



TOWN OF CONCORD  
MASSACHUSETTS

**Town Manager's Proposed  
Enterprise Budgets  
FY2018**

For the Fiscal Year  
July 1, 2017 - June 30, 2018



**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 Manager's Budget 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. Curbside subscriptions for the average resident are over a \$100 cheaper per year than local competitors.
- Telecommunications Division which provides broadband services for residents and businesses.

**3: Preserve the Town's Character**

- See Town Manager's Budget Book.

**4: Promote Sustainability of Resources**

- Electricity from renewable energy sources which equals approximately 23% 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.

**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.
- A Sewer System that serves 1,866 residential and commercial customers (34% of the community), and consists of 33 miles of collection mains.
- Placement by the Concord Municipal Light Plant of power cables underground to protect the power grid, Concord Municipal Light Plant (approximately 50% of the Town's power lines are now underground).
- Investments in the Beede Center facility, including funds for new fitness equipment.



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CHRISTOPHER WHELAN, TOWN MANAGER

## Town Manager's Budgetary Priorities

March 20, 2017

The Honorable Select Board:

In the FY18 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 budget 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 residents' quality of life. This Enterprise Budget Book presents 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. The 2017 Power Portfolio includes 23% of electricity purchased from renewable 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 2016 Town Residential Survey, 87% of residents polled indicated that electricity rates were a "good bargain" or "reasonably priced". Also 85% responded that water prices were either a "good bargain" or "reasonably priced". Similarly, 78% indicated that sewer rates were either a "good bargain" or "reasonably priced".

Sincerely,

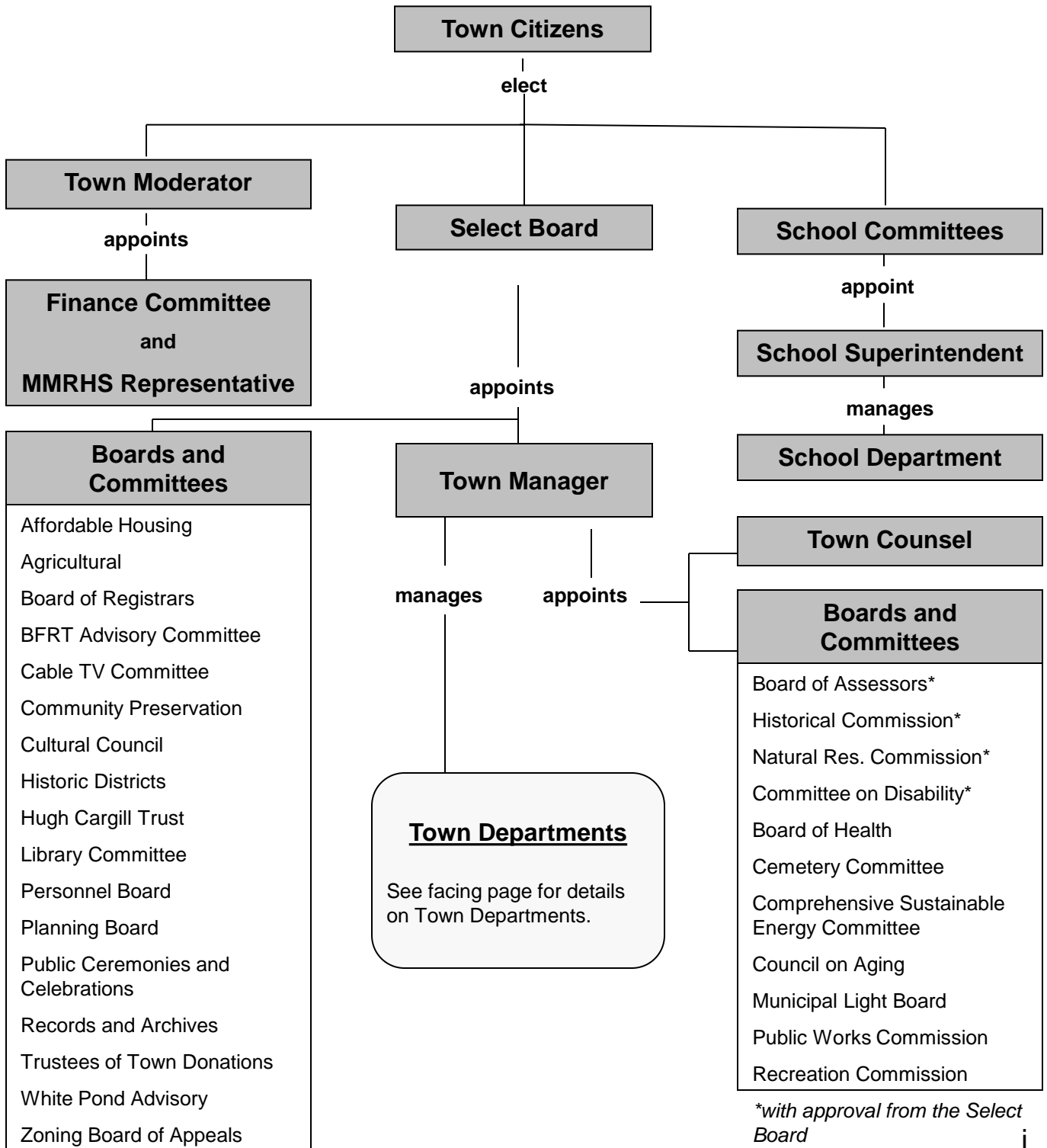
Christopher Whelan  
Town Manager

**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.

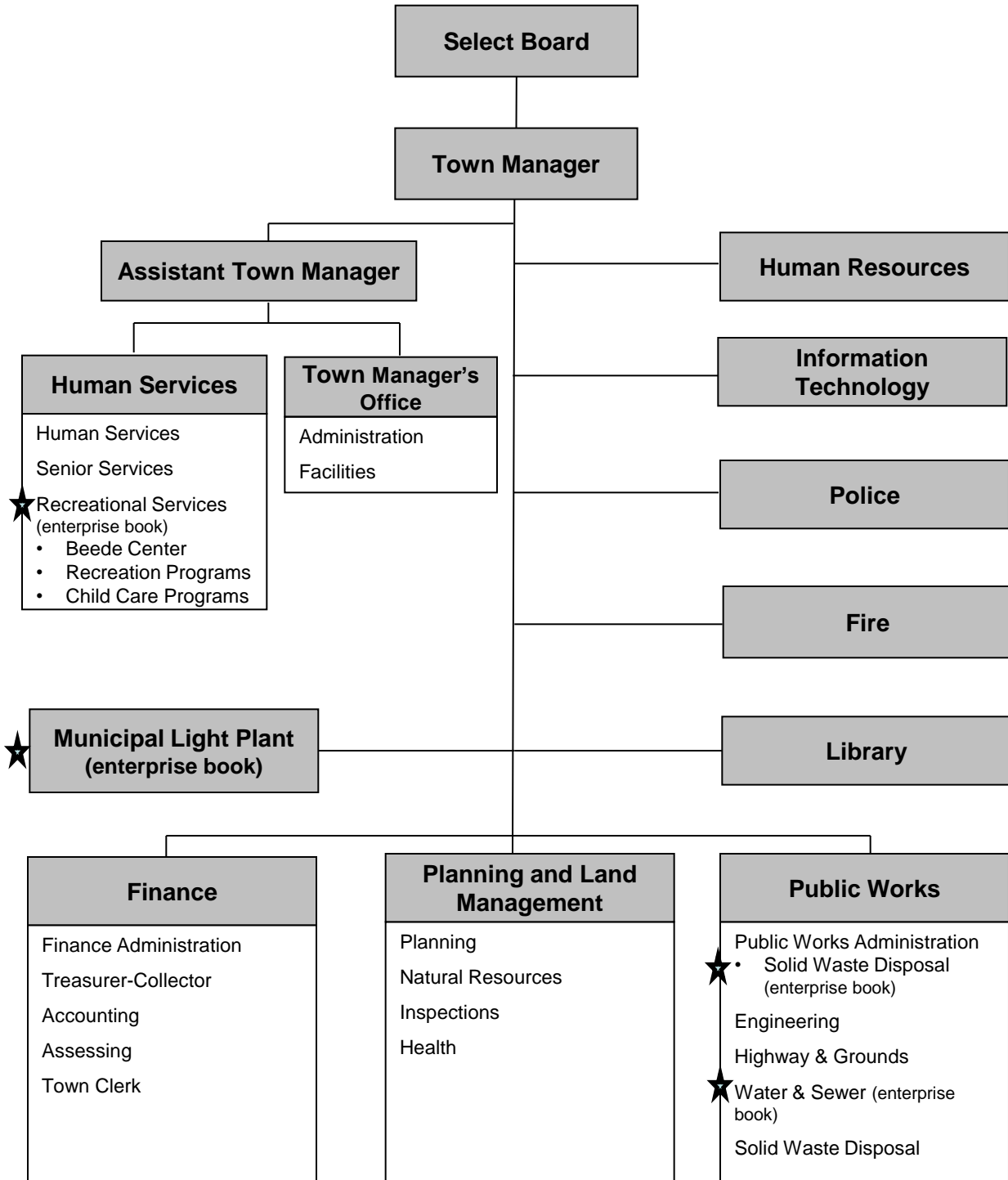


*\*with approval from the Select Board*

The Town Manager oversees all Town Departments, including the enterprise, revolving, and special revenue funds.

This Enterprise Budget Book includes information about the Concord Municipal Light Plant, the Water Division, the Sewer Division, the Beede Swim & Fitness Center, Solid Waste Disposal Program, and the Recreation Program.

