprise in a way that will allow it to maintain the financial reserves necessary to bridge economic downturns.

The three expense categories of greatest magnitude are Personnel Services, Facilities and Maintenance, and Depreciation Expense.

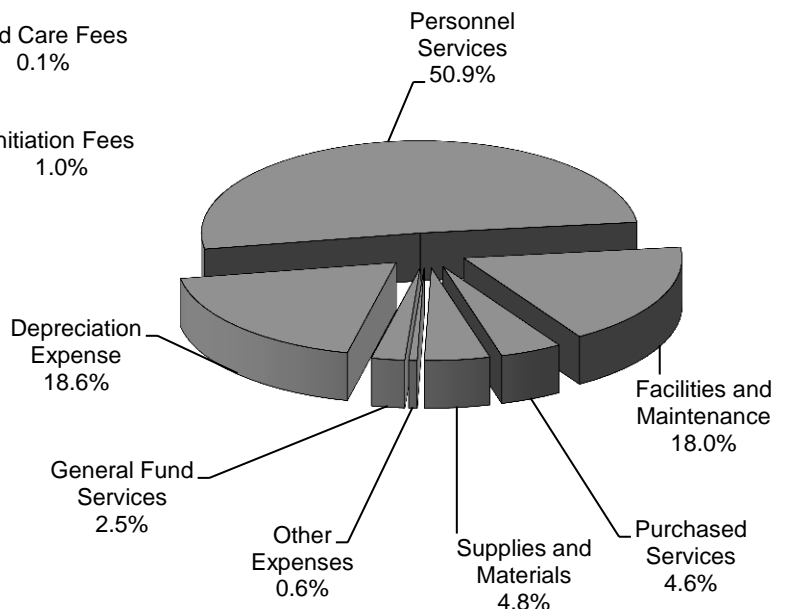
Personnel Services are budgeted to total \$1,395,518 in FY16.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation expense totals \$511,127 in the FY16 budget and is placed in a *depreciation fund*. This reflects a 31.5% increase over the FY15 depreciation expense to account for the major improvements made to the Center’s mechanical systems.

FY16 Operating Revenues
Totaling \$2,441,368



Operating Expenditures
Totaling \$2,741,330



Operating Results:

The FY16 budget proposes operating expenditures that are \$299,962 *greater than* operating revenues. This results in an operating loss for the year.

This operating loss is slightly offset by the estimated \$33,200 of investment income, and the results is an estimated net income of negative \$266,762 for FY16.

These negative annual results are an expected occurrence with any enterprise activity, especially one like the Beede Center, which competes in the private market for revenues. The Beede Center has built-up an adequate financial reserve (over \$1.55 million at the end of FY14) with which to bridge times of negative operating results.

OPERATING REVENUES (\$)

	FY13 Actual	FY14 Actual	FY15 Revised	FY16 Estimate
Initiation Fees	\$ 33,259	\$ 24,868	\$ 23,124	\$ 23,818
Membership Fees	1,724,258	1,746,248	1,686,135	\$ 1,740,698
Miscellaneous Revenue	73,143	67,337	66,670	\$ 68,670
Swim Program Fees	449,944	456,811	439,892	\$ 453,088
Fitness Program Fees	147,049	152,130	148,416	\$ 152,868
Child Care Fees	1,926	2,784	2,161	\$ 2,226
Operating Revenues Total	\$ 2,429,579	\$ 2,450,179	\$ 2,366,398	\$ 2,441,368

OPERATING EXPENSES (\$)

	FY13 Actual	FY14 Actual	FY15 Revised	FY16 Estimate
<u>Personnel Services</u>				
Personnel Expenses	\$ 1,249,051	\$ 1,238,145	\$ 1,342,092	\$ 1,395,518
Accrued Employee Benefits	12,281	3,270	-	-
Audit Adjustment	19,598	(9,020)	-	-
Subtotal	\$ 1,280,930	\$ 1,232,395	\$ 1,342,092	\$ 1,395,518
<u>Non-Personnel Services</u>				
Facilities and Maintenance	521,730	502,899	528,500	493,000
Purchased Services	106,139	109,157	128,875	125,000
Supplies and Materials	115,312	107,910	109,200	132,500
Other Expenses	10,143	10,456	3,500	16,900
Audit Adjustment	(19,598)	(8,746)		
Subtotal	\$ 733,725	\$ 721,676	\$ 770,075	\$ 767,400
<u>General Fund Services</u>				
Human Resources	30,833	30,669	30,988	30,076
Finance Administration	8,438	8,867	9,121	9,196
Treasury	17,694	18,205	18,564	18,845
Accounting	9,595	9,717	9,463	9,168
Recreation Administration	11,809	12,279	6,140	-
Subtotal	\$ 78,369	\$ 79,737	\$ 74,276	\$ 67,285
<u>Depreciation Expense</u>				
Depreciation Expense	317,622	330,287	388,791	511,127
Subtotal	\$ 317,622	\$ 330,287	\$ 388,791	\$ 511,127
Total Operating Expense	\$ 2,410,646	\$ 2,364,095	\$ 2,575,234	\$ 2,741,330

AUTHORIZED POSITIONS (\$)

	FY15 Revised Budget		FY16 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
5111				
Beede Center Director	1.00	\$ 96,135	1.00	\$ 96,135
Recreation Coordinator	0.75	54,316	0.75	54,316
Aquatics Coordinator	1.00	78,234	1.00	78,234
Fitness Coordinator	0.45	37,621	0.40	33,441
Assistant Aquatics Coordinator	1.00	56,857	1.00	56,857
Aquatics Supervisor	0.00	-	0.00	-
Senior Administrative Assistant	1.00	61,116	1.00	61,116
Recreation Clerk	1.00	47,920	1.00	47,920
Swim and Fitness Specialists	5.00	187,024	5.00	191,117
Subtotal	11.20 FTEs	\$ 619,222	11.15 FTEs	\$ 619,135
5112				
Recreation Clerk	0.65	\$ 29,384	0.65	\$ 29,384
Swim and Fitness Specialists	1.38	51,006	1.38	51,006
Subtotal	2.03 FTEs	\$ 80,390	2.03 FTEs	\$ 80,390
5115				
Lifeguards	8561 hrs.	102,730	8561 hrs.	102,730
Receptionists	5481 hrs.	87,696	5481 hrs.	87,696
Custodians	0 hrs.	-	0 hrs.	-
Fitness Trainers	2088 hrs.	31,320	2088 hrs.	31,320
Aquatics Supervisor	988 hrs.	22,724	988 hrs.	22,724
Subtotal	8.20 FTEs	\$ 244,470	8.20 FTEs	\$ 244,470
5120				
Programming (misc. accts.)				
Fitness Prgramming	4176 hrs.	104,400	4176 hrs.	104,400
Swim Programming	3628 hrs.	85,086	3628 hrs.	85,086
Subtotal	3.74 FTEs	\$ 189,486	3.74 FTEs	\$ 189,486
Employee Benefits				
Health Insurance	N/A	58,750	N/A	70,000
Life Insurance	N/A	250	N/A	250
Dental Insurance	N/A	5,000	N/A	5,000
OPEB	N/A	38,000	N/A	32,700
Retirement Contribution	N/A	58,024	N/A	77,106
Subtotal	N/A	\$ 160,024	N/A	\$ 185,056
Payroll Taxes				
Medicare Tax	N/A	14,000	N/A	15,500
Social Security Contribution	N/A	21,000	N/A	20,000
Subtotal	N/A	\$ 35,000	N/A	\$ 35,500
Other Personnel Costs				
Overtime	N/A	2,500	N/A	2,500
Unemployment Compensation	N/A	10,000	N/A	10,000
Car Allowance	N/A	1,000	N/A	1,000
Salary Reserve	N/A	-	N/A	27,981
Subtotal	N/A	\$ 13,500	N/A	\$ 41,481
Total Personnel Costs	25.16 FTEs	\$ 1,342,092	25.11 FTEs	\$ 1,395,518

NET INCOME (\$)

	FY13 Actual	FY14 Actual	FY15 Revised	FY16 Estimate
Statement of Net Income:				
Operating Revenues	\$ 2,429,579	\$ 2,450,179	\$ 2,366,398	\$ 2,441,368
Less Operating Expenses	(2,410,646)	(2,364,095)	(2,575,234)	(2,741,330)
Operating Income	\$ 18,932	\$ 86,084	\$ (208,836)	\$ (299,962)
<u>Nonoperating Revenues (Expenses)</u>				
Add Investment Income	\$ 9,660	\$ 9,175	\$ 9,000	\$ 33,200
Add Sawyer Trust Contribution	189,318		175,000	
Add Beede Endowment	-		55,000	
Nonoperating Income	\$ 198,978	\$ 9,175	\$ 239,000	\$ 33,200
Net Income	\$ 217,910	\$ 95,259	\$ 30,164	\$ (266,762)

AVAILABLE RESOURCES (\$)

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY13 Actual	FY14 Actual	FY15 Revised	FY16 Estimate
<u>Capital Purposes</u>				
Add Depreciation Expense	\$ 317,622	\$ 330,287	\$ 388,791	\$ 511,127
Add Net Income	217,910	95,259	30,164	(266,762)
Net Available for Capital	\$ 535,532	\$ 425,546	\$ 418,955	\$ 244,365

CASH POSITION AND FORECAST

<u>Cash at Year Opening</u>	FY15		FY16	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 4,485,343		\$ 3,281,418	
Less Cash as Unearned Revenue	(882,623)		(909,743)	
Less Cash held for Liabilities	(205,693)		(205,693)	
Fund Balance on July 1st	\$ 3,397,027		\$ 2,165,982	
<u>Fund Balance Details (projected)</u>	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance as of July 1st	1,557,875	1,839,152	1,358,039	807,943
Net Income	30,164	-	(266,762)	-
Capital Outlay (non-borrowing)	(230,000)	(1,420,000)	-	(277,000)
Add Depreciation Expense	-	388,791	-	511,127
Balance Projected at June 30th	1,358,039	807,943	1,091,277	1,042,070
Fund Balance on June 30th	\$ 2,165,982		\$ 2,133,347	
<u>Cash at Year End (projected)</u>				
Fund Balance on June 30th	2,165,982		2,133,347	
Add Cash as Unearned Revenue	909,743		937,035	
Add Cash Held for Liabilities	205,693		205,693	
Projected Cash at June 30th	\$ 3,281,418		\$ 3,276,075	

**Beebe Center Financial Summary
Net Income, Net Assets, Fund Balance, and Cash Position**

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Proposed
Operating Revenue						
Deferred Revenue Realized	986,889	926,711	\$ 894,965	\$ 910,453	\$ 882,623	\$ 909,743
Current Revenue	2,331,492	2,323,335	2,445,067	2,422,349	2,393,517	2,468,661
Deferred Revenue	(926,711)	(894,965)	(910,453)	(882,623)	(909,743)	(937,035)
Operating Revenue	2,391,670	\$ 2,355,081	\$ 2,429,579	\$ 2,450,179	\$ 2,366,398	\$ 2,441,368
Operating Expense						
Personnel Services	1,248,354	1,193,687	\$ 1,280,930	\$ 1,232,395	\$ 1,342,092	\$ 1,395,518
Non-Personnel Services	696,852	739,379	733,725	721,676	770,075	767,400
Depreciation	285,744	295,954	317,622	330,287	388,791	511,127
General Fund Services	70,773	73,970	78,369	79,737	74,276	67,285
Operating Expense	2,301,723	\$ 2,302,990	\$ 2,410,646	\$ 2,364,095	\$ 2,575,234	\$ 2,741,330
Operating Income	\$ 89,947	\$ 52,091	\$ 18,933	\$ 86,084	\$ (208,836)	\$ (299,962)
Nonoperating Revenues and Expenses						
Interest on Investments	12,385	\$ 11,596	\$ 9,660	\$ 9,175	\$ 9,000	\$ 33,200
Beiknap Gift	20,000	-	-	-	-	-
Sawyer Trust Contribution			189,318	-	175,000	-
Beebe Endowment					55,000	
General Fund Debt Support	103,750	-	-	-	-	-
Capital Contribution	-	-	-	-	-	-
Coding Correction	-	-	-	-	-	-
Interest Expense	(3,750)	-	-	-	-	-
Interfund Loan	-	-	-	-	-	-
Nonoperating Subtotal	\$ 132,385	\$ 11,596	\$ 198,978	\$ 9,175	\$ 239,000	\$ 33,200
Change in Net Assets	\$ 222,332	\$ 63,687	\$ 217,911	\$ 95,259	\$ 30,164	\$ (266,762)
Net Assets Beginning of Year	\$ 10,844,150	\$ 11,066,423	\$ 11,130,110	\$ 11,348,021	\$ 11,443,280	\$ 11,473,444
Net Assets End of Year	\$ 11,066,423	\$ 11,130,110	\$ 11,348,021	\$ 11,443,280	\$ 11,473,444	\$ 11,206,682

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See note on following page.