**Town of Concord, Massachusetts  
Organization Chart**



## 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.

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# **Section I**

## **Letter of Transmittal**

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CHRISTOPHER WHELAN, TOWN MANAGER

March 20, 2017

The Honorable Select Board:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2018 (July 1, 2017 – June 30, 2018). 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 FY18, this action will be taken under Article 53 of the 2017 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 FY18, this action will be taken under Article 57 of the 2017 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 FY18, this action will be taken under Articles 55 and 56 of the 2017 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 FY18, this action will be taken under Article 54 of the 2017 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 58 of the 2017 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2017 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 General Manager. 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**

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 need 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 2017 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 enterprise 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 FY18 (calendar year 2017 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>
<b>Light Fund</b>	\$27,084,739	\$25,285,556	\$1,799,183	\$2,329,480
<b>Water Fund</b>	5,494,000	4,339,521	1,154,479	1,102,452
<b>Sewer Fund</b>	2,917,200	3,417,390	<b>-500,190</b>	<b>-347,203</b>
<b>Solid Waste Fund</b>	1,372,643	1,364,709	7,934	7,934
<b>Beede Center Fund</b>	2,363,345	2,518,183	<b>-154,838</b>	<b>-138,838</b>
<b>Recreation Fund</b>	1,892,931	1,890,706	2,225	2,225

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>FY18 Proposed Budgets</u>	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
<b>Net Income Projected</b>	\$2,329,480	\$1,102,452	\$ <b>-347,203</b>	\$ <b>-138,838</b>
<b>Depreciation Expense</b>	<u>1,783,676</u>	<u>1,122,756</u>	<u>1,556,016</u>	<u>412,720</u>
<b>Subtotal</b>	4,113,156	2,225,208	1,208,813	273,882
<b>Less:</b>				
<b>Debt Principal Payment</b>	683,750	463,333	607,814	0
<b>CMLP PILOT Payment</b>	474,000	0	0	0
<b>Net Resources derived from Current Operations and available for Capital Purposes</b>	<u>\$2,955,406</u>	<u>\$1,761,875</u>	<u>\$ 600,999</u>	<u>\$ 273,882</u>

The planned FY18 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>
<b>Capital Outlay</b>	\$5,008,000	\$2,495,930	\$2,027,950	\$171,000

It is not necessary that Net Resources from Current Operations equal or exceed the actual or planned Capital Outlay for each year. In FY18, for example, the Light Fund, Water Fund and Sewer Fund have 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 2018, purchased power expense is projected to be approximately \$19 million or 75% of operating costs.

The Concord Municipal Light Plant is also actively pursuing efforts to promote energy conservation and renewable energy. In 2015, the Light Board voted to update its residential tiered rate structure in which the unit price rises with higher 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. Article 26 at the 2017 Town Meeting proposes that the Town be authorized to borrow \$3 million to speed the process of deploying smart meters through town in order to better manage the electrical distribution system and assist residents and business customers to manage electricity usage. 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 23% of all purchased power proposed in 2017 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 capital funds to get the project off the ground. Article 24 at the 2017 Town Meeting proposes that the Town be authorized to borrow \$1 million to perform significant equipment upgrades and additional fiber-optic network construction to meet customer demand.

With the installation of service to over 750 Concord customers as of January 2017 and additional installations expected during the year, the 2017 operating revenue is projected to exceed operating expenditures by approximately \$40,000. These funds will be available to begin to replenish fund balance, which has been as expected negative during the startup period, and make debt service payments on the borrowed funds.

### **Water Fund**

The Water Fund is in sound financial condition and needed capital improvements are proceeding on schedule. With Article 28 of the 2016 Annual Town Meeting, the Town will request approval of \$16.5 million in borrowing to construct the Nagog Pond water treatment facility, replace the water intake pipeline, and rehabilitate the Annursnac and Pine Hill storage tanks. Environmental Partners Group of Weymouth, Massachusetts have submitted a draft (50%) design plan of 1.5 million gallon-per-day Nagog treatment plant. The Water Division is in the process of obtaining the proper permits from the Town of Acton – the location of the water source and proposed treatment plant – for the final design and construction of the plant.

To maintain sufficient funds to cover operating and capital costs, the Water Division is proposing a rate increase of 4.0% for normal residential use as of June 1, 2017 that is an annual dollar increase of approximately \$18.00 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-14). The main cause of this deficit is an increase in the depreciation expense, from \$628,375 in FY05 to \$1,556,016 projected for FY18, 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.

A rate increase of 2.0% is proposed to be effective June 1, 2017, which is an annual dollar increase of approximately \$13.20 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 FY18, it is expected that the Solid Waste Fund will generate a slight net income.

### **Beede Center Fund**

Completing its eleventh year of operation as of April 2017, 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. As of January 1, 2017, the Beede Center had a total of 1,864 memberships which resulted in having 3,616 members.

For FY18, the Beede Center is estimated to have \$2,363,345 in operating revenues and \$2,518,183 in operating expenses, which combined will result in a negative operating income of \$154,838. A marketing effort is underway to boost membership and thus revenues and measures are being taken to contain costs. With an undesignated fund balance of close to \$1 million, the Beede Center has the resources to absorb this potential loss.

### **Recreation Fund**

The Town has had the Recreation Fund since 1979, though this is the second 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 FY18, it is projected that the revenues will be \$1.89 million and expenses will be \$1.89 million. 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 five types of programs: recreation programs; summer camp; school year programs such as before and after school day care; fitness programs; and special programs. For those Concord residents who cannot afford the program fees, the Recreation Department has a scholarship fund.

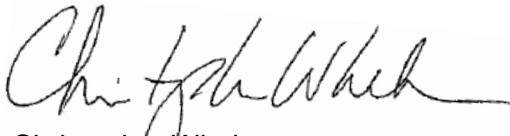
### **Acknowledgements**

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 to Jon Harris (Budget and Purchasing Director) and Sean O'Brien (Senior Budget & Operations Analyst) for their efforts in facilitating the production of the Enterprise Budget Book. Input from Kerry Lafleur (Finance Director) and Kate Hodges (Assistant Town Manager) was instrumental in arriving at the final product.

Preparation of the individual enterprise budget submissions was carried out under the direction of David Wood (CMLP Director), Richard Reine (Public Works Director), Alan Cathcart (Water & Sewer Superintendent), Rod Robison (Recycling and Disposal Program Administrator), and Ryan Kane (Recreation Director). In addition, assistance was provided by Paul Reinhardt (Public Works Management Analyst), Paul Cote (Assistant to the W&S Superintendent), Sherman Chapman (CMLP Financial Administrator), Jon Straggas (Beede General Manager), and Anna Wood (Assistant Recreation Director).

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,

A handwritten signature in black ink, appearing to read "Christopher Whelan". The signature is fluid and cursive, with a long horizontal stroke at the end.

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 FY18 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.

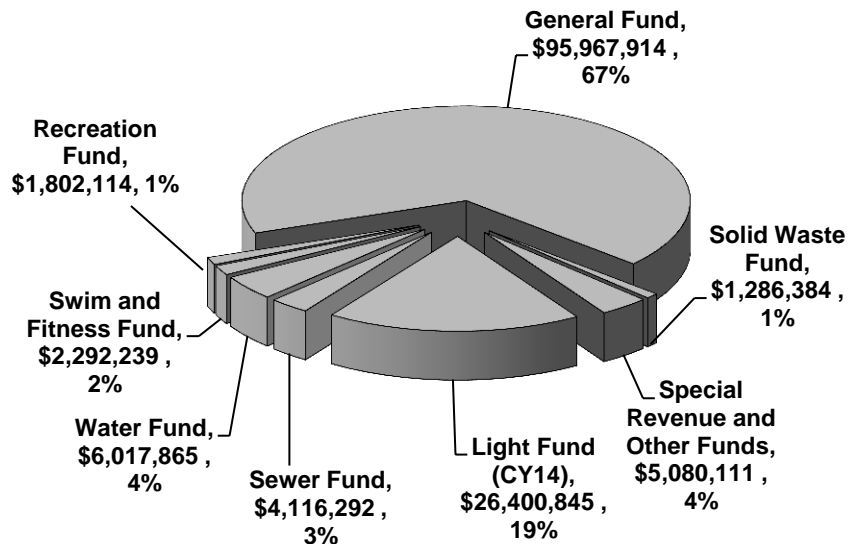
This means that each is expected to cover all costs associated with operations as well as all costs associated with capital maintenance and depreciation by generating the necessary revenue itself (i.e. through user fees).

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**

<b>Light Fund</b>	<b>Section III</b>
<b>Water Fund</b>	<b>Section IV</b>
<b>Sewer Fund</b>	<b>Section V</b>
<b>Solid Waste Fund</b>	<b>Section VI</b>
<b>Swim &amp; Fitness Fund</b>	<b>Section VII</b>
<b>Recreation Fund</b>	<b>Section VIII</b>

**Enterprise Revenues as a Percentage of Total FY16 Town Government Revenues**  
**Totaling \$142,857,714**



A Note on the Solid Waste Fund & Recreation Fund

The Town’s Solid Waste Fund and Recreation Fund are not enterprise funds; 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

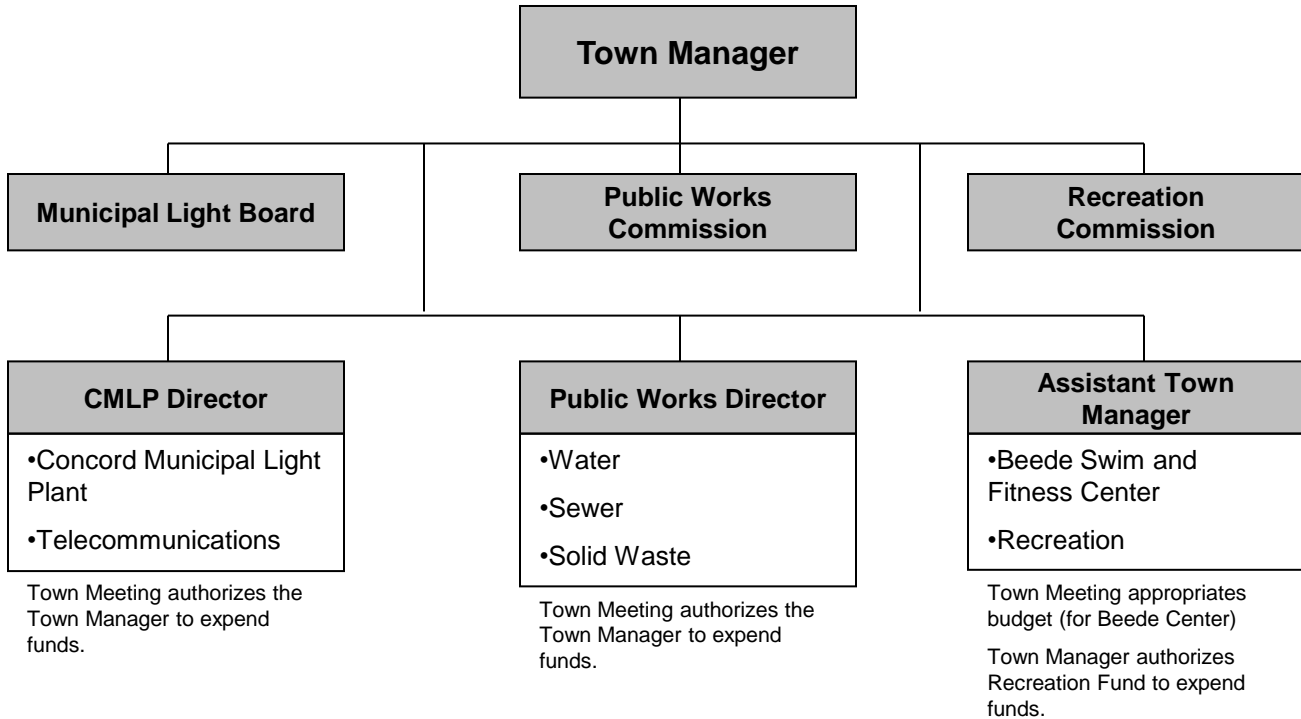
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town’s General Fund operations. However, the Swim and Fitness Fund’s budget is authorized by Town Meeting as an 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.

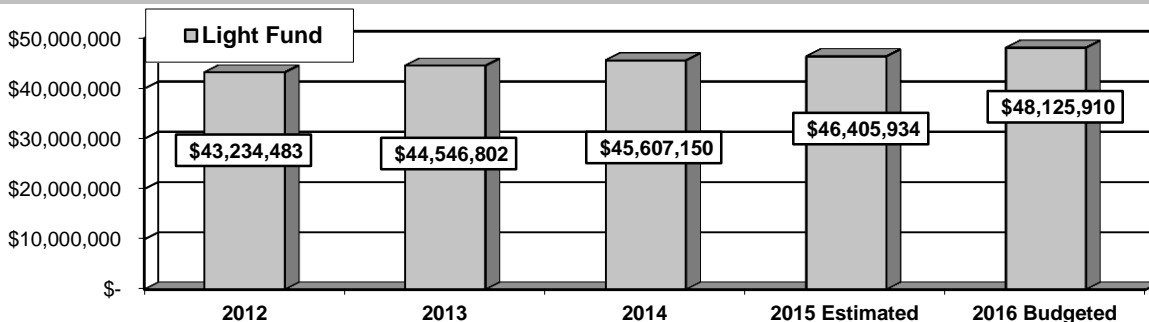
**Net Assets as a Financial Measure**

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.).

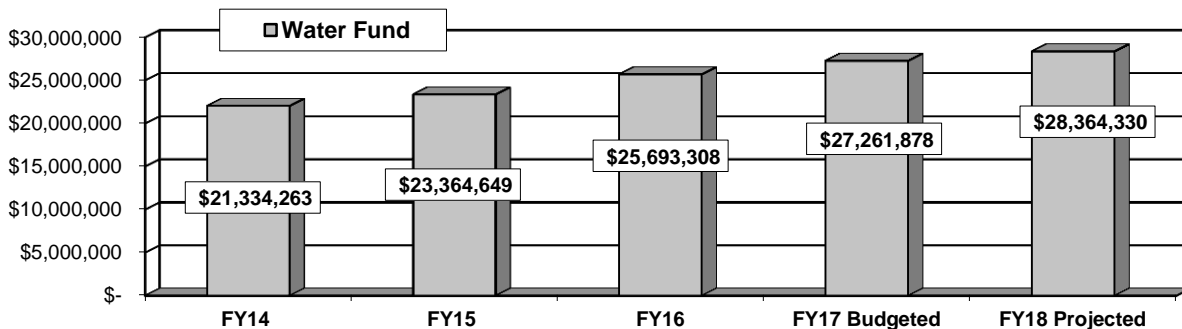
The trend that one would hope to see for a stable enterprise activity would be for Net Assets to increase through the years at roughly the rate of inflation. Any sizeable deviation from this trend (either up or down) should prompt management’s consideration of why the adjustment is occurring and whether 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 2012 to 2016**



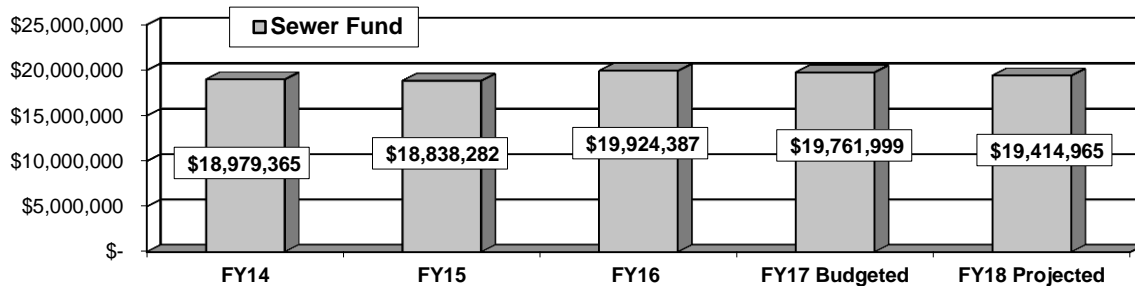
**Light Fund Net Asset Discussion:** The slight increase in the Light Fund’s net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels.

**Water Fund Net Assets – FY14 to FY18**



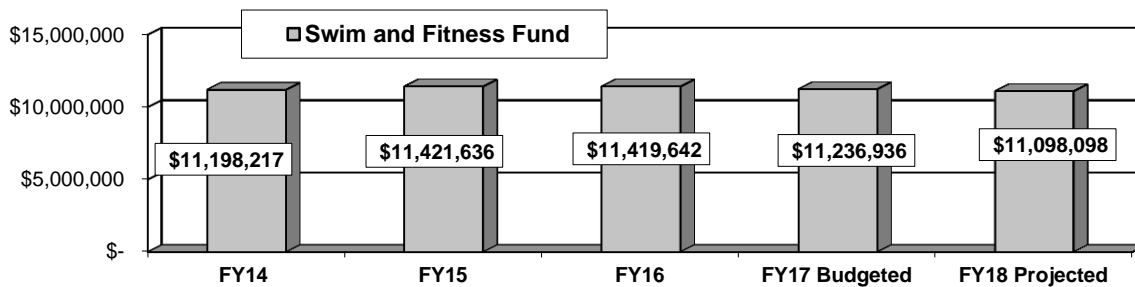
**Water Fund Net Asset Discussion:** The slight increase in the Water Fund’s net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels. See page IV-16 for details on the Water Fund’s 10-year financial plan.

Sewer Fund Net Assets – FY14 to FY18



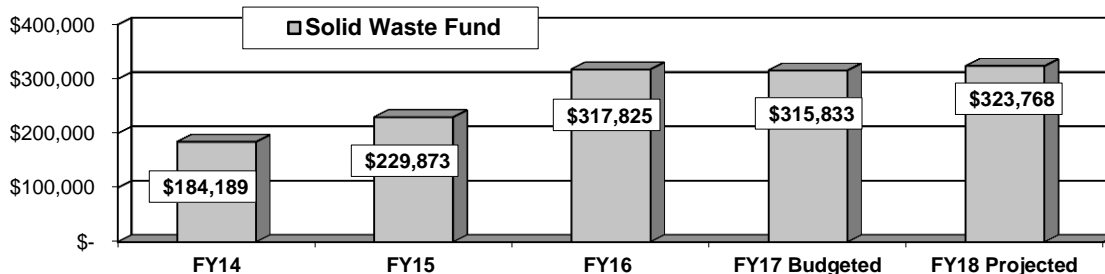
**Sewer Fund Net Asset Discussion:** The Town’s Sewer activities are the most capital intensive of any of the enterprise activities, and the Sewer Division in 2008 completed a \$12 million renovation of the Wastewater Treatment Plant. With this new investment, the Sewer Fund’s depreciation expense has risen from \$628,375 in FY05 to a projected \$1,556,016 in FY18. The increased level of depreciation expense will result in a projected negative net income in FY18. The projected cash position of the Sewer Fund will be sufficient in the interim period. See page V-14 for details on the Sewer Fund’s 10-year financial plan.