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Proposed
II						
Fund Balance						
Beginning Fund Balance	\$ 2,119,213	\$ 2,489,000	\$ 2,768,477	\$ 3,080,511	\$ 3,397,027	\$ 2,165,982
Add Change in Net Assets	222,273	63,687	217,911	95,259	30,164	(266,762)
Less Capital Contribution	-	-	-	-	-	-
Less Bond Liability Reduction	(100,000)	-	-	-	-	-
Depreciation Expense	285,744	295,954	317,622	330,287	388,791	511,127
Capital Contributions			(189,318)		(230,000)	-
Capital Expenditures	(38,230)	(80,164)	(34,180)	(109,029)	(1,420,000)	(277,000)
End Fund Balance	\$ 2,489,000	\$ 2,768,477	\$ 3,080,511	\$ 3,397,027	\$ 2,165,982	\$ 2,133,347
Fund Balance Detail						
Undesignated Fund Balance	\$ 1,370,338	\$ 1,434,025	\$ 1,462,617	\$ 1,557,875	\$ 1,358,039	\$ 1,091,277
Depreciation Fund Balance	\$ 1,118,662	\$ 1,334,452	\$ 1,617,894	\$ 1,839,152	\$ 807,943	\$ 1,042,070
Cash Position						
Undesignated Fund Balance	\$ 1,370,338	\$ 1,434,025	\$ 1,462,617	\$ 1,557,875	\$ 1,358,039	\$ 1,091,277
Depreciation Fund Balance	1,118,662	1,334,452	1,617,894	1,839,152	807,943	1,042,070
Deferred Revenue	926,771	894,965	910,453	882,623	909,743	937,035
Res. for Short-Term Liabilities	130,016	100,393	100,560	165,216	165,216	165,216
Res. for Long-Term Liabilities	49,492	34,660	46,553	40,477	40,477	40,477
Total Cash	\$ 3,595,279	\$ 3,798,495	\$ 4,138,077	\$ 4,485,343	\$ 3,281,418	\$ 3,276,075

Article 31 of 2005 Annual Town Meeting authorized a tax-supported bond issuance of \$515,000 for the purchase of Beede Center equipment. General Fund Debt Support covers the "interest expense" and the "bond liability reduction" associated with this borrowing (which was retired in FY11).

▲ Reserve for Short-Term Liabilities includes: Warrants Payable, Accrued Liabilities, and Current Accrued Employee Benefits.

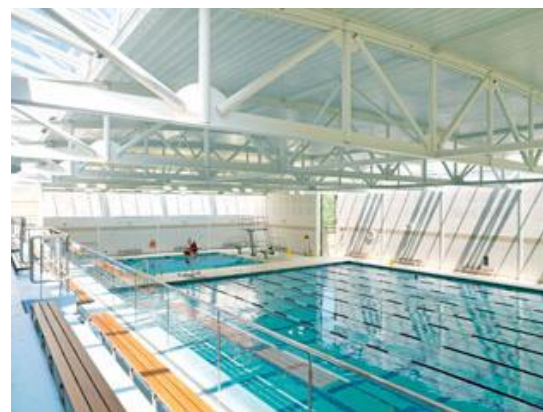
Reserve for Long-Term Liabilities includes: Noncurrent Accrued Employee Benefits and Other Post Employment Benefits (OPEB).

Definition

Capital Expenditure: The use of funds to acquire or enhance productive assets, such as structures, land, and equipment (including related plans, designs, and studies), which have a life expectancy of at least 2 years and a cost of at least \$5,000, and procured with the intention of increasing service capacity or efficiency.

Facility Highlights

- The Beede Center opened its doors on April 18th, 2006.
- It has now been in operation for almost nine years.
- Original construction costs were about \$11 million and included:
 - Two 1,600-square-foot fitness rooms (one for weight training and one for cardiovascular exercise);
 - an 8-lane lap pool;
 - a therapy pool;
 - a children's pool;
 - a diving well;
 - pool-side spectator seating;
 - men's and women's locker/shower rooms;
 - family changing rooms; and
 - staff office space.



Capital Highlights:

Fitness Equipment: In FY14, strength machines (\$25,000) were replaced. In FY15, treadmills (60,000) were replaced. In FY16 the Arc Trainers (\$60,000) will be replaced. The fitness equipment is high quality Cybex International products. The Beede Center is committed to keeping the fitness equipment updated and in good working order by replacing equipment every three years.

Gym Flooring: In FY11, the carpeting and gym flooring was replaced for \$21,315. It is anticipated that this will be done at five-year increments throughout the Beede Center's life.

Lighting Improvements: In FY11, \$9,650 of lighting improvements were made to the natatorium lighting area. In FY13 major improvements to the lighting in the Natatorium were made with the installation of LED lighting and improvements to the lobby lighting through funding from the Sawyer Trust. The lighting improvements saved the Beede Center nearly \$20,000 annually in energy consumption.

Pool Mechanical Improvements: In FY13, Variable Frequency Drives were installed on the pumps and motors for all 4 pools. At a cost of \$42,000, with the funding provided by Sawyer Trust. The installation of VFDs along with the lighting improvements helped realize a 17% reduction in energy consumption.

Computer Software: In FY11, \$7,265 was expended to cover the Beede Center's portion of the Town's new accounting system. In FY15 online registration software was purchased and implemented. Members can now use the online system to register for programs and memberships.

Building Improvements: The mechanical system improvements project will be completed in FY15 utilizing \$1,290,000 from the depreciation fund, \$55,000 from Beede Endowment and \$175,000 from Sawyer Trust Fund to cover the cost without use of tax dollars or impact to membership fees. *See page 14 for more details on this project.

Beede Swim and Fitness Center									
Capital Program									
	FY13 Actual	FY14 Actual	FY15	FY16	FY17	FY18	FY19	FY20	Total FY15-20
Primary Facility									
Building Improvements	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000
Carpets and Flooring	-	-	100,000	50,000	-	-	-	-	\$ 150,000
Dehumidification System	-	94,529	1,230,000	-	-	-	-	-	\$ 1,230,000
VFD Motors	41,218	-	-	-	-	-	-	-	\$ -
Roof Top HVAC Units	-	-	-	-	200,000	-	-	-	\$ 200,000
Sound System	-	-	-	-	-	-	-	-	\$ -
Parking System	-	-	-	12,000	-	-	-	-	\$ 12,000
Parking Lighting	-	-	-	70,000	-	-	-	-	\$ 70,000
Beede Center Lighting	148,100	-	-	-	-	-	-	-	\$ -
Misc. Equipment	-	5,754	10,000	10,000	10,000	10,000	10,000	10,000	\$ 60,000
Subtotal	\$ 189,318	\$ 100,283	\$ 1,340,000	\$ 172,000	\$ 240,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 1,872,000
Pool Facility									
Deck Repairs	-	-	-	15,000	-	-	-	-	15,000
Misc. Equipment-Dive Stands 2018	-	-	20,000	20,000	20,000	20,000	35,000	35,000	150,000
Subtotal	\$ -	\$ -	\$ 20,000	\$ 35,000	\$ 20,000	\$ 20,000	\$ 35,000	\$ 35,000	\$ 165,000
Beede Equipment									
Sidewalk Plow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fitness Equipment I (treadmills)	-	-	60,000	-	-	-	-	-	60,000
Fitness Equipment II (Ellipticals)	-	-	-	60,000	-	60,000	60,000	60,000	240,000
Fitness Equipment III (Strength Machines)	14,580	-	-	-	-	-	-	-	-
Fitness Equipment IV (Stationary Bikes)	19,600	-	-	-	-	-	-	-	-
Fitness Equipment V (Miscellaneous)	-	-	-	10,000	10,000	10,000	10,000	10,000	50,000
Audit Adjustment	-	8,746	-	-	-	-	-	-	-
Subtotal	\$ 34,180	\$ 8,746	\$ 60,000	\$ 70,000	\$ 10,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 350,000
Total Capital	\$ 223,498	\$ 109,029	\$ 1,420,000	\$ 277,000	\$ 270,000	\$ 130,000	\$ 145,000	\$ 145,000	\$ 2,387,000
Beede Capital Funding									
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY15-20
Capital Appropriation	\$ 34,180	\$ 325,000	\$ 1,190,000	277,000	270,000	130,000	145,000	145,000	2,482,000
Sawyer Trust Fund	189,318	-	175,000	-	-	-	-	-	175,000
Beede Endowment	-	-	55,000	-	-	-	-	-	55,000

FY14 Appropriation: Funding for the new dehumidification system that will be installed in FY15 is comprised of \$299,000 from the capital appropriation in FY14, an additional FY14 appropriation of \$1,000,000 from the Beede Center depreciation fund, \$175,000 from the Sawyer Trust, and \$55,000 from the Beede Endowment. Combined these sources of funding cover the estimated \$1.529 million cost of the project.