Swim and Fitness Fund Net Assets – FY14 to FY18



**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 – FY14 to FY18



**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

	<u>CY15 Actual</u>	<u>CY16 Estimated</u>	<u>CY17 Budget</u>	<u>% Change CY16 to CY17</u>
<b>1) Light Fund</b>				
Operating Revenues	25,213,475	24,086,847	27,084,739	12.4%
Less Operating Expenses	<u>(23,537,661)</u>	<u>(22,773,320)</u>	<u>(25,285,556)</u>	<u>11.0%</u>
Operating Income	1,675,814	1,313,527	1,799,183	37.0%
Net Income	2,010,239	1,711,758	2,329,480	36.1%
Net Available for Capital Expenditures	2,531,638	2,268,443	2,955,406	30.3%
	<u>FY16 Actual</u>	<u>FY17 Rev. Budget</u>	<u>FY18 Prop. Budget</u>	<u>% Change FY17 to FY18</u>
<b>2) Water Fund</b>				
Operating Revenues	5,986,690	5,665,000	5,494,000	-3.0%
Less Operating Expenses	<u>(3,500,299)</u>	<u>(4,050,045)</u>	<u>(4,339,521)</u>	<u>7.1%</u>
Operating Income	2,486,391	1,614,955	1,154,479	-28.5%
Net Income	2,328,659	1,568,570	1,102,452	-29.7%
Net Available for Capital Expenditures	2,581,005	2,915,788	4,569,875	56.7%
	<u>FY16 Actual</u>	<u>FY17 Rev. Budget</u>	<u>FY18 Prop. Budget</u>	<u>% Change FY17 to FY18</u>
<b>3) Sewer Fund</b>				
Operating Revenues	2,879,004	2,815,200	2,917,200	3.6%
Less Operating Expenses	<u>(2,928,656)</u>	<u>(3,182,070)</u>	<u>(3,417,390)</u>	<u>7.4%</u>
Operating Income	(49,652)	(366,870)	(500,190)	-36.3%
Net Income	1,071,556	(162,388)	(347,034)	113.7%
Net Available for Capital Expenditures	1,769,356	929,277	706,168	-24.0%
	<u>FY16 Actual</u>	<u>FY17 Rev. Budget</u>	<u>FY18 Prop. Budget</u>	<u>% Change FY17 to FY18</u>
<b>5) Solid Waste Fund</b>				
<b>Curbside Program</b>				
Operating Revenues	1,286,873	1,314,623	1,372,643	4.4%
Less Operating Expenses	<u>(1,198,922)</u>	<u>(1,316,614)</u>	<u>(1,364,709)</u>	<u>3.7%</u>
Operating Income	87,951	(1,991)	7,934	498.5%
Curbside Fund Balance	317,825	315,834	323,768	2.5%
	<u>FY16 Actual</u>	<u>FY17 Rev. Budget</u>	<u>FY18 Prop. Budget</u>	<u>% Change FY17 to FY18</u>
<b>4) Swim &amp; Fitness Center Fund</b>				
Operating Revenues	2,318,465	2,293,994	2,363,345	3.0%
Less Operating Expenses	<u>(2,342,911)</u>	<u>(2,491,700)</u>	<u>(2,518,183)</u>	<u>1.1%</u>
Operating Income	(24,446)	(197,705)	(154,838)	21.7%
Net Income	(10,338)	(182,706)	(138,838)	-176.0%
Net Available for Capital Expenditures	393,783	212,999	273,882	28.6%
	<u>FY16 Actual</u>	<u>FY17 Rev. Budget</u>	<u>FY18 Prop. Budget</u>	<u>% Change FY17 to FY18</u>
<b>5) Recreation Fund</b>				
Operating Revenues	1,774,351	1,769,816	1,892,931	7.0%
Less Operating Expenses	<u>(1,679,254)</u>	<u>(1,670,157)</u>	<u>(1,890,706)</u>	<u>13.2%</u>
Operating Income	95,097	99,659	2,225	97.8%

## SECTION II: Budget Summary

## Capital Spending

### Capital Budgets for Fiscal Year 2018 Expenditures From Debt and Fund Balance

#### Light Fund (Calendar Year 2017)

<b>Transmission/Subtrans. Plant</b>	
<b>Distribution Plant</b>	
Station Equipment	15,000
Structures & Improvements	7,500
Overhead Devices	90,000
Underground Devices (UG Fund)	467,000
Transformers	271,000
Street Light and Signal Systems	300,000
Miscellaneous	-
Subtotal	\$ 1,150,500
<b>General Plant</b>	
Structures & Improvements	\$ 532,500
Transportation Equipment	-
Smart Grid	3,000,000
Miscellaneous	325,000
Subtotal	\$ 3,857,500
<b>Light Fund Total</b>	<b>\$ 5,008,000</b>

#### Water Fund

<b>Distribution</b>	
Mains Replacement	\$ 1,190,000
Meter Replacement	151,000
Hydrant Replacement/Additions	38,000
Subtotal	\$ 1,379,000
<b>Structures</b>	
Station Structures	205,000
Pumping Station Equipment	50,000
Reservoir Improvements - Debt	1,144,000
Nagog Improvements - Debt	2,250,000
Subtotal	\$ 3,649,000
<b>General Plant</b>	
Building and Equipment	\$ 115,000
Keyes Road Facility	-
Vehicles	118,400
Miscellaneous	30,530
Subtotal	\$ 263,930
<b>Supply/Capacity</b>	
Source Protection	12,000
Brewster Well Site - Debt	-
<b>Water Fund Total</b>	<b>\$ 5,303,930</b>

#### Sewer Fund

<b>Pumping Plant</b>	
Station Structures	\$ 12,000
Station Equipment	1,592,000
Subtotal	\$ 1,604,000
<b>Collection Plant</b>	
Sewer Mains/Laterals	\$ 16,000
Infiltration/Inflow Remediation	105,000
Meter Replacement Program	37,000
Subtotal	\$ 158,000
<b>Wastewater Treatment Plant</b>	
Structures	\$ 180,000
Plant Equipment	115,000
Personnel Services	18,350
Subtotal	\$ 313,350
<b>Other Capital Costs</b>	
Keyes Road Facility	\$ 28,000
Vehicle Replacement	29,600
Subtotal	\$ 57,600

**Sewer Fund Total** \$ 2,132,950

#### Swim and Fitness Fund

<b>Primary Facility</b>	
Building improvements	\$ 54,000
Parking System & Lighting	-
Miscellaneous Equipment	10,000
	\$ 64,000
<b>Pool Facility (Natatorium)</b>	
Miscellaneous Equipment	\$ 27,000
Pool Filters	20,000
<b>Equipment</b>	
Fitness Equipment	60,000
<b>Swim and Fitness Fund Total</b>	<b>\$ 171,000</b>

## 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 Highlights**

- The cost of purchased power, a pass-through expense to the customer, makes up approximately 75% 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 23% 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.

**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

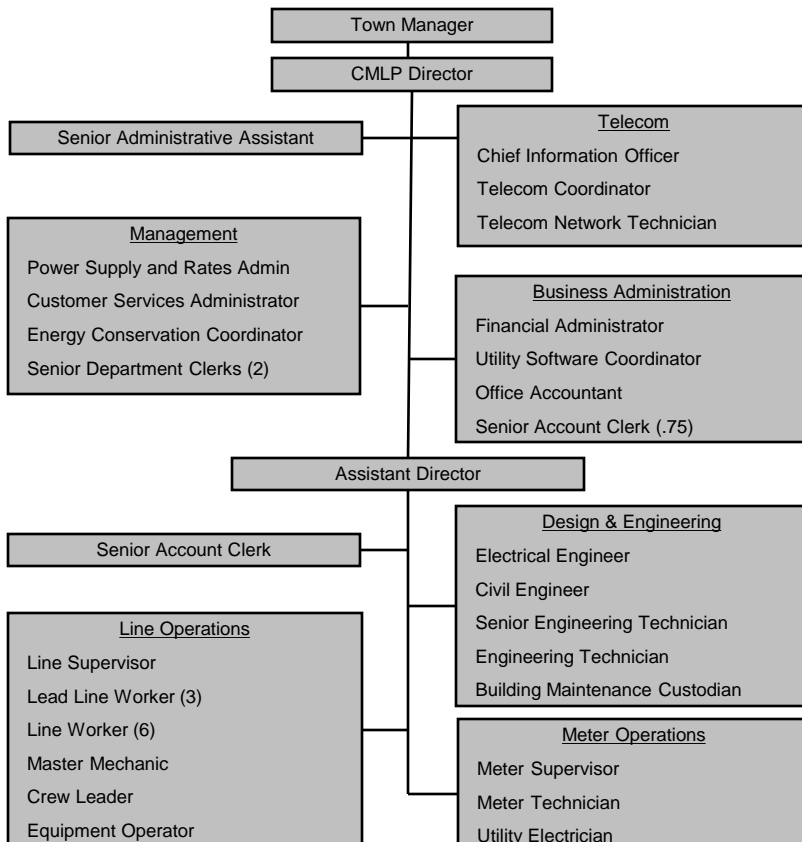
Operating and Net Income Summary				
	2014 Actual	2015 Actual	2016 Estimated	2017 Budgeted
Operating Income	\$ 1,468,945	\$ 1,675,814	\$ 1,313,527	\$ 1,799,183
Net Income	\$ 2,118,998	\$ 2,010,239	\$ 1,711,758	\$ 2,329,480

**Description**

The Concord Municipal Light Plant (CMLP) is responsible for providing electricity to more than 8,300 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 (23.3% from Renewable Sources)**

The 2017 power supply portfolio consists of the purchase of electricity from the following sources:

- Non-Renewable Sources
    - Contracts (not associated) 42.8% of total MWh
    - RISE – Natural Gas 18.4%
    - ISO Energy Purchases 15.5%
  - Renewable Sources
    - Niagara (NYPA) – Hydro 3.9%
    - Kearsarge II 3.5%
    - Miller – Hydro 3.3%
    - Spruce Mountain – Wind 2.9%
    - Granby – Landfill Gas 2.8%
    - Saddleback – Wind 2.7%
    - New Bedford – Landfill Gas 2.2%
    - Kearsarge I 1.1%
    - NuGen – Solar 0.6%
    - Solect – Solar 0.3%
- 76.7%
- 23.3%

**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 new residential rate structure adopted in May 1, 2015 has tiers in which users of lower amounts of electricity will pay a lower unit rate.

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

Total Revenue expected to be raised through electricity rates in 2017 is projected to be **\$26,255,418** as shown in the following categories:

Residential sales:	\$11,558,670
Commercial sales:	12,531,860
Municipal sales:	<u>1,628,617</u>
Operating subtotal:	\$25,719,147
Underground surcharge:	406,271
CARES surcharge:	<u>130,000</u>
Total:	<b>\$26,255,418</b>

Of the 166.0 MWh of electricity expected to be provided in 2016, it is forecast that residential sales will be 70.0 MWh, commercial sales 84.8, and municipal sales 11.2 MWh.

Electric Rate Highlights

•Effective on February 2, 2017, the residential rate (R-1) is set at a meter charge of \$9.00 per month for a single phase system and the following three-tiered energy rates:

		<u>per kWh</u>
Tier 1:	first 600 kWh	\$0.04853
Tier 2:	next 316 kWh	\$0.06311
Tier 3:	over 916 kWh	\$0.09107

The distribution charge is \$0.03160 and the energy charge is \$0.06418. The above rates per kWh will be adjusted plus or minus in accordance with a formula specified in the Power Cost Adjustment Clause and the NYPA Power Cost Adjustment Clause.