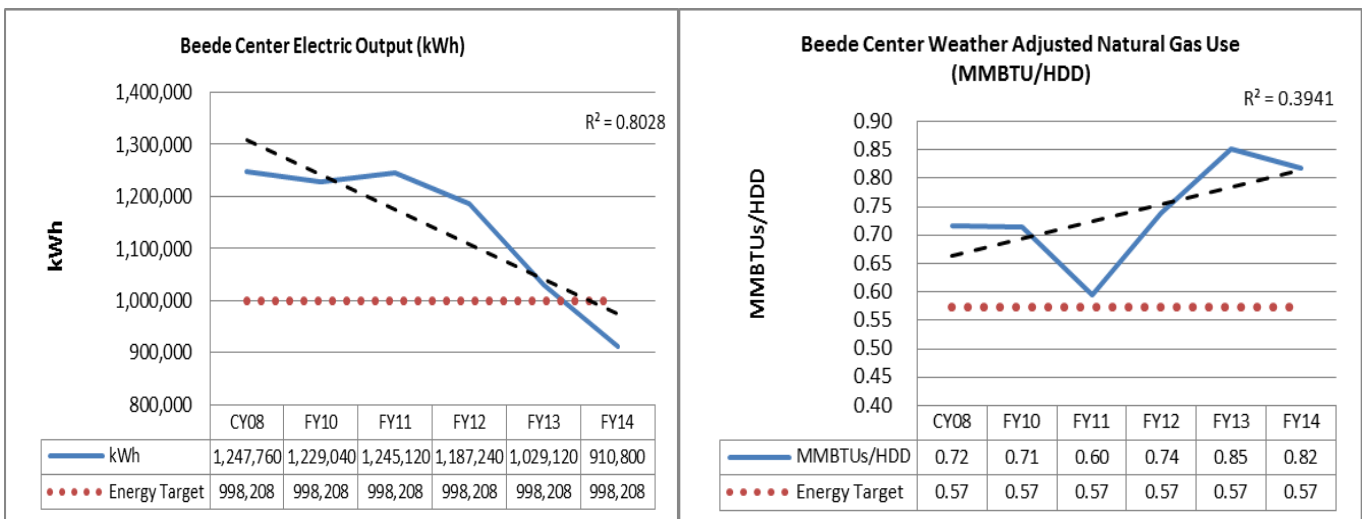
Dehumidification and Hot Water Project

Major building repairs and mechanical system replacement have been completed and were funded through the depreciation fund.

The existing dehumidification and hot water systems was worn-out and become a maintenance liability. The existing system provided 2.5 air changes per hour (ACH), as opposed to the 4+ ACH recommended by ASHRAE for a space of these dimensions. Upgrading the dehumidification systems included the installation of two new static plate dehumidification systems. Both systems have been installed. The air exchange in the natatorium meets 2014 recommended industry standards. The new units will reduce energy consumption by 39%

The existing conventional boilers have been replaced with three new high efficiency condensing domestic water heaters, and three high efficiency condensing boilers for pool water heating. The new boilers will reduce natural gas consumption by 13%. A water softener system has also been added to avoid internal corrosion of the mechanical systems.

A direct digital (DDC) automatic temperature control (ATC) web accessible system to tie together the controls for the dehumidification, hot water and HVAC systems has been installed. This enables the Beede Center staff to monitor all of the systems in the building, establish temperature settings and schedules for each of the rooms, and provide a single dashboard which details all aspects of energy consumption in the building.

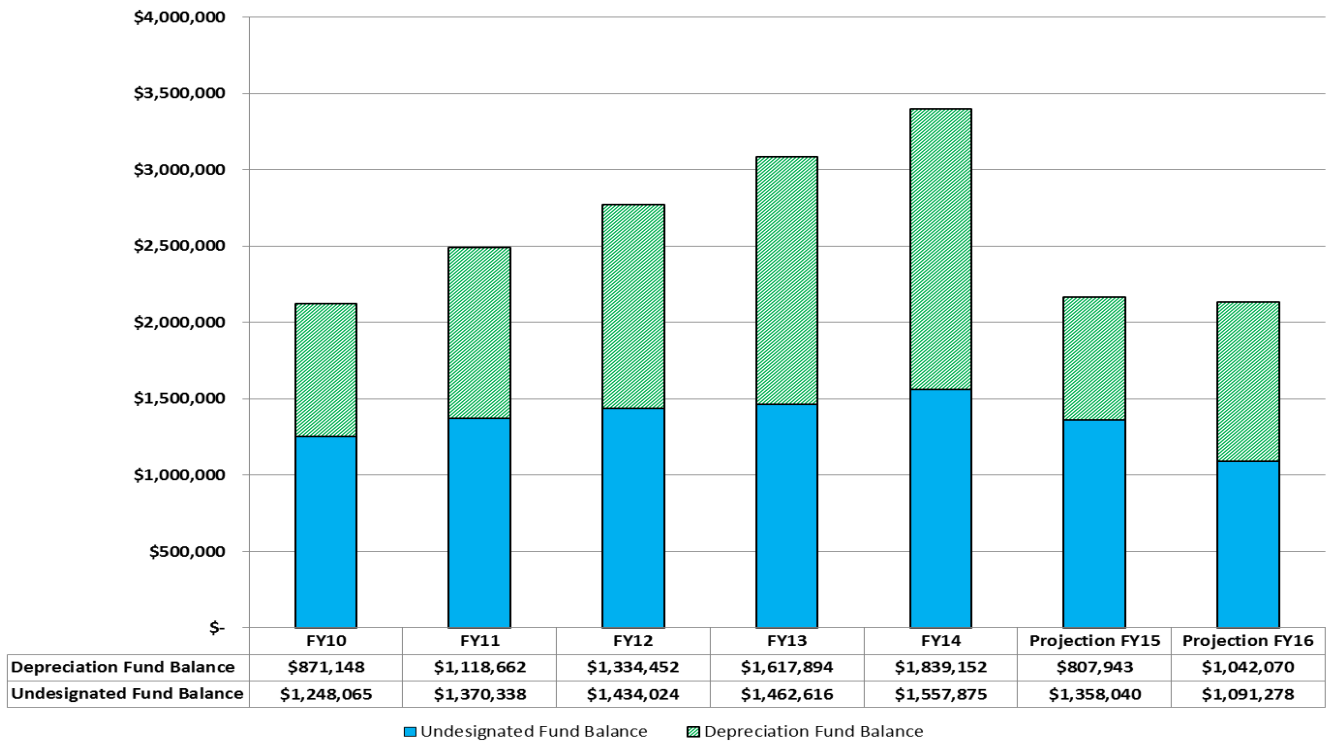


Analysis:

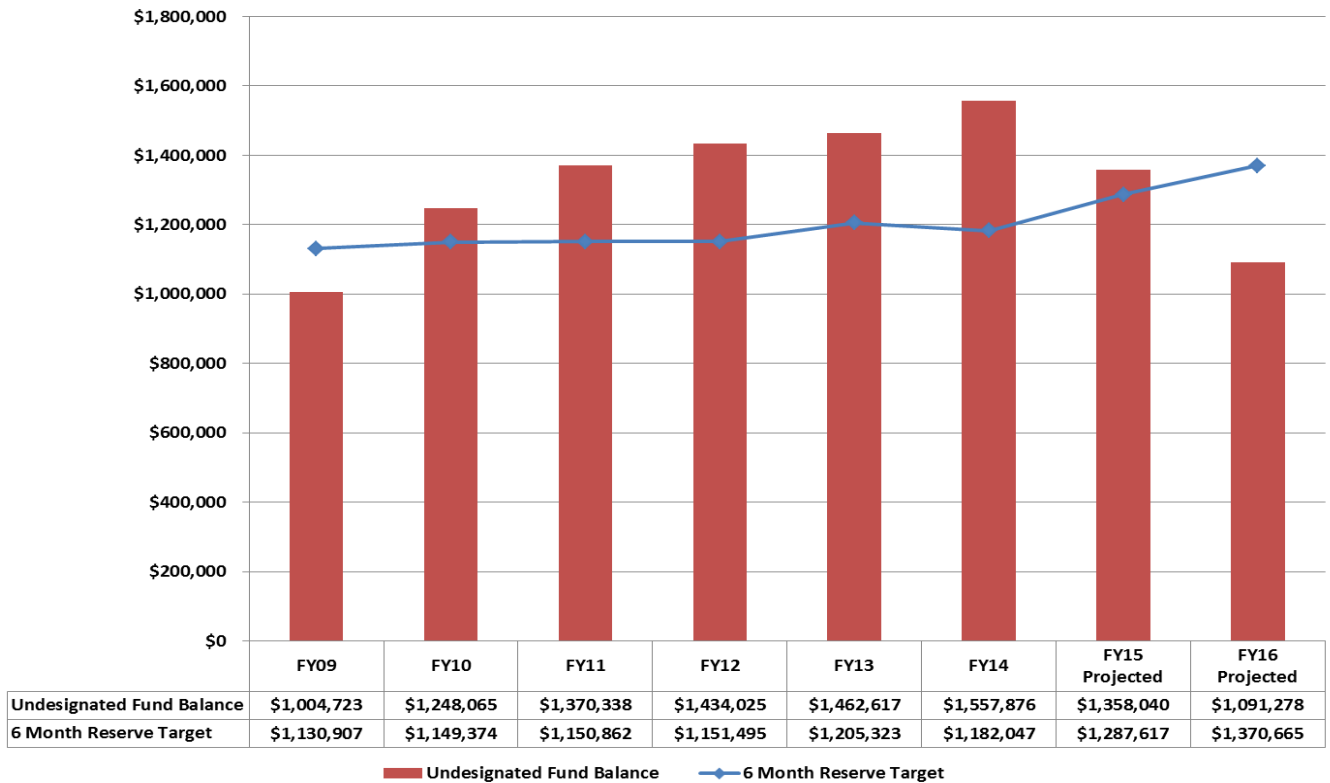
Electric: The continued significant reduction in electricity use in FY14 compared to FY13 was likely due to the fact that the new lighting and VFDs were in place for a full year in FY14.

Gas: In August 2014, the existing I boilers were replaced with three new high efficiency condensing domestic water heaters, and three high efficiency condensing boilers for pool water heating. The new domestic hot water heaters and boilers will save 5,300 therms of natural gas per year. Also two new dehumidification units installed in the Fall/Winter project to save 88,000 kWh of electricity and 3,900 therms of natural gas per year.

**Beede Center
Fund Balance**



**Beede Center
Undesignated Fund Balance vs 6 Months Reserves**



Beebe Center: Plan and Projection	Actual		Actual	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5 years
	FY 2013	FY 2014	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY16-20
Operating Revenue											
User Fees	2,429,580	2,450,179	2,450,179	2,366,398	2,441,368	2,608,954	2,739,401	2,876,372	3,020,190	3,020,190	13,686,285
Subtotal	2,429,580	2,450,179	2,450,179	2,366,398	2,441,368	2,608,954	2,739,401	2,876,372	3,020,190	3,020,190	13,686,285
Operating Expense											
O & M	2,093,026	2,033,808	2,033,808	2,186,443	2,230,203	2,283,676	2,329,349	2,375,936	2,423,455	2,423,455	11,642,620
Depreciation	317,622	330,287	330,287	388,791	511,127	518,899	519,301	537,898	553,331	553,331	2,640,556
Subtotal	2,410,648	2,364,095	2,364,095	2,575,234	2,741,330	2,802,575	2,848,650	2,913,835	2,976,786	2,976,786	14,283,176
Operating Income	18,932	86,084	86,084	-208,836	-299,961	-193,622	-109,249	-37,463	43,404	43,404	-596,891
ADD: Interest Income	9,660	9,175	9,175	9,000	33,200	58,826	87,920	117,834	133,378	133,378	431,158
Sawyer Trust Contribution	189,318	0	0	175,000	0	0	0	0	0	0	0
Beebe Endowment	0	0	0	55,000	0	0	0	0	0	0	0
LESS: Interest Expense	0	0	0	0	0	0	0	0	0	0	0
Existing Debt	0	0	0	0	0	0	0	0	0	0	0
New Debt	0	0	0	0	0	0	0	0	0	0	0
Bond Anticipation Notes (BANs)	0	0	0	0	0	0	0	0	0	0	0
Issuance expense	0	0	0	0	0	0	0	0	0	0	0
Net Income	217,910	95,259	95,259	30,164	-266,761	-134,795	-21,328	80,370	176,782	176,782	-165,733
Available Resources from:											
Net income	217,910	95,259	95,259	30,164	-266,761	-134,795	-21,328	80,370	176,782	176,782	-165,733
Depreciation expense	317,622	330,287	330,287	388,791	511,127	518,899	519,301	537,898	553,331	553,331	2,640,556
subtotal	535,532	425,546	425,546	418,955	244,365	384,104	497,972	618,269	730,113	730,113	2,474,823
Bond proceeds											
Loan proceeds											
LESS: Principal repayments											
Existing Debt											
New Debt											
BAN Repayment											
Net Available for Capital Purposes	535,532	425,546	425,546	418,955	244,365	384,104	497,972	618,269	730,113	730,113	2,474,823
Capital Plan	34,180	109,029	109,029	1,420,000	277,000	270,000	130,000	145,000	145,000	145,000	967,000
Fund Balance											
Beginning balance	2,768,476	3,080,510	3,080,510	3,397,027	2,165,982	2,133,347	2,247,451	2,615,424	3,088,692	3,088,692	
Net Income	217,910	95,259	95,259	30,164	-266,761	-134,795	-21,328	80,370	176,782	176,782	
Depreciation Expense	317,622	330,287	330,287	388,791	511,127	518,899	519,301	537,898	553,331	553,331	
Capital Contributions	-189,318	0	0	-230,000	0	0	0	0	0	0	
Capital Expenditures	-34,180	-109,029	-109,029	-1,420,000	-277,000	-270,000	-130,000	-145,000	-145,000	-145,000	
Ending balance	3,080,510	3,397,027	3,397,027	2,165,982	2,133,347	2,247,451	2,615,424	3,088,692	3,673,805	3,673,805	
Undesignated Fund Balance	1,462,616	1,557,875	1,557,875	1,358,038	1,091,277	956,482	935,154	1,015,524	1,192,306	1,192,306	
Depreciation Fund Balance	1,617,894	1,839,152	1,839,152	807,943	1,042,070	1,290,970	1,680,270	2,073,169	2,481,500	2,481,500	