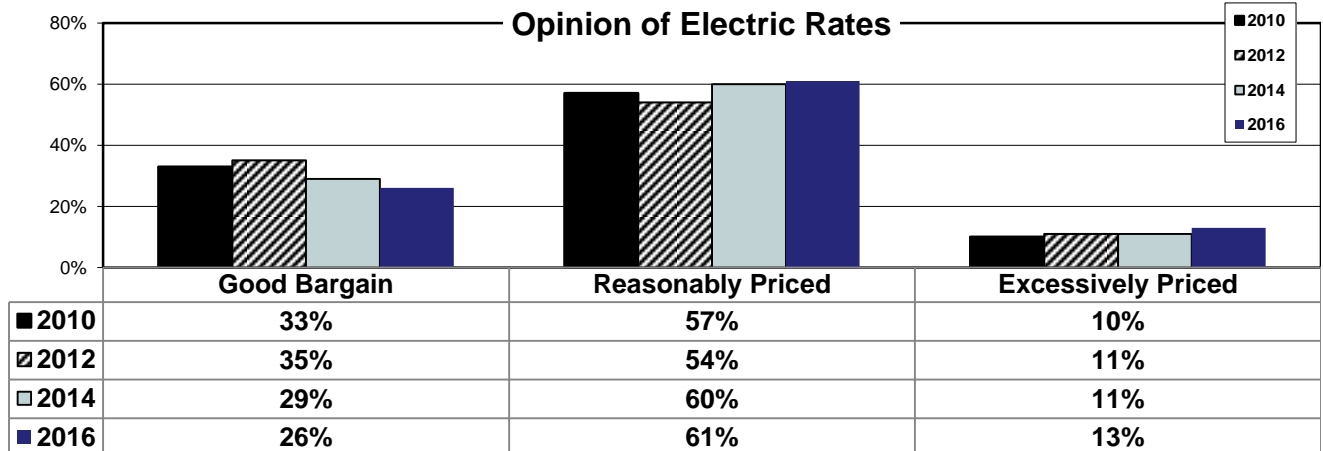
Surcharges

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 2010, 2012, 2014, and 2016 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 2016, the response was that 26% thought that the price is a Good Bargain and 61% thought that it is Reasonably Priced, and 13% thought it was Excessively Priced.



Program Implementation

For Calendar Year 2017, the Concord Municipal Light Plant is projecting that it will have \$27.0 million in operating revenues and \$25.2 million in operating expenditures.

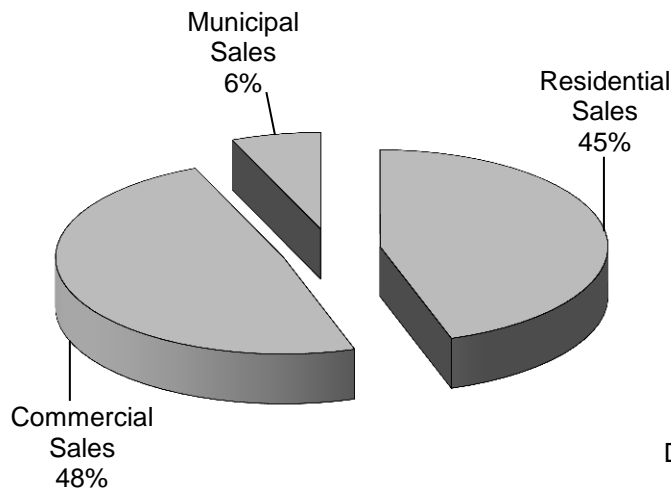
For revenues, funds collected from the sale of electricity are expected to increase from \$24.0 million in 2016 to \$27.0 million in 2017.

For expenditures, the primary cost is the power supply expense. From 2016 to 2017, it is forecast that the power supply expense will increase from \$16.4 million to \$19.0 million. Purchased power expense is passed directly onto customers.

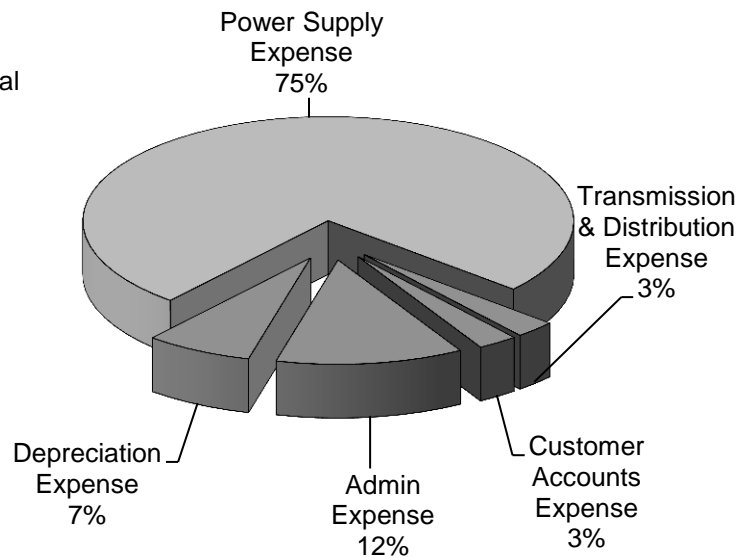
In 2017, the Light Plant is expected to have operating income of \$1,799,183 and net income of \$2,329,480. With the addition to the net income of the depreciation expense of \$1,783,676 and the subtraction of \$683,750 for debt principal repayment and \$474,000 for payment in lieu of taxes, the amount of current resources projected to be available for capital purposes is \$2,955,406.

From 2016 to 2017, the cost of the plant (the total worth of the CMLP capital assets) is projected to increase from \$60.6 million to \$64.2 million. As a result, the 2017 rate of return is projected to be 2.6% as compared to 1.6% in 2016.

**2017 Operating Revenues**  
Totaling \$27,084,739



**2016 Operating Expenditures**  
Totaling \$25,285,556



## OPERATING REVENUES

	Calendar Year:			
	2014 Actual	2015 Actual	2016 Estimated	2017 Budgeted
<b>Sales of Electricity:</b>				
Residential Sales	\$ 10,885,481	\$ 11,427,667	\$ 11,072,975	\$ 11,558,670
Commercial and Industrial Sales	12,163,798	13,447,655	13,064,292	12,531,860
Municipal Sales	1,709,970	1,816,561	1,658,274	1,628,617
<b>Operating Revenues Billed Total</b>	<b>\$ 24,759,249</b>	<b>\$ 26,691,883</b>	<b>\$ 25,795,541</b>	<b>\$ 25,719,147</b>
Net Change in Unbilled Revenues	164,019	(293,056)	(38,002)	-
Provision for Rate Refund	1,088,255	(710,400)	(896,578)	
Provision for Rate Stabilization	(592,270)	(608,676)	(851,081)	1,252,042
Other Operating Revenue	128,575	133,724	76,967	113,550
<b>Operating Revenues Total</b>	<b>\$ 25,547,828</b>	<b>\$ 25,213,475</b>	<b>\$ 24,086,847</b>	<b>\$ 27,084,739</b>

## OPERATING SALES (kWh)

	Calendar Year:			
	2014 Actual	2015 Actual	2016 Estimated	2017 Budgeted
<b>Kilowatt-hours Sold:</b>				
Residential Sales	71,348,881	72,156,349	71,737,366	70,010,767
Commercial and Industrial Sales	86,094,885	88,323,302	86,257,526	84,788,546
Municipal Sales	11,837,023	11,868,467	10,773,183	11,214,687
<b>Electric Sales Billed Total</b>	<b>169,280,789</b>	<b>172,348,118</b>	<b>168,768,075</b>	<b>166,014,000</b>
<i>Source: 2014 &amp; 2015 data are actual data from audited financial statements; 2016 data is estimated from the year ending on September 30, 2016; 2017 data is the budget adopted by the Municipal Light Board.</i>				

## OPERATING EXPENSES (\$)

Calendar Year:	2014	2015	2016	2017
	Actual	Actual	Estimated	Budgeted
<b>Operating Accounts:</b>				
<b>Power Supply Expense</b>	\$ 17,933,956	\$ 17,188,829	\$ 16,393,737	\$ 19,042,840
<b>Transmission &amp; Subtrans. Expenses:</b>				
Operation	12,798	6,112	8,142	15,000
Maintenance	81,930	86,293	71,548	0
	\$ 94,727	\$ 92,404	\$ 79,690	\$ 15,000
<b>Distribution Expenses:</b>				
Operation	256,120	200,020	198,355	203,500
Maintenance	376,208	712,678	621,142	457,500
Audit Adjustment	24,606	7,187		
	\$ 656,934	\$ 919,885	\$ 819,497	\$ 661,000
<b>Customer Accounts Expenses:</b>				
Supervision	19,087	36,145	34,243	35,000
Meter-reading Labor and Expenses	7,688	19,416	18,347	20,000
Billing, Collecting, & Assoc. Costs	176,402	187,794	232,024	200,000
Uncollectible Accounts	5,566	(61)		
Customer Information Services	475,381	295,735	410,621	408,480
Audit Adjustment	18,237	3,867		
	\$ 702,361	\$ 542,896	\$ 695,235	\$ 663,480
<b>Administrative &amp; General Expenses:</b>				
Operations:				
Administrative & General Salaries	912,554	908,512	955,514	1,005,860
General Fund Services	396,272	394,670	412,440	420,000
Office Supplies and Expense	72,626	75,699	96,723	80,000
Outside Services Employed	99,324	147,231	126,972	147,000
Property Insurance	77,153	48,923	46,781	55,000
Employee Pensions & Group Ben.	633,319	635,091	665,213	680,000
Employee Training	62,735	79,756	61,864	60,000
Sick Leave/Vac. Leave/Holidays	408,123	444,398	471,501	410,000
Miscellaneous Expenses	6,976	30,321	(5,258)	55,200
Maintenance of General Plant	200,411	207,289	194,976	206,500
Audit Adjustment	154,727	64,208		
	\$ 3,024,220	\$ 3,036,098	\$ 3,026,726	\$ 3,119,560
<b>Operating Accounts Subtotal</b>	\$ 22,412,198	\$ 21,780,112	\$ 21,014,885	\$ 23,501,880
<b>Depreciation Expense</b>	\$ 1,666,685	\$ 1,757,549	\$ 1,758,435	\$ 1,783,676
<b>Operating Expenses Total</b>	\$ 24,078,883	\$ 23,537,661	\$ 22,773,320	\$ 25,285,556

Source: 2014 & 2015 data are actual data from audited financial statements; 2016 data is estimated from the year ending on September 30, 2016; 2017 data is the budget adopted by the Municipal Light Board.