Section VIII
Recreation Fund

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Mission Statement

The mission of the Recreation Department is to provide high-quality activities designed to meet the year-round recreation interests of the community in an efficient, cost-effective, affordable, and inclusive manner.

All Recreation Department programs and services are intended to operate on a user fee, non tax support basis.

Recreation Highlights

- In FY16 the General Fund is supporting Recreation programming with \$50,000. All other costs are supported by the Recreation Fund, which relies on program fees for funding.
- Depending on the number of participants in each program, the revenues and expenditure attributed to the Recreation Fund varies from year to year
- Projected Revenue: \$1,852,120
- Projected Expenses: \$1,852,120
- Recreation Fund Balance: \$602,342

Recreation Budget Contents

Overview	pp. 1-2
Strategic Plan	p. 3
Programs, Features, and Fees	pp. 4-7
Revenues and Expenditures	pp. 8-10
Performance	p. 11

Expenditure Summary

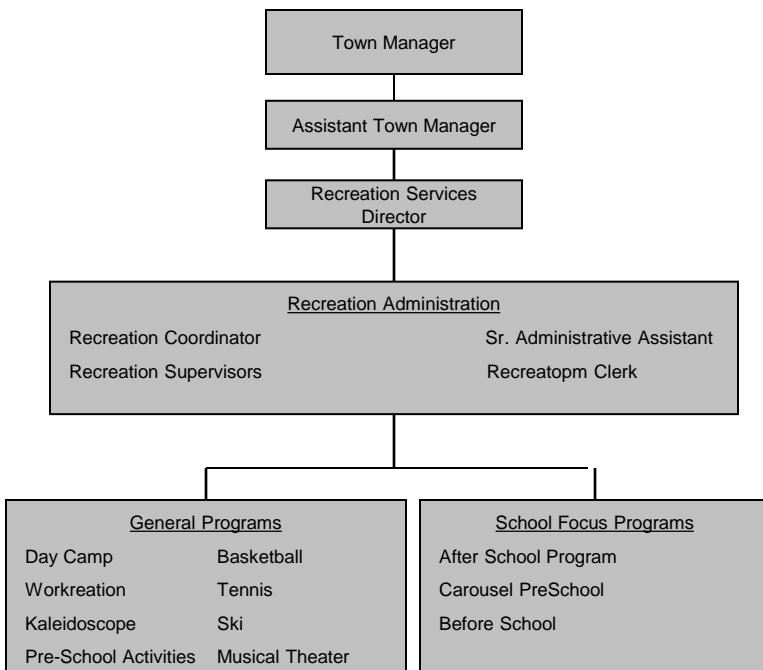
	FY13 Actual	FY14 Actual	FY15 Budgeted	FY16 Estimate
Operating Revenue	\$ 1,667,992	\$ 1,839,495	\$ 1,769,111	\$ 1,852,120
Operating Expense	\$ 1,587,074	\$ 1,661,260	\$ 1,769,111	\$ 1,852,120
Change in Fund Balance	\$ 80,918	\$ 178,234	\$ 0	\$ -

Description:

The Department's services are grouped into four major categories:

- Summer Programs
- School Year Programs
- Sports Activities
- Fundraising Events

With the retirement of the Recreation Director, the Town Manager is reviewing the department's organizational structure to determine how it may best align with the Town's other Human Services functions.





Recreation Programs

In FY14 the Recreation Department served over 6,200 participants and had total program revenues of \$1,839,495.

Programs are provided at the Hunt Recreation Center, Emerson Playground, Harvey Wheeler Community 105 Everett St, and the Ripley Gymnasium.

In previous fiscal years the Recreation Director was funded approximately 90% from the General Fund and 10% from the Beede Center. With his retirement in FY15, the Town is supporting the Recreation Department with \$50,000 from the General Fund for FY16.

Funding Sources & Scholarships

All department programs and services are intended to operate on a user fee, non tax support basis. In FY16 \$50,000 from the General Fund will support Recreation programming while all of the program expenses will be covered by the Recreation Fund.

In addition, program fees are used to fund most of the cost of the summer and school-year scholarship programs. In FY14 approximately \$142,000 was provided in scholarships to Concord families who otherwise would not be able to participate.

Other funding sources that help to support the Recreation Department are the Concord Carlisle Community Chest (\$15,000), Silent Fund (\$7,000), and METCO (\$25,000).

Facility Improvements and Upkeep

Rideout: Tennis and basketball courts will be resurfaced (ATM 2015, Article 52 for \$600,000)

-Future Projects

Carpet replacement for classrooms and hall at Harvey Wheeler Community Center school wing.

Hunt Gym: Capital request made for office work stations and carpeting; new gymnasium ceiling; replacement of outdoor pool structure and replacement/repair of exterior trim of Hunt Recreation Center

Financial Status

Fund Balance: As of 6/30/14 \$602,342

Fund Balance Analysis: At current level the Fund Balance covers just 36% of FY14's operating expenses. The ideal level would be to have at least 50% or ideally, 9 months worth of operating expenses in reserve. It is important for the Recreation Department to maintain strong reserves because of the variability in revenues that are dependent on participation fees.

Recreation Strategic Plan

Short-Term - 2015

- Work towards strengthening the financial stability of the Recreation Department by offering sustainable programs.
- Network to assist with raising funds for improvements.
- Work with the Planning Department to improve parking throughout the system.
- Continue working with the Concord Healthy Communities Planning initiative and offer programs that can reduce stress.
- Work with the Concord-Carlisle Regional School District in improving the scheduling of outdoor and indoor facilities as well as establishing a use agreement for the renovated fields and tennis courts at the High School.

Mid-Term 2016 – 2017

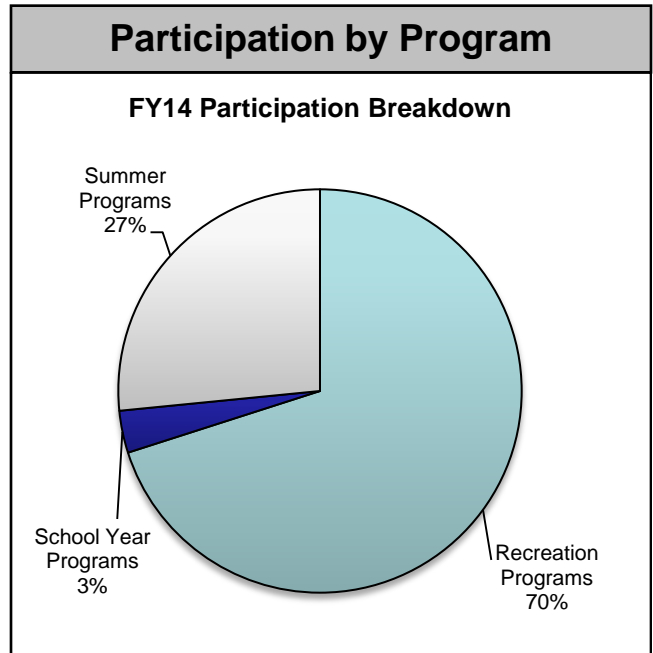
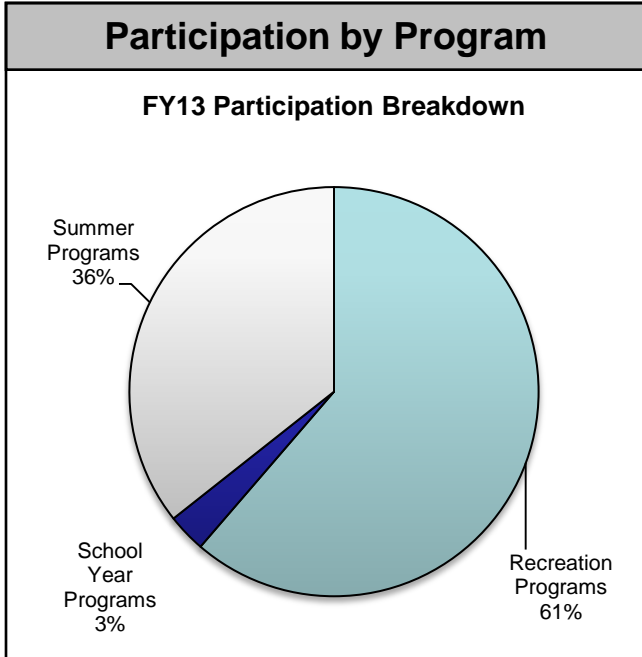
- Give attention to active adult age group as the community continues to age, possibly working with other neighboring communities in offering sports/active programs.
- Increase program participation by having shorter program lengths, and adding more weeknight and weekend activities.
- Start up an outdoor recreation and environmental program including kayaking and canoeing.
- Continue meeting seasonally with heads of sport groups to evaluate field/facility use and scheduling.
- Explore the possibility of a public swimming park.

Long-Term 2018 and Beyond

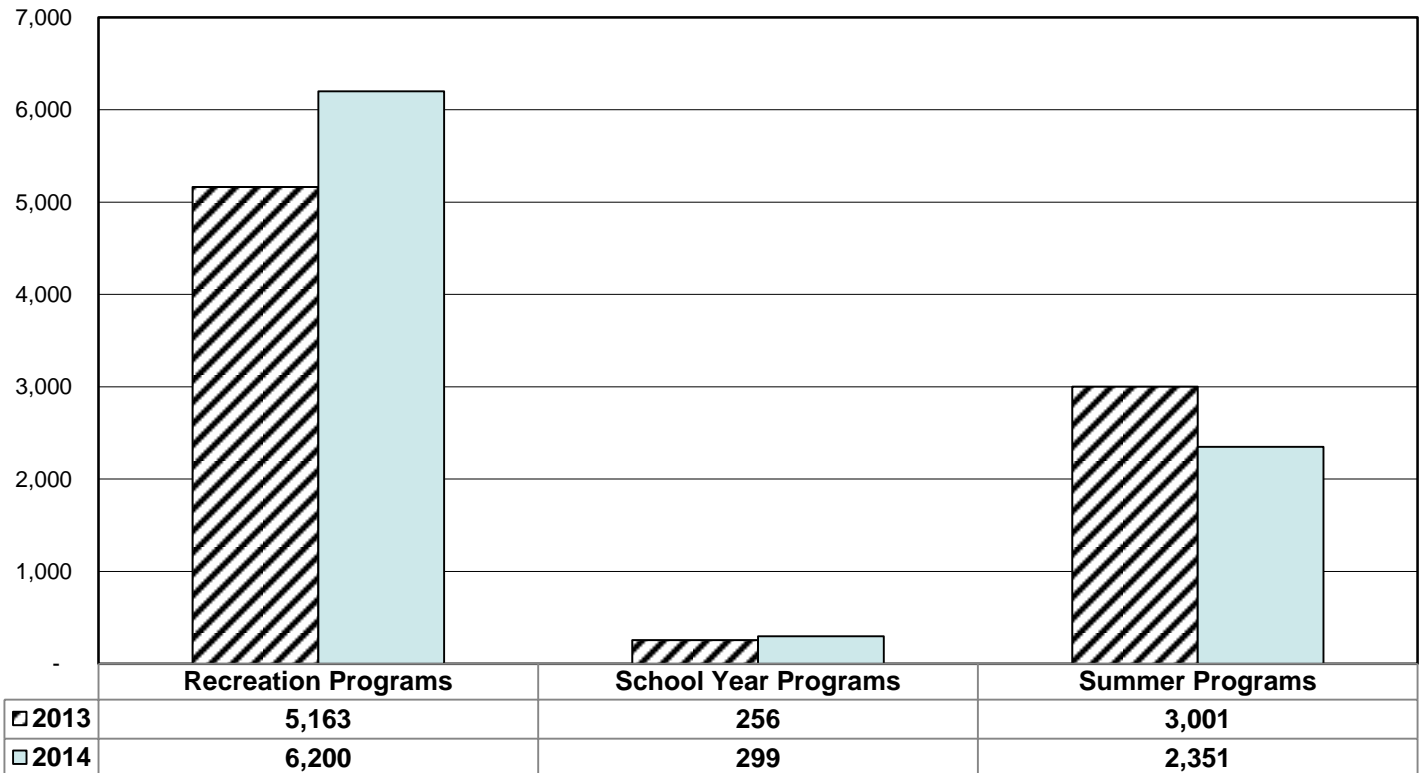
- Enhance parkland development with water fountains, benches, and bike racks.
- Additional youth and adult ball fields.
- Additional multi-purpose and youth soccer fields.
- The addition of a picnic pavilion
- More open gym time
- Outdoor Lit Basketball Courts

Source: Town of Concord Recreation Facilities Strategic Plan, Heller & Heller Consulting – September 2014

Enrollment Trends



Historical Recreation Enrollment



Recreation Program Fees

The following goals are kept in mind when setting fees:

- Fees should reflect the cost of services provided, allowing the Recreation Department to operate as a self-supporting revolving fund.



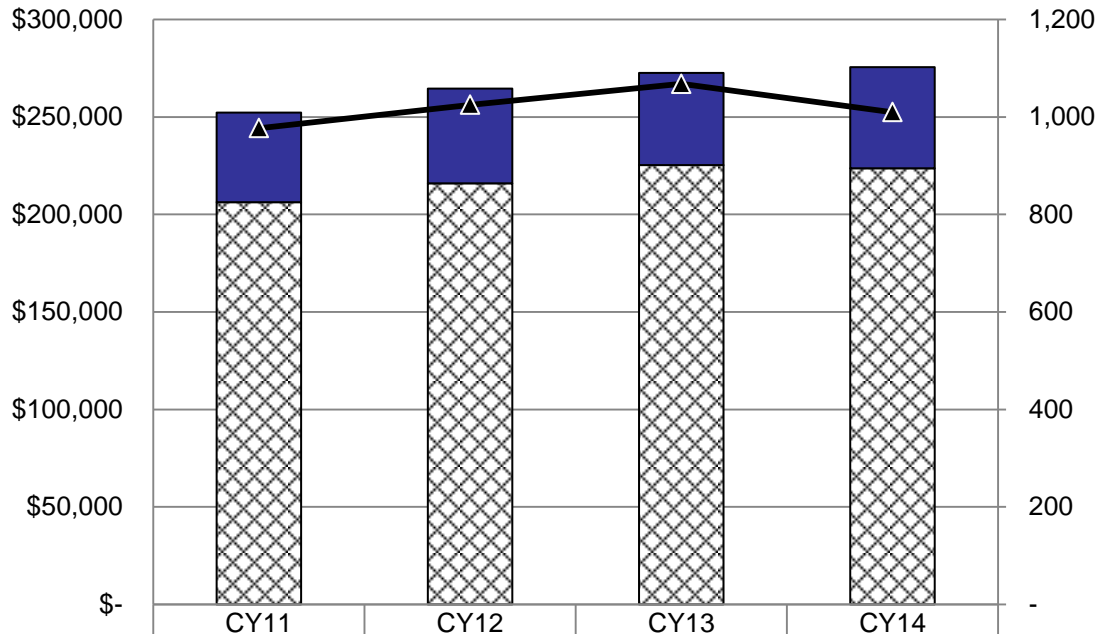
Calendar Year 2015 Program Rates are as follows:

Program Rates		
<u>Program</u>	Member Fee	Non Member Fee
Dances/Parties	\$20	\$20
Musical Theater	\$240	\$240
After School	Variable	Variable
Before School	Variable	Variable
Adult Tennis	Variable	Variable
Adult Volleyball	Variable	Variable
Junior Tennis	Variable	Variable
Women's Basketball	Variable	Variable
Men's Basketball	Variable	Variable
Patriot Boy's Basketball Clinic	\$125	\$125
Patriot Girl's Basketball Clinic	\$125	\$125
Preschool Tennis	Variable	Variable
Carousel Preschool	Variable	Variable
Summer Camps	Variable	Variable

2014 Summer Recreation Financial Report

Program	Participation	Revenue	Expense	Reserved	Net
2014 Day Camp/Summer @ Alcott/Arts & Rec	1,010	\$ 345,841	\$ 271,928	\$ -	\$ 73,913
Boys Basketball Clinics	98	\$ 24,480	\$ 20,808	\$ -	\$ 3,672
Ultimate Frisbee	19	\$ 4,576	\$ 3,661	\$ -	\$ 915
Concord Children Center Swim	51	\$ 15,445	\$ 8,838	\$ -	\$ 6,607
Extended Day AM/PM	373	\$ 23,540	\$ 10,231	\$ -	\$ 13,309
Preschool Adventures/Kaelidoscope	196	\$ 40,934	\$ 29,024	\$ -	\$ 11,910
Patriot Youth Football	30	\$ 2,442	\$ 2,076	\$ -	\$ 366
Brine Lacrosse	155	\$ 22,525	\$ 20,525	\$ -	\$ 2,000
Family Swim	128	\$ 5,730	\$ 8,991	\$ -	\$ (3,261)
Workreation	154	\$ 31,036	\$ 8,433	\$ -	\$ 22,603
Theater Camp	96	\$ 29,352	\$ 22,956	\$ -	\$ 6,396
Post Camp	41	\$ 18,375	\$ 11,502	\$ -	\$ 6,873
Group Exercise	429	\$ 52,900	\$ 56,653	\$ -	\$ (3,753)
Minuteman Road Race	-	\$ -	\$ 2,858	\$ -	\$ (2,858)
Concord Open	134	\$ 163,330	\$ 93,000	\$ 60,000	\$ 10,330
Summer Overhead Expense			\$ 72,466		\$ (72,466)
Total	2,914	\$ 780,506	\$ 643,950	\$ 60,000	\$ 76,556

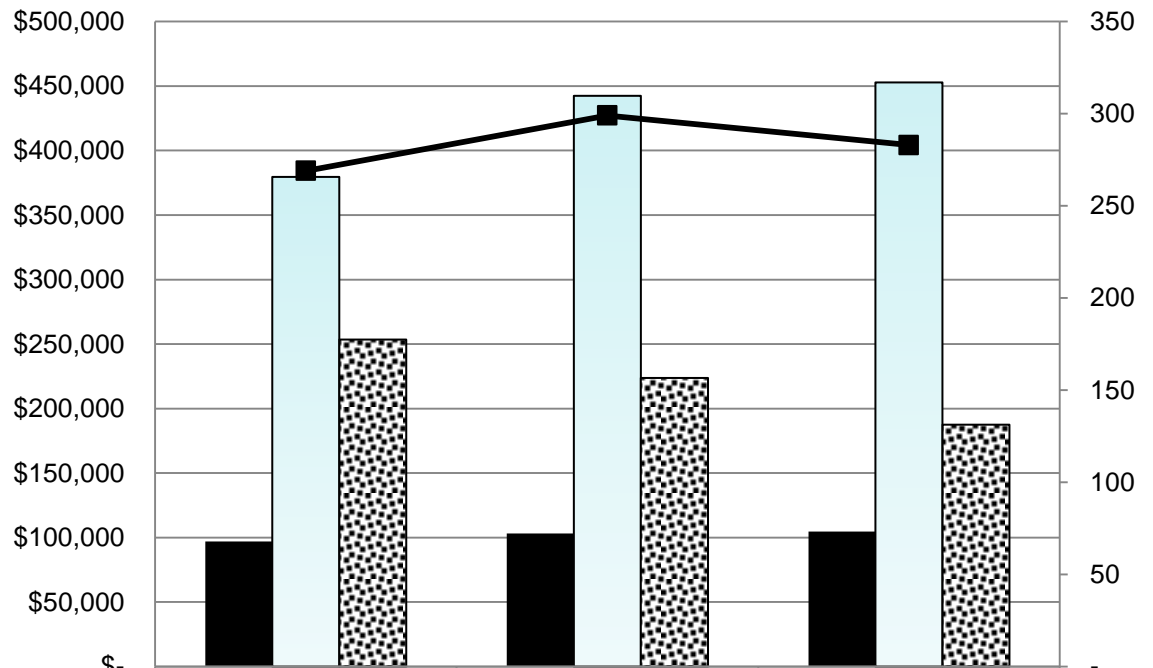
Summer Camp Revenue & Participation



Other (not including golf)	\$45,950	\$48,700	\$47,275	\$51,850
Tuition	\$206,320	\$215,918	\$225,305	\$223,661
Enrollment	977	1,025	1,068	1,010

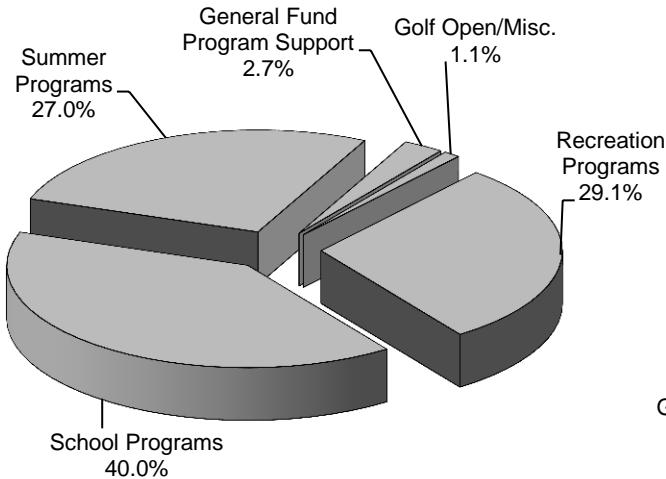
School Year Programs Participation & Revenue						
Program	FY13		FY14		Projected FY15	
	Participation	Revenue	Participation	Revenue	Participation	Revenue
Before School	75	\$96,979	85	\$103,297	76	\$104,621
After School	132	\$379,572	165	\$442,422	160	\$452,792
Carousel Preschool	62	\$253,459	49	\$223,814	47	\$187,621