**AUTHORIZED POSITIONS**

Code	Position Title	Grade	July 1, 2016 - June 30, 2017		July 1, 2017 - June 30, 2018	
			# Positions	\$ Amount	# Positions	\$ Amount
<b>Light Plant Operations</b>						
	Director	EM-4	1	141,160	1	141,160
	Assistant Director	EM-3	1	115,289	1	115,289
	Power Supply & Rates Admin	EM-3	1	104,914	1	103,378
	Electrical Engineer	EM-2	1	101,653	1	101,653
	Financial Administrator	MP-4	1	90,897	1	93,194
	Civil Engineer	MP-3	1	87,168	1	87,168
	Customer Service Admin	MP-3	1	78,818	1	78,818
	Energy Conservation Coord.	MP-3	1	83,530	1	83,530
	Meter Supervisor	EM-1	1	84,575	1	84,575
	Utility Software Coordinator	MP-2	1	69,150	1	69,150
	Senior Eng. Technician	MP-2	1	73,843	1	73,843
	Engineering Technician	MP-1	1	64,138	1	64,138
	Office Accountant	MP-2	1	71,081	1	71,081
	Sr. Administrative Assistant	ACL-5	1	65,379	1	65,397
	Sr. Account Clerk	ACL-3	1.88	115,580	1.88	116,011
	Sr. Department Clerk	ACL-3	1	52,911	1	53,182
	Line Supervisor	EL-6	1	104,880	1	104,881
	Lead Line Worker	EL-5	3	280,416	3	280,441
	Lineworker, Grade 1	EL-4	3	267,012	3	263,570
	Lineworker, Grade 2	EL-3	0		0	0
	Lineworker, Grade 3	EL-2	2	118,814	2	118,642
	Utility Electrician	EL-3	1	75,064	1	75,064
	Meter Technician	EL-2	1	64,480	1	65,418
	Master Mechanic	TCL-5	1	73,268	1	73,268
	Crew Leader	TCL-5	1	68,325	1	68,403
	Equipment/Line Operator	TCL-4	1	58,902	1	58,903
	Building Maintenance Cust.	TCL-2	1	53,447	1	53,662
<b>Telecommunications</b>						
	Chief Information Officer	MP-7	0.40	62,725	0.40	62,726
	GIS / Applications Manager	MP-4	0.20	17,138	0.20	17,138
	Telecom Coordinator	MP-4	1	81,694	1	81,695
	Telecom Network Technician	MP-2	1	64,527	1	64,527
	Information Syst. Asst.	MP-2	0.20	14,278	0.20	14,296
	<b>FTE Subtotal</b>		<b>34.68</b>	<b>\$2,805,057</b>	<b>34.68</b>	<b>\$2,804,201</b>
	Line Worker Stand-by Pay		1320 hrs.	48,783	1320 hrs.	48,326
	Engineering Stand-by Pay			31,320		31,320
	<b>Salary Subtotal</b>			<b>2,885,160</b>		<b>2,883,847</b>
	Allowance for Salary Increases					112,168
517X	Group Insurance:					
	Health, Life, Dental			280,000		308,000
	Retirement			403,508		423,095
	OPEB Contribution			10,478		15,509
	Soc. Sec. & Medicare Tax			40,000		42,500
	Clothing Allowance			3,600		3,600
	<b>Benefits Subtotal</b>			<b>737,586</b>		<b>792,704</b>
	<b>Personnel Services Total</b>			<b>\$3,622,746</b>		<b>\$3,788,719</b>

**DEBT SERVICE**

	FY15 Actual	FY16 Actual	FY17 Estimated	FY18 Budgeted
<b>Long Term Debt (Cash Basis):</b>				
Principal	\$760,000	\$767,500	\$705,000	\$662,500
Interest	239,133	224,938	196,174	174,938
<b>Totals</b>	<b>\$999,133</b>	<b>\$992,438</b>	<b>\$901,174</b>	<b>\$837,438</b>
Calendar Year:	2014	2015	2016	2017
	Actual	Actual	Estimated	Budgeted
<b>Accrued Interest Expensed</b>	<b>\$192,701</b>	<b>\$237,234</b>	<b>\$235,420</b>	<b>\$182,200</b>

**PAYMENTS TO THE GENERAL FUND**

Town Fiscal Year Basis	FY15 Actual	FY16 Actual	FY17 Estimated	FY18 Budgeted
<b>Financial &amp; Administrative Services:</b>				
Town Manager's Office	\$101,540	\$98,286	\$103,693	\$103,454
Town Accountant	53,275	55,286	56,600	57,638
Treasurer-Collector	56,507	57,414	58,863	58,446
Finance Administration	44,597	46,905	50,702	48,517
Human Resources	57,403	62,701	65,371	68,028
Town House Facilities	5,612	5,633	5,846	5,879
<b>Subtotal</b>	<b>318,934</b>	<b>326,225</b>	<b>341,075</b>	<b>341,962</b>
<b>Natural Resource Protection:</b>				
Planning	\$10,627	\$11,156	\$11,463	\$11,857
Natural Resources	\$20,556	\$21,360	\$21,740	\$22,423
<b>Subtotal</b>	<b>\$31,183</b>	<b>\$32,516</b>	<b>\$33,203</b>	<b>\$34,280</b>
<b>Landscaping @ Substations:</b>				
Parks & Trees	\$7,225	\$7,225	\$7,225	\$8,764
<b>GIS Administrator:</b>				
CPW Engineering	\$2,967	\$0	\$0	\$0
Adjustment (Fiscal to Calendar Year)	\$35,963	\$28,704	\$30,937	\$34,994
<b>Total</b>	<b>\$396,272</b>	<b>\$394,670</b>	<b>\$412,440</b>	<b>\$420,000</b>
<b>Payment in Lieu of Taxes (PILOT)</b>	<b>\$458,650</b>	<b>\$472,400</b>	<b>\$465,500</b>	<b>\$474,000</b>
<i>Calendar Year of PILOT Payment</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>

## NET INCOME

	Calendar Year:			
	2014	2015	2016	2017
	Actual	Actual	Estimated	Budgeted
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 25,547,828	\$ 25,213,475	\$ 24,086,847	\$ 27,084,739
Less Operating Expenses	(24,078,883)	(23,537,661)	(22,773,320)	(25,285,556)
<b>Operating Income</b>	<b>1,468,945</b>	<b>1,675,814</b>	<b>1,313,527</b>	<b>1,799,183</b>
<b>Plus:</b>				
Interest & Dividend Income	\$ 22,182	\$ 37,816	\$ 56,322	\$ 50,000
Underground Surcharge	371,505	361,337	296,798	406,271
CARES Surcharge	128,787	125,177	125,252	130,000
M&J Income	194,253	153,874	125,438	100,000
Audit Adjustment	136,290	34,961	-	
<b>Non-Operating Income Subtotal</b>	<b>853,017</b>	<b>713,165</b>	<b>603,810</b>	<b>686,271</b>
<b>Gross Income</b>	<b>2,321,962</b>	<b>2,388,979</b>	<b>1,917,337</b>	<b>2,485,454</b>
<b>Less Non-Operating Expense:</b>				
Interest and Amortization (accrued expense)	(192,701)	(232,863)	(204,479)	(152,200)
Loss on Disposal of Capital Assets	(29,721)	(145,877)		
Other Expenses (Revenue)	19,458		(1,100)	(3,774)
<b>Subtotal</b>	<b>(202,964)</b>	<b>(378,740)</b>	<b>(205,579)</b>	<b>(155,974)</b>
<b>Net Income</b>	<b>\$ 2,118,998</b>	<b>\$ 2,010,239</b>	<b>\$ 1,711,758</b>	<b>\$ 2,329,480</b>
Transfers Out - Pilot	(458,650)	(472,400)	(465,500)	(474,000)
Surplus Reduction	(600,000)			
<b>Change in Net Assets</b>	<b>1,060,348</b>	<b>1,537,839</b>	<b>1,246,258</b>	<b>1,855,480</b>

## AVAILABLE RESOURCES

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

	Calendar Year:	2014 Actual	2015 Actual	2016 Estimated	2017 Budgeted
<b>From:</b>					
Depreciation Expense		\$1,666,685	\$1,757,549	\$1,758,435	\$1,783,676
Net Income		2,118,998	2,010,239	1,711,758	2,329,480
<b>Subtotal</b>		3,785,683	3,767,788	3,470,193	4,113,156
<b>Less:</b>					
Debt Principal Repayment		(760,000)	(763,750)	(736,250)	(683,750)
Payment in Lieu of Taxes		(458,650)	(472,400)	(465,500)	(474,000)
<b>Subtotal</b>		(1,218,650)	(1,236,150)	(1,201,750)	(1,157,750)
<b>Net from Current Operations Available for Capital Purposes:</b>		\$2,567,033	\$2,531,638	\$2,268,443	\$2,955,406
<b>Cost of Plant @ Year End:</b> (Utility Plant in Service)		\$59,268,832	\$59,794,807	\$60,643,290	\$64,233,513
<b>Net from Current Operations as % of Cost of Plant:</b>		4.3%	4.2%	3.7%	4.6%
<u>Cost of Plant:</u>					
Beginning		56,181,550	59,268,832	59,794,807	60,643,290
Additions		3,214,229	1,680,617	848,483	5,008,000
Less Retirements		(126,947)	(1,154,642)		(1,417,777)
<b>Ending</b>		\$59,268,832	\$59,794,807	\$60,643,290	\$64,233,513