School Year Revenue & Total Enrollment

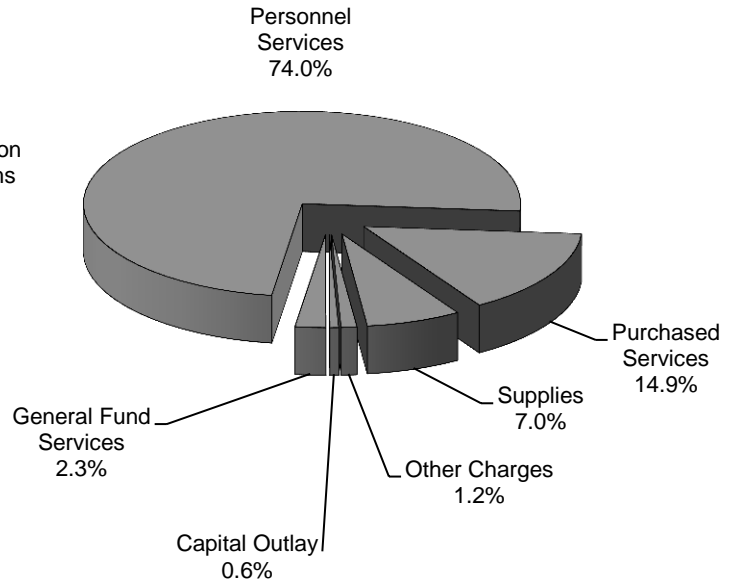


■ Before School	\$96,979	\$103,297	\$104,621
■ After School	\$379,572	\$442,422	\$452,792
■ Carousel	\$253,459	\$223,814	\$187,621
■ Combined Enrollment	269	299	283

FY16 Operating Revenues
\$1,852,119



FY16 Operating Expenditures
\$1,852,119



Operating Results:

The FY16 Recreation Fund budget is presented as balanced, based upon historical revenues and expenditures that can fluctuate based on participation and programming.

Operating revenues are projected at \$1,852,119, which is an increase from FY14 actuals. The General Fund will support the Recreation Department with \$50,000, in lieu of supporting the salary of the recently retired Recreation Director.

Operating expenditures are projected at \$1,852,119, which is estimated based off of prior years to establish a balanced budget.

Operating Revenues

	FY13		FY14		FY15		FY16	
	Actual		Actual		Budgeted		Estimate	
Recreation Programs	\$	449,086	\$	493,147	\$	486,484	\$	539,617
School Programs		731,995		751,035	\$	741,515	\$	741,515
Summer Programs		464,250		536,722	\$	500,486	\$	500,486
General Fund Program Support		-		-	\$	-	\$	50,000
Golf Open/Misc.		22,661		58,590	\$	40,626	\$	20,500
Operating Revenues Total	\$	1,667,992	\$	1,839,495	\$	1,769,111	\$	1,852,119

Operating Expenses

	FY13		FY14		FY15		FY16	
	Actual		Actual		Budgeted		Estimate	
Personnel Services	\$	1,189,391	\$	1,221,642	\$	1,361,980	\$	1,371,271
Purchased Services		220,058		263,220		225,400		275,450
Supplies		113,549		96,919		120,450		130,000
Other Charges		18,818		21,413		18,775		21,470
Capital Outlay		3,545		12,179		1,500		12,000
General Fund Services		41,712		45,887		41,006		41,928
Subtotal	\$	1,587,074	\$	1,661,260	\$	1,769,111	\$	1,852,119
Total Expenses	\$	1,587,074	\$	1,661,260	\$	1,769,111	\$	1,852,119

Net Income and Fund Balance

	FY13		FY14		FY15		FY16	
	Actual		Actual		Budgeted		Estimate	
Operating Income:								
Operating Revenues	\$	1,667,992	\$	1,839,495	\$	1,769,111	\$	1,852,119
Less Operating Expenses		(1,587,074)		(1,661,260)		(1,769,111)		(1,852,119)
Operating Income	\$	80,918	\$	178,234	\$	0	\$	-
Fund Balance:								
Beginning Fund Balance	\$	343,190	\$	424,108	\$	602,342	\$	602,342
Net Income		80,918		178,234		0		-
Ending Fund Balance	\$	424,108	\$	602,342	\$	602,342	\$	602,342

Personnel Services Detail

	FY15 Budget		FY16 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Recreation Staff				
5111 Recreation Services Director	1.00	\$93,498	1.00	\$95,935
Recreation Supervisor	2.90	\$165,777	2.90	\$167,676
Fitness Coordinator	0.55	\$45,981	0.60	\$50,161
Recreation Coordinator	0.25	\$18,105	0.25	\$18,105
Sr. Administrative Assistant	1.00	\$66,878	1.00	\$67,464
5112 Recreation Clerk	0.56	\$24,089	0.56	\$24,089
Subtotal	6.26 FTEs	\$414,328	6.31 FTEs	\$423,430
5115 Limited Status	620 hrs.	\$12,601	620 hrs.	\$12,601
5120 Temporary Status	38866 hrs.	\$790,151	40000 hrs.	\$813,200
5130 Overtime	0.0 hrs.	\$19,700	0 hrs.	\$6,000
5157 Car Allowance	N/A	\$1,200	N/A	\$1,200
5172 Unemployment Comp.	N/A	\$0	N/A	\$0
5173 Life Insurance	N/A	\$175	N/A	\$175
5174 Health Insurance	N/A	\$49,625	N/A	\$49,625
5176 Health Reimbursement	N/A	\$0	N/A	\$0
5177 Dental Insurance	N/A	\$2,200	N/A	\$2,200
5178 Medicare Tax	N/A	\$11,640	N/A	\$11,640
5180 Social Security	N/A	\$60,360	N/A	\$51,200
Subtotal	18.91 FTEs	\$947,652	19.45 FTEs	\$947,841
Total	25.17 FTEs	\$1,361,980	25.76 FTEs	\$1,371,271

Detail of General Fund Services

	FY13 Actual	FY14 Actual	FY15 Budget	FY16 Estimate
Human Resources	\$ 5,783	\$ 6,432	\$ 6,499	\$ 6,742
Parks and Trees	15,000	15,000	15,000	15,000
Hunt Gym	20,929	24,455	19,507	20,186
	41,712	45,887	41,006	41,928

Recreation Fund

Performance

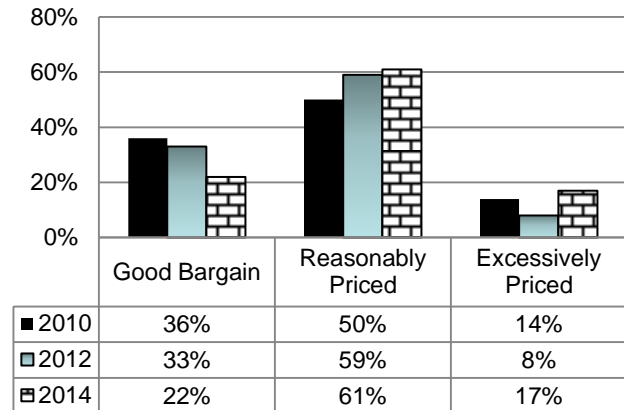
Goal: To ensure the Recreation Department services are cost-effective, and of the highest quality.

Objective: To gauge resident satisfaction with Recreation Department services in terms of price

Measure: Town Biennial Residential Survey of 1,337 Concord residents in FY15, that produces a statistically significant result.

Trend: Of the 1,337 surveyed, 504 responded to the question regarding the price of Recreation Programs. 83% think these programs are a “good bargain” or “reasonably priced”.

Price for Recreation Programs



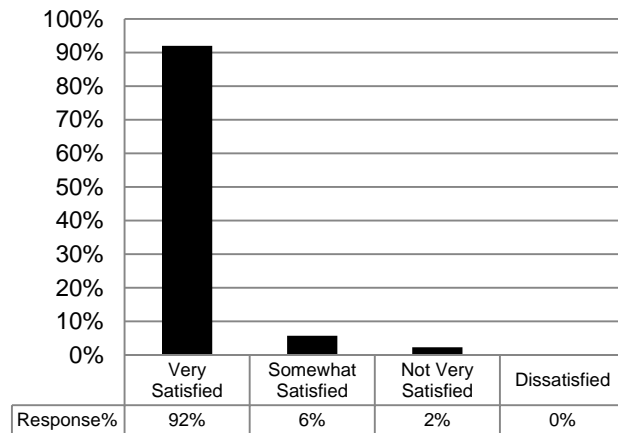
Goal: To have a Summer Camp that is a great experience for all that participate

Objective: To have a positive response from the families that attended.

Measure: A survey mailed in voluntarily by parents of participants who attended the camp. There were 87 responses.

Trend: Based on the 2013 Summer Camp Survey a high percentage of respondents had a positive experience attending camp. Of those that responded 92% were “Very Satisfied” and 6% were “Somewhat Satisfied”

Summer Camp Experience Satisfaction



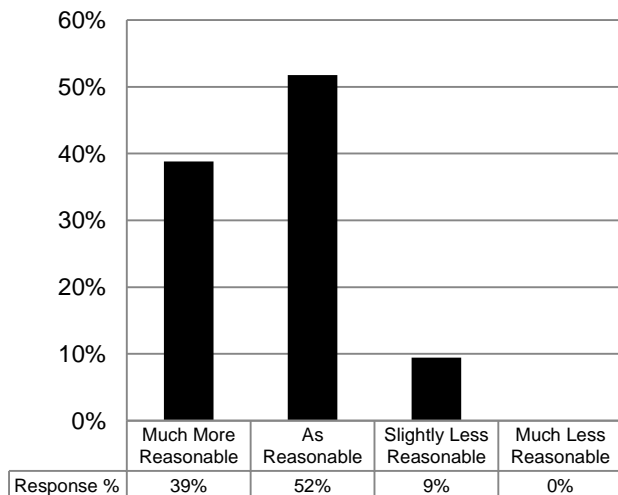
Goal: To offer reasonably priced Summer Camp options

Objective: To compare favorably to our competitors and provide value to campers and families

Measure: A survey mailed in voluntarily by parents of participants who attended the camp. There were 87 responses.

Trend: Compared to other Summer Camp alternatives Concord Recreation’s Summer Camp options compare favorably in terms of price. 91% of respondents felt that prices were “Much More Reasonable” or “As Reasonable” as competitors in terms of price.