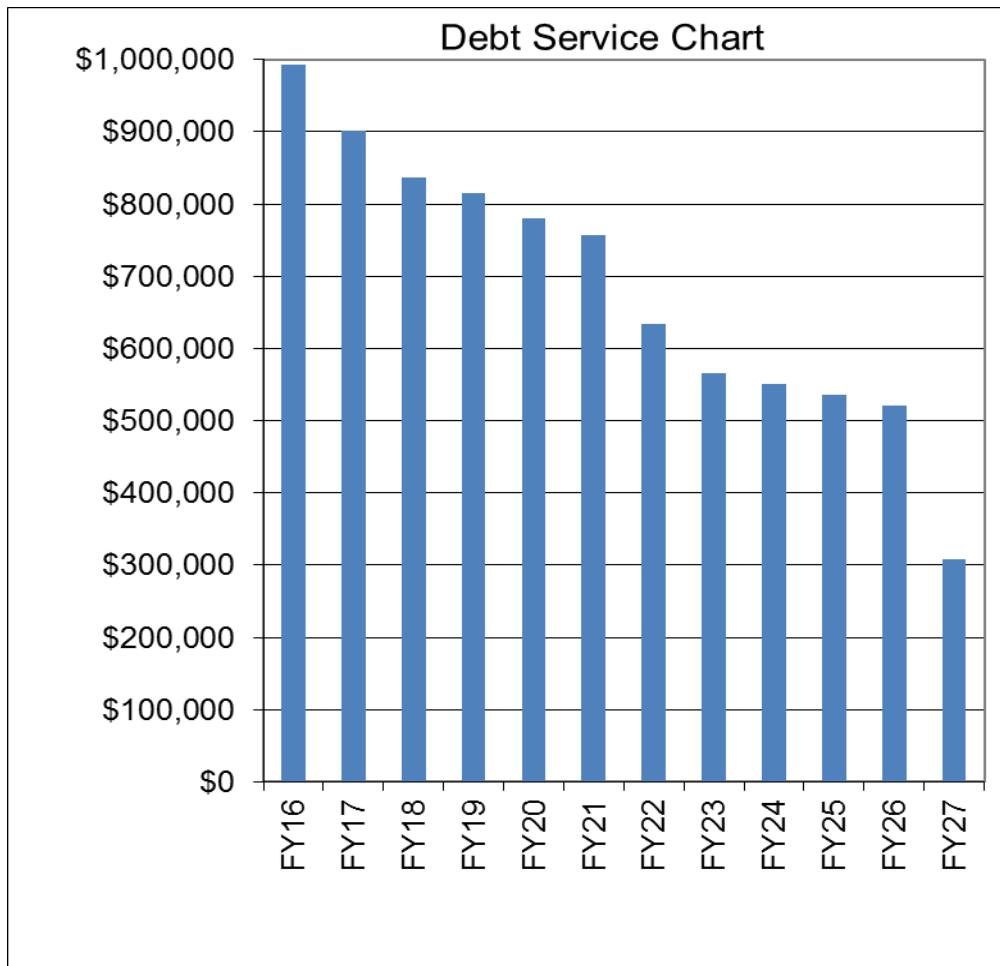
## RATE OF RETURN

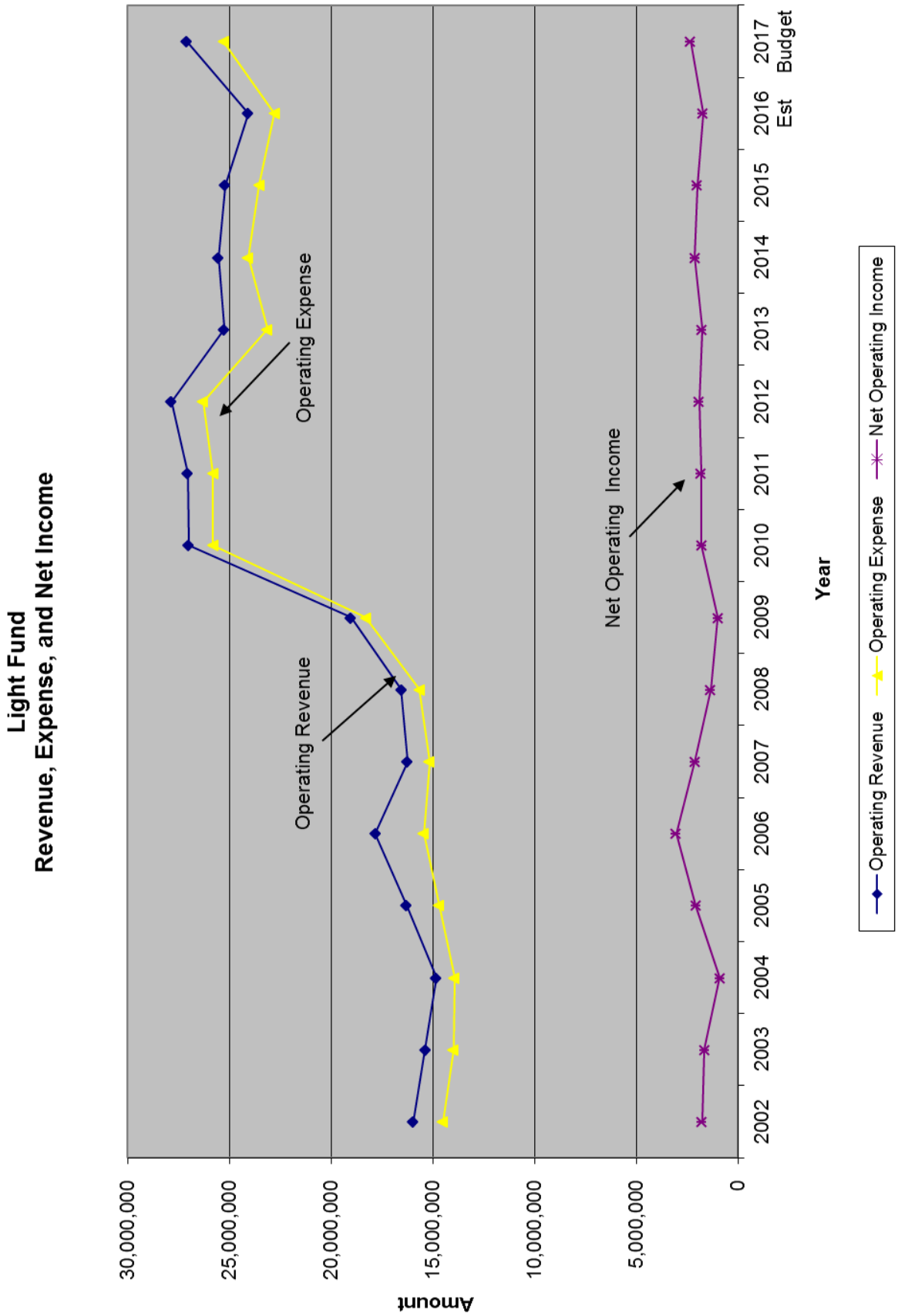
## Rate of Return Analysis:

	Calendar Year:	2014 Actual	2015 Actual	2016 Estimated	2017 Budgeted
Net Income		\$2,118,998	\$2,010,239	\$1,711,758	\$2,329,480
Less Debt Principal Repaid (accrual basis)		(760,000)	(763,750)	(736,250)	(683,750)
<b>Net Return</b>		1,358,998	1,246,489	975,508	1,645,730
<b>Cost of Plant @ Year End</b>		\$59,268,832	\$59,794,807	\$60,643,290	\$64,233,513
<b>% Return (Net Return ÷ Cost of Plant)</b>		2.3%	2.1%	1.6%	2.6%

**LIGHT FUND DEBT SERVICE**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY16	767,500	224,938	992,438
FY17	705,000	196,174	901,174
FY18	662,500	174,938	837,438
FY19	662,500	152,063	814,563
FY20	650,000	129,375	779,375
FY21	650,000	106,875	756,875
FY22	550,000	84,375	634,375
FY23	500,000	65,625	565,625
FY24	500,000	50,625	550,625
FY25	500,000	35,125	535,125
FY26	500,000	21,625	521,625
FY27	300,000	7,500	307,500
<b>Totals</b>	<b>\$6,947,500</b>	<b>\$1,249,238</b>	<b>\$9,195,871</b>