Summer Camp Price Comparison with Competitors



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Section IX

Appendix

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Appendix: Budget Process

Budget Process

The Town of Concord operates under state statutes in general; and under the Town Charter as amended, which established the present Selectmen-Town Manager form of government; and under various Town bylaws. The legislative body of Concord is an Open Town Meeting, in which all voters registered in Concord are permitted to participate. While Town Meeting has the sole authority to appropriate funds for the General Fund operating budget and capital projects, it does not appropriate funds for the electric, sewer, and water enterprise funds, or for the special revenue funds. For the three existing enterprise funds and Solid Waste Special Revenue Fund, the responsible department heads, with review by the Town Manager, develop the proposed budgets. The Town Manager then submits these proposed budgets to the Board of Selectmen and Finance Committee, and to the public, prior to the Annual Town Meeting. Each budget is approved by the responsible policy committee as a spending plan, and the Town Meeting authorizes the Town Manager to expend the funds. The new Swim and Fitness Center enterprise fund follows this same pattern, with the additional requirement that the Town Meeting enacts this budget as an appropriation. The Swim and Fitness Center Fund is authorized under MGL c. 44, s. 53F $\frac{1}{2}$, a state law enacted in 1986 that sets forth conditions for newly-established enterprise funds. The fiscal year for the electric utility begins on January 1, while the fiscal year for all other funds begins on July 1.

Like prior budgets, these CY15/FY16 budgets have been developed based upon projected assumptions of available revenue. These budgets are based primarily upon fees charged for the services provided by each activity. Added to these service fees are projections for grants and miscellaneous non-operating revenues, such as interest earnings.

The projected expenditures are calculated based upon the costs of operating the existing service. These operating costs include salaries and employee benefits, debt interest payments, and infrastructure repair and maintenance, including depreciation expense.

Budget Schedule

Beginning in September each fiscal year, the responsible boards and commissions discuss budget issues and provide policy guidance to the staff at a series of working meetings. By February, the responsible departments develop and submit their budgets to the Town Manager. With input from these parties, the Town Manager submits the proposed budgets to the public at a hearing held in mid to late March.

Shown on the following pages are a calendar of important dates and a chart of the budget schedules for developing and acting on the CY15/FY16 budgets, including the enterprise/special revenue budgets.

Appendix: Budget Calendar

July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June
	Establish goals; hold planning meeting										
		Depts develop operating & CIP budget requests									
			Depts present budget requests; Finance Comm presents budget guidelines								
					Warrant is open						
					Town Manager reviews budgets & submits them to the Board of Selectmen						
						Departments develop & submit Enterprise Fund budgets to Town Manager					
							Finance Comm holds hearings & completes final recommendations on Town Govt. & School budgets & all articles				
								Town Mgr reviews, publishes & holds hearing on Enterprise Fund budgets			
											Town Meeting discusses & adopts Town Govt., Schools, & capital budgets
July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June

Appendix: Budget Process

FY16 Budget Calendar

This calendar describes the steps leading to adoption of the budget for those accounts overseen by the Town Manager under the jurisdiction of the Board of Selectmen and requiring appropriation by the Town Meeting. The School Superintendent and School Committees carry out similar steps leading to Town Meeting.

2014

June 24	Capital Improvement Program Instructions issued (FY2016-20)
September 19	Budget Instructions issued to all departments, boards and committees
September 23	Capital Improvement Program (FY2016-20) requests due
September 29	FY2016 fiscal planning meeting; Board of Selectmen, School Committee, Finance Committee
October 17	FY2016 Operating Budget Requests due
November 3 – November 21	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 6	Board of Assessors meet to review draft Classification Report from the Town Assessor
November 13	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2015 property tax rate or rates)
November 17	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2015 (based on FY2015 appropriations voted at April 2014 Town Meeting)
November 20	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 6 (Sat)	Selectmen/Committees Coordination Meeting; planning session for 2015 Annual Town Meeting
December 8	Warrant opened for 2015 Annual Town Meeting
December 12	Preliminary FY2016 Operating Budget recommendations and final recommendations for FY2016-20 CIP compiled by Budget Review Team for Town Manager's review and decisions

Continued on next page

Appendix: Budget Process

2015

- January 5 Warrant for Town Meeting closes at 4:00 PM
- January 5 Preliminary draft of Town Manager's expenditure/appropriation recommendations for FY2016 Operating Budget submitted to Board of Selectmen
- January 12 90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2016 (General Fund operations and proposed appropriations) is published and submitted to Selectmen. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees.) Through February, these committees and Finance Committee conduct review.
- February 6 Proposed budgets for FY2016 operations of Enterprise Funds are due from Enterprise Departments
- February 12 Public Hearings advertised (for FY2016 General Fund operations)
- February 13 Legal deadline for mailing of Town Meeting Warrant to residents (at least 10 days prior to Public Hearing)
- February 23 Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2016 and other non-school and non-CPA financial articles on the Town Meeting Warrant
- February 25 Finance Committee's Public Hearing on Education budget proposals for FY2016 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act article
- March 6 Town Manager's Proposed Budget for FY2016 Enterprise Operations published (10 days prior to Public Hearing)
- March 16 Public Hearing on Enterprise Fund budgets and articles
- March 16 Finance Committee completes its recommendations for Town Meeting
- March 23 Finance Committee Report to printer
- April 2 Finance Committee Report mailed to residents (at least 10 days prior to Town Meeting)
- April 12 Town Meeting - consideration of budget; enactment of appropriations (first session)

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014
 (DECEMBER 31, 2013 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
ASSETS					
Current:					
Cash and short-term investments	\$ 6,769,113	\$ 8,108,218	\$ 7,677,903	\$ 4,485,343	\$ 27,040,577
User fees, net of allowance for uncollectibles	777,463	362,593	4,432,026	-	5,572,082
Betterment receivables	-	63,000	-	-	63,000
Inventory	103,741	-	878,770	-	982,511
Prepaid expenses	-	-	3,375,854	-	3,375,854
Other assets	-	-	213,839	4,552	218,391
Total current assets	7,650,317	8,533,811	16,578,392	4,489,895	37,252,415
Noncurrent:					
Betterment receivables, net of current portion	-	823,206	-	-	823,206
Restricted cash	-	-	5,700,465	-	5,700,465
Net OPEB asset	46,589	12,395	119,351	19,230	197,565
Capital assets being depreciated, net	16,107,170	20,456,958	34,417,343	7,951,723	78,933,194
Capital assets not being depreciated	3,316,248	100,000	3,890,365	94,529	7,401,142
Total noncurrent assets	19,470,007	21,392,559	44,127,524	8,065,482	93,055,572
TOTAL ASSETS	27,120,324	29,926,370	60,705,916	12,555,377	130,307,987
LIABILITIES					
Current:					
Warrants payable	121,652	97,474	4,232,027	163,041	4,614,194
Accrued liabilities	116,072	226,426	176,833	93	519,424
Customer deposits	-	-	324,868	-	324,868
Provision for rate stabilization	-	-	3,075,697	-	3,075,697
Notes payable	-	-	3,935,000	-	3,935,000
Other current liabilities	-	-	334,083	-	334,083
Current portion of long-term liabilities:					
Bonds payable	520,000	816,353	460,000	-	1,796,353
Accrued employee benefits	12,691	3,173	6,415	6,634	28,913
Total current liabilities	770,415	1,143,426	12,544,923	169,768	14,628,532
Noncurrent:					
Bonds payable, net of current portion	3,745,000	9,655,217	3,492,315	-	16,892,532
Accrued employee benefits, net of current portion	114,217	28,554	121,876	59,707	324,354
Total noncurrent liabilities	3,859,217	9,683,771	3,614,191	59,707	17,216,886
DEFERRED INFLOWS OF RESOURCES	-	-	-	882,623	882,623
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,629,632	10,827,197	16,159,114	1,112,098	32,728,041
NET POSITION					
Net investment in capital assets	15,158,418	11,616,224	34,452,708	8,046,252	69,273,602
Restricted - betterments	-	1,633,802	-	-	1,633,802
Restricted - capital improvements	-	2,525,765	1,937,544	-	4,463,309
Unrestricted	7,332,274	3,323,382	8,196,550	3,397,027	22,209,233
TOTAL NET POSITION	\$ 22,490,692	\$ 19,099,173	\$ 44,546,802	\$ 11,443,279	\$ 97,579,946

The accompanying notes are an integral part of these financial statements.

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014
 (DECEMBER 31 2013 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Operating Revenues:					
Charges for services	\$ 4,654,206	\$ 3,048,386	\$ 25,844,375	\$ 2,450,179	\$ 35,997,146
Total Operating Revenues	4,654,206	3,048,386	25,844,375	2,450,179	35,997,146
Operating Expenses:					
Personnel services	1,056,504	374,397	-	1,175,918	2,606,819
Non-personnel services	863,601	1,194,455	-	721,676	2,779,732
Depreciation	784,890	1,483,997	-	330,287	2,599,174
Electric operations	-	-	23,142,707	-	23,142,707
Total Operating Expenses	2,704,995	3,052,849	23,142,707	2,227,881	31,128,432
Operating Income (Loss)	1,949,211	(4,463)	2,701,668	222,298	4,868,714
Nonoperating Revenues (Expenses):					
Investment income	14,393	14,316	26,753	9,175	64,637
Interest expense	(156,145)	(211,128)	(133,440)	-	(500,713)
Other nonoperating income, net	-	2,943,125	7,195	-	2,950,320
Other nonoperating expense, net	(4,125)	-	(842,057)	-	(846,182)
Total Nonoperating Revenues (Expenses), Net	(145,877)	2,746,313	(841,549)	9,175	1,668,062
Income Before Transfers	1,803,334	2,741,850	1,760,119	231,473	6,536,776
Transfers in	-	79,512	-	-	79,512
Transfers out - overhead allocations	(646,905)	(213,512)	(447,800)	(136,214)	(1,444,431)
Change in Net Position	1,156,429	2,607,850	1,312,319	95,259	5,171,857
Net Position at Beginning of Year	21,334,263	16,491,323	43,234,483	11,348,020	92,408,089
Net Position at End of Year	\$ 22,490,692	\$ 19,099,173	\$ 44,546,802	\$ 11,443,279	\$ 97,579,946

The accompanying notes are an integral part of these financial statements.

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014
 (DECEMBER 31, 2013 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 4,705,819	\$ 3,220,438	\$ 24,619,772	\$ 2,422,349	\$ 34,968,378
Payments to vendors and employees	(2,039,958)	(1,472,656)	(20,703,462)	(1,839,014)	(26,055,090)
Net Cash Provided By Operating Activities	2,665,861	1,747,782	3,916,310	583,335	8,913,288
Cash Flows From Noncapital Financing Activities:					
Intergovernmental grants	-	2,943,125	-	-	2,943,125
Non-operating expenses	(4,125)	-	-	-	(4,125)
Transfers in	-	79,512	-	-	79,512
Transfers out	(646,905)	(213,512)	(447,800)	(136,214)	(1,444,431)
Net Cash Provided by (Used for) Noncapital Financing Activities	(651,030)	2,809,125	(447,800)	(136,214)	1,574,081
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets, net of disposals	(442,709)	(126,582)	(4,716,565)	(109,029)	(5,396,885)
Proceeds from issuance of bonds and notes	-	-	3,935,000	-	3,935,000
Principal payments on bonds and notes	(520,000)	(802,168)	(790,000)	-	(2,082,168)
Interest expense	(156,145)	(211,129)	(133,440)	-	(500,713)
Other	-	-	(43,067)	-	(43,067)
Net Cash (Used For) Capital and Related Financing Activities	(1,118,854)	(1,141,878)	(1,718,072)	(109,029)	(4,087,833)
Cash Flows From Investing Activities:					
Investment income	14,393	14,316	26,753	9,175	64,637
Sales of investment shares	-	-	(356,646)	-	(356,646)
Net Cash Provided By (Used for) Investing Activities	14,393	14,316	(329,893)	9,175	(292,009)
Net Change in Cash and Short-Term Investments	910,370	3,429,345	1,420,545	347,267	6,107,527
Cash and Short-Term Investments, Beginning of Year	5,858,743	4,678,873	6,257,358	4,138,076	20,933,050
Cash and Short-Term Investments, End of Year	\$ 6,769,113	\$ 8,108,218	\$ 7,677,903	\$ 4,485,343	\$ 27,040,577
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 1,949,211	\$ (4,463)	\$ 2,701,668	\$ 222,268	\$ 4,868,714
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	784,890	1,483,997	1,592,828	330,287	4,192,002
Changes in assets and liabilities:					
User fees receivables	51,613	172,052	(346,685)	-	(123,020)
Inventory	(10,641)	-	(55,140)	-	(65,781)
Prepaid expenses	-	-	(112,559)	-	(112,559)
OP&B asset	5,912	730	-	(13,571)	(6,929)
Warrants payable	(189,565)	(30,086)	-	68,788	(150,863)
Accrued liabilities	64,745	123,129	1,005,525	93	1,193,492
Other liabilities	9,696	2,423	15,832	3,270	31,021
Deferred inflow	-	-	-	(27,830)	(27,830)
Provisions	-	-	(664,959)	-	(664,959)
Net Cash Provided By Operating Activities	\$ 2,665,861	\$ 1,747,782	\$ 3,916,310	\$ 583,335	\$ 8,913,288

The accompanying notes are an integral part of these financial statements.

Appendix: Glossary

A GLOSSARY OF TERMS COMMONLY USED IN MUNICIPAL FINANCE

Abatement: A complete or partial cancellation of a levy imposed by a governmental unit; applicable to tax levies and special assessments.

Accrual Basis: In the context of accounting, practice in which expenses and income are accounted for as they are earned or incurred, whether or not they have been received or paid.

Actuarial Accrued Liability (AAL): Generally represents the portion of the present value of fully projected benefits attributable to service credit earned (or accrued) as of the valuation date.

Actuarial Value of Assets (AVA): The value of a pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB 25. The ARC consists of the Employer Normal Cost and the Amortization Payment.

Appropriation: An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and the time when it may be expended. Only a vote of Town Meeting or the School Committee can authorize money appropriated for one purpose to be used for another. Any amount which is appropriated may be encumbered. Any part of the general appropriation not spent or encumbered by June 30 automatically reverts to surplus. A specific or particular appropriation is carried forward from year to year until spent for the designated purpose or transferred by Town Meeting vote to another account.

Assessed Valuation: The value placed upon a particular property by the local Board of Assessors for the purpose of apportioning the Town's tax levy among individual property owners equitably and in accordance with the legal requirement that property be assessed at "full and fair cash value," certified periodically by the Commonwealth's Commissioner of Revenue (no less frequently than once every three years).

Audit: Work done by accountants in examining financial reports, reviewing compliance with applicable laws and regulations, reviewing efficiency and economy of operations, and reviewing effectiveness in achieving program results. A basic audit examines only the financial reports and legal compliance. An outside Certified Public Accountant (CPA) audit is directed primarily toward the expression of an opinion as to the fairness of the financial statements and submission of a management letter. An auditor must be independent of the executive branch of government. A state auditor, private CPA, or public accountant, or elected auditor meets this test.

Balance Sheet: A statement which discloses the assets, liabilities, reserves, and equities of a fund or government unit at a specified date.

Balanced Budget: A plan of financial operation in which the estimate of proposed expenditures for a given period is less than or equal to the proposed means of financing these expenditures (from various sources of funds or revenues).

Appendix: Glossary

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period (usually a 12-month period referred to as the Fiscal Year, or FY) and the proposed means of financing them. A budget may be preliminary (the financial plan presented to the Town Meeting) or final (the plan approved by that body).

Capital Budget: A plan of proposed capital outlays, and the means of financing them for the current fiscal period. It is usually a part of the current budget but may also be a multi-year plan.

Capital Improvement: A major, non-recurring expenditure involving one of the following:

- a. Real Property - Includes the purchase or lease of land, existing buildings and appurtenant structures, and fixtures attached to land and buildings.
- b. Equipment - Includes the replacement or addition of major items of equipment with a life expectancy of at least two years and a cost of at least \$5,000. Similar items can be bundled together.
- c. Projects - Include activities such as the following:
 1. Construction of new buildings or facilities (including architectural, engineering, and related fees).
 2. Improvements or major repairs (costing \$5,000 or more) of existing buildings or facilities, aside from routine maintenance.
 3. Studies or other activities (costing \$5,000 or more) that either relate to future “brick and mortar” projects, or are a part of a multi-year program of infrastructure improvements.
 4. An annual sum available for routine building improvements, renovations, or repairs.

Cherry Sheet: An annual statement received from the Massachusetts Department of Revenue (DOR) detailing estimated receipts for the next fiscal year from the various state aid accounts, and estimated state and county government charges payable by the Town, and included by the local Assessors in setting the tax rate. The actual receipts and charges may vary from the estimates.

Classification: The division of property valuations by type of property. There are five classes: Residential, Open Space, Commercial, Industrial, and Personal. The Selectmen may set as many as three different tax rates (within limits set forth in state law): for residences, for business and personal, and for open space.

Cooling Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *higher* than a specific base temperature. They are used for calculations relating to the energy consumption required to *cool* buildings

Debt Service: Payment of interest and principal related to long term debt.

Depreciation: A non-cash expense (also known as non-cash charge) that provides a source of available funds. Amount allocated during the period to amortize the cost of acquiring long-term assets over the useful life of the assets. This is an accounting expense not a real expense that demands cash.

Encumbrance: Obligations such as purchase orders, contracts, or salary commitments that are chargeable to an appropriation, and for which a part of the appropriation is reserved.

Appendix: Glossary

Enterprise Fund: A fiscal entity with a self-balancing set of accounts that is utilized to account for a governmental service when it is the intent to recover the total cost of service, including depreciation, primarily through user charges imposed on the consumers of the service. Examples in Concord include: electricity provided by the Concord Municipal Light Plant, and Water and Sewer services provided by the Department of Public Works.

Equalized Valuation (EQV): The value of all property as determined by the Commissioner of Revenue biennially, using a standard of "full and fair value"; also referred to as EQV.

Expenditure: The spending of money by the Town for the programs or projects within the approved budget.

Fiscal Year (FY): A 12-month period, commencing July 1 and ending June 30, to which the annual budget applies, and at the end of which a governmental unit determines its financial position and the results of its operations. The number of the fiscal year is that of the calendar year in which it ends; FY2016 is the fiscal year which ends June 30, 2016.

Free Cash: Free cash refers to the amount of Fund Balance that is available for appropriation. It is certified each July 1 by the state. Because of the stringent way that the state makes these calculations, Free Cash more closely represents Cash (actual dollars held) than does Fund Balance, which includes a variety of receivables (i.e., cash due).

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Balance: The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to the stockholders equity account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected (see **Free Cash**).

General Fund: The fund into which the general (non-earmarked) revenues of the Town are deposited, and from which money is appropriated to pay expenses.

General Obligation Bonds: Bonds issued by the Town that are backed by the full faith and credit of its taxing authority.

Governmental Funds: Funds used to organize and separate the finances of various Town activities and objectives. Governmental Fund categories include: the General Fund; Enterprise Funds; Special Revenue Funds; and the Capital Projects Fund.

Heating Degree Days: Are a measure of how much (in degrees), and for how long (in days), outside air temperature was *lower* than a specific "*base temperature*" (or "*balance point*"). They are used for calculations relating to the energy consumption required to *heat* buildings.

Kilowatt-hour (kWh): Kilowatt-hour is an energy unit (symbol kWh). One kilowatt-hour is defined as the energy consumed by power consumption of 1kW during 1 hour. The Town of Concord uses kWh to measure electric output for facilities.

Appendix: Glossary

Land Fund: A fund established by Town bylaw in FY1986 to which may be added an annual appropriation, gifts, and grants. The use of the fund is restricted to the acquisition of land, debt service on designated land purchases, and related costs, such as legal and appraisal fees.

Massachusetts School Building Authority (MSBA): A quasi-independent government authority created to reform the process of funding capital improvement projects in the Commonwealth's public schools.

Net OPEB Obligation (NOO): The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. (GASB 45 only)

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee. Other post-employment benefits that a retiree can be compensated for are life insurance premiums, healthcare premiums and deferred-compensation arrangements

Overlay: The amount raised from the property tax levy in excess of appropriations and other charges. It cannot exceed 5 percent of the levy, and is used to cover abatements and exemptions granted locally or on appeal.

Overlay Surplus: The unused portions of **overlay** accounts from previous years; at the end of each fiscal year, this amount is computed from information provided by the Board of Assessors. Any sum so designated is transferred to, and becomes part of, the General Fund undesignated fund balance.

Override: A vote to increase the amount of property tax revenue that may be raised over the levy limit set by **Proposition 2½**.

Payment in lieu of Taxes (PILOT): made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually it relates to the foregone property tax revenue.

Personal Services: The cost of salaries, wages, and related employment benefits.

Property Tax Levy: The amount produced by multiplying the assessed valuation of property by the tax rate. The tax rate is expressed per thousand dollars of assessed valuation. For example: (based on \$14.29 tax rate)

<i>House Value:</i>	\$700,000
<i>Tax Rate:</i>	\$14.29 (which means \$14.29 per thousand \$\$ of valuation)
<i>Levy Calculation:</i>	\$14.29 multiplied by \$700,000 divided by \$1,000.
<i>Result, Property Tax Levy:</i>	\$10,003

Proposition 2½ (see below): A tax limitation measure passed by Massachusetts voters in 1980 that limits the growth of the total property tax levy to 2.5% per year. New construction values are added to this limit. Two provisions of Prop 2½, so-called, allow the Town to raise taxes above this tax levy limit, upon approval by a Town-wide vote: an operating override or a debt exclusion.

Appendix: Glossary

Public Employee Retirement Administration Commission (PERAC): A government agency that was created for and is dedicated to the oversight, guidance, monitoring, and regulation of the Massachusetts Public Pension Systems.

Purchased Services: The cost of services that are provided by a vendor.

Reserve Fund: A fund appropriated each year that may be used only by vote of the Finance Committee for "extraordinary or unforeseen expenditures."

Revolving Fund: Those funds that may be used without **appropriation**, and that are established for special uses. Fees (such as for recreation) may be paid into a revolving fund. Revolving funds are established directly by state law or by Town bylaw consistent with state law.

Tax Levy: Total amount of dollars assessed in property taxes by the Town each **fiscal year**.

Therm: A unit of measure for heating energy. In Concord this can be linked to facility natural gas output.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any of the **Actuarial Accrued Liability** over the **Actuarial Value of Assets**. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Warrant: A list of items to be voted upon at Town Meeting.

Terms Associated with Proposition 2½

Excess Levy Capacity: The difference between the Town's maximum annual tax levy limit as established by Proposition 2½, and its actual **tax levy** for the current year. It is additional **tax levy** that a town could raise without asking voters for an **override** or debt exclusion.

Growth Revenue: The amount of property tax revenue that the Town can add to its allowable tax levy as a result of new construction, alterations, subdivision, or change of use of a parcel.

Primary Levy Limit, or Absolute Limit: 2.5 percent of certified full and fair cash value of taxable property.

Secondary Levy Limit, or Annual Levy Limit: Prior levy limit plus 2.5 percent (base) plus **growth revenue**.