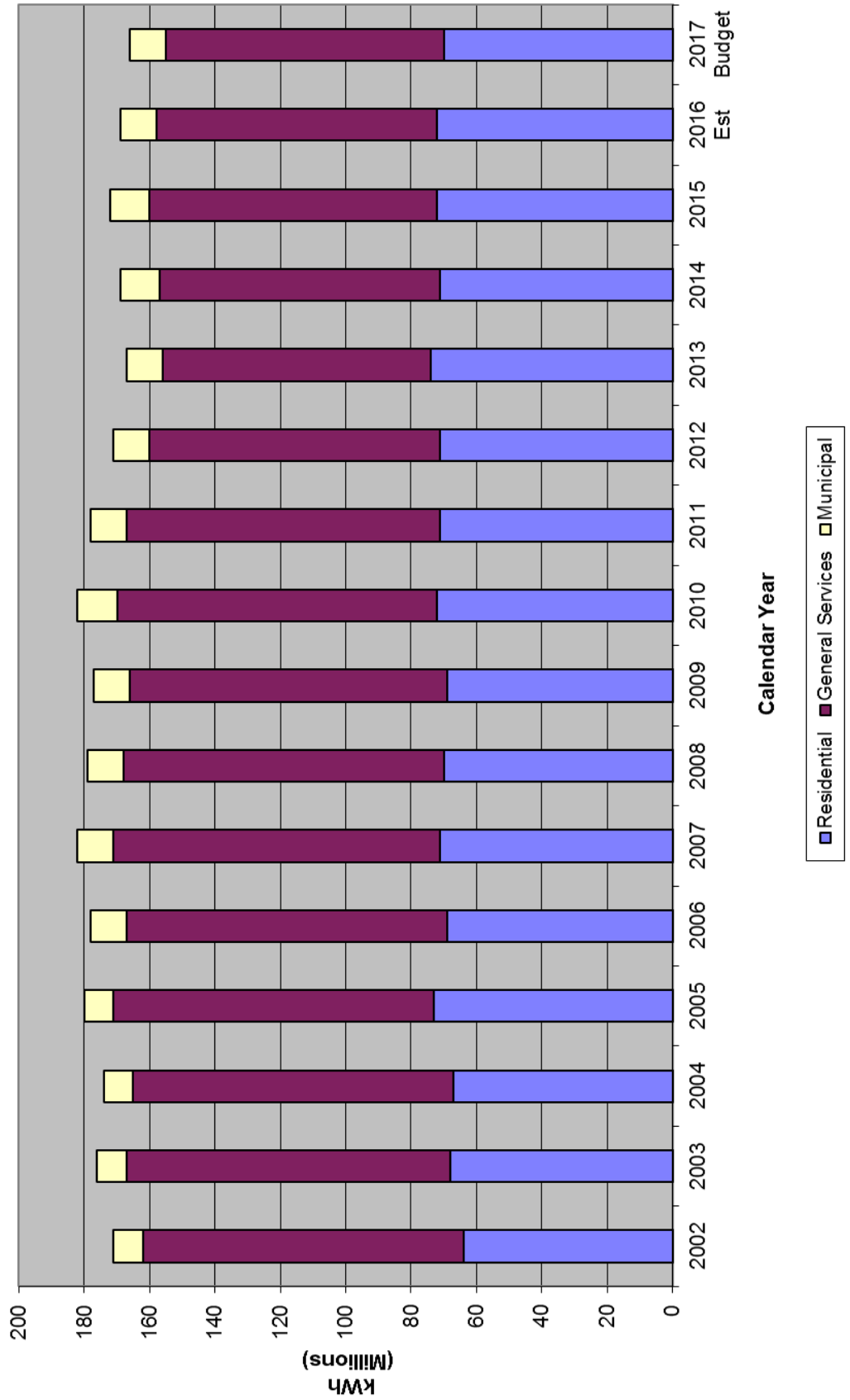




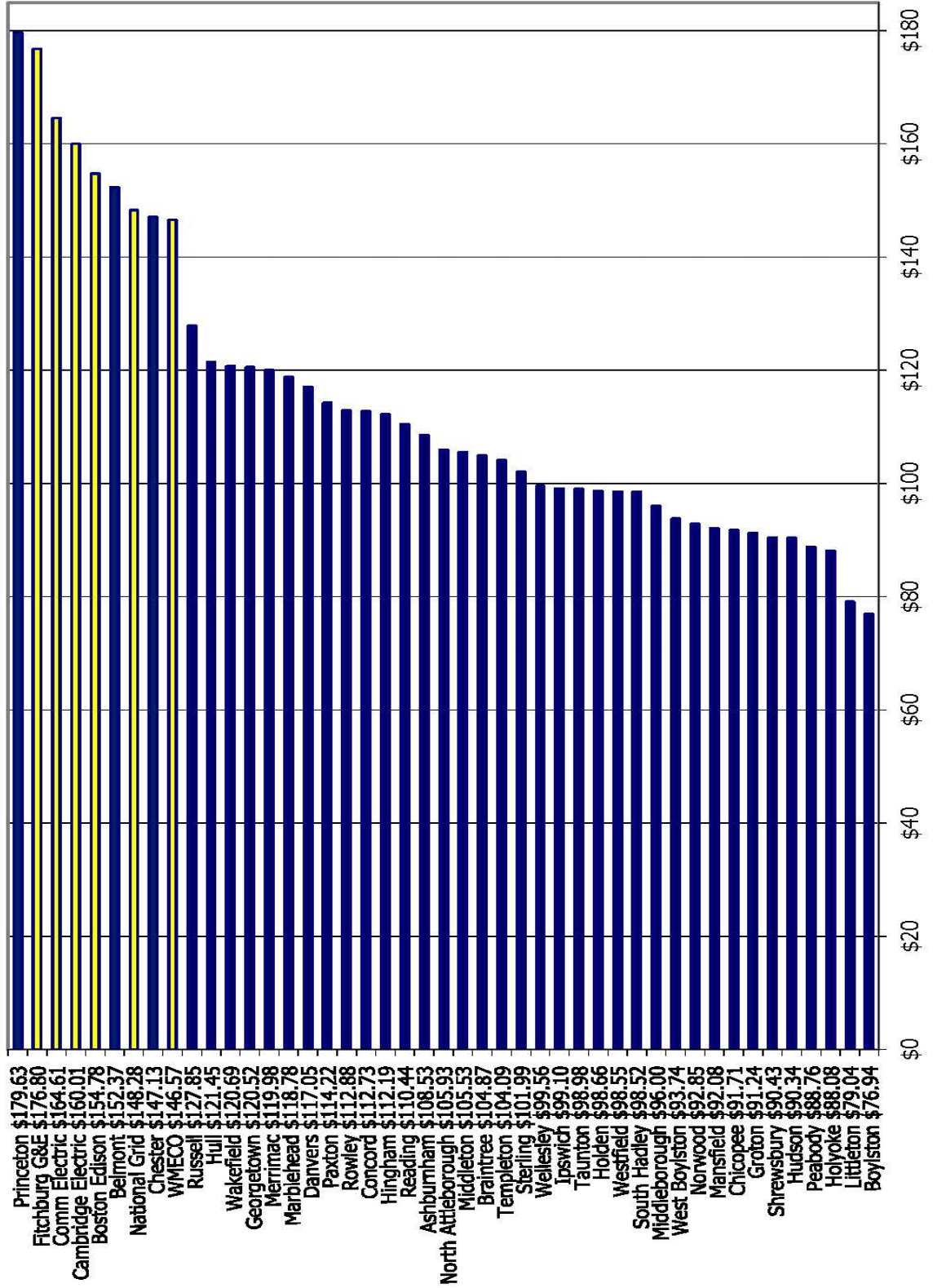
**Concord Municipal Light Plant**  
**kWhs Sold, Revenues, Expenses, Operating Income, & Net Income**  
 (CY2002-2015 Actual, CY2016 Estimated, and CY2017 Budgeted)

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	71	96	11	178	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	74	82	11	167	25,253,854	23,142,707	2,111,147	1,760,119
2014	71	86	12	169	25,547,828	24,078,883	1,468,945	2,118,998
2015	72	88	12	172	25,213,475	23,537,661	1,675,814	2,010,239
2016 Est	72	86	11	169	24,086,847	22,773,320	1,313,527	1,711,758
2017 Budget	70	85	11	166	27,084,739	25,285,556	1,799,183	2,329,480

Concord Municipal Light Plant  
Electricity Sales

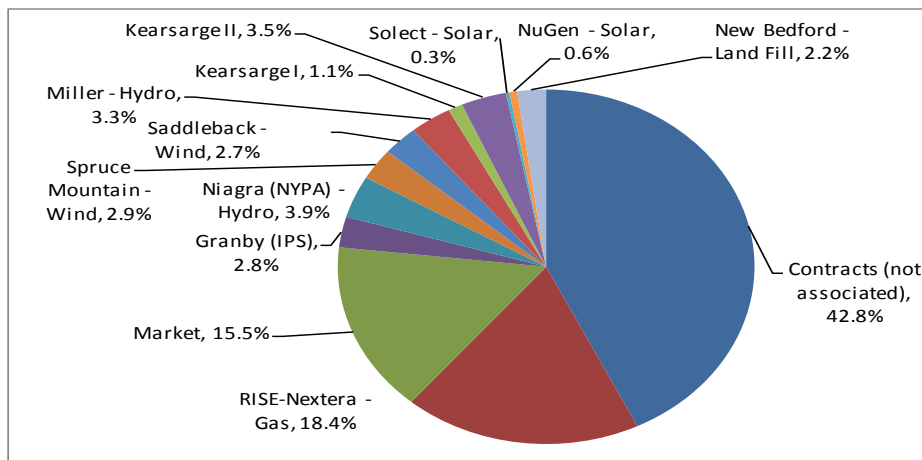


Residential Rate Comparison 750 kWh  
12 Month Average Rate (January 2016 - December 2016)



**Proposed 2017 Energy Purchases**

	Energy (MWh)	Total	Share of (MWh)	Share of Cost
Contracts (not associated)	74,597		42.8%	46.64%
RISE-Nextera - Gas	32,120		18.4%	13.99%
Market	27,106		15.5%	12.11%
Granby (IPS)	4,861		2.8%	2.88%
Niagra (NYPA) - Hydro	6,713		3.9%	0.38%
Spruce Mountain - Wind	5,005		2.9%	5.77%
Saddleback - Wind	4,762		2.7%	5.26%
Miller - Hydro	5,681		3.3%	3.20%
Kearsarge I	1,973		1.1%	1.70%
Kearsarge II	6,129		3.5%	4.77%
Solect - Solar	481		0.3%	0.45%
NuGen - Solar	1,037		0.6%	0.75%
New Bedford - Land Fill	3,889		2.2%	2.08%
<b>Total</b>	<b>174,354</b>	<b>\$8,602,806</b>	<b>100%</b>	<b>100.0%</b>



**Proposed 2017 Capacity Purchases**

	Capacity (kW)
Contracts (not associated)	10,000
RISE-Nextera - Gas	11,000
Market	22,411
Granby (IPS)	301
Niagra (NYPA) - Hydro	1,132
Spruce Mountain - Wind	417
Saddleback - Wind	412
Miller (Brown Bear) - Hydro	n/a
Kearsarge I	not in ISO
Kearsarge II	not in ISO
Solect - Solar	n/a
NuGen - Solar	n/a
New Bedford - Land Fill	n/a
Watson - Gas	9,205
Hydro Quebec Interconnection	801
<b>Total</b>	<b>55,679</b>

**Mission Statement**

The mission of the Concord Municipal Light Plant Telecommunications Division is to provide cost effective reliable telecommunications services which meets the current and future needs of our customers. CMLP currently provides High Speed Internet and dark fiber lease.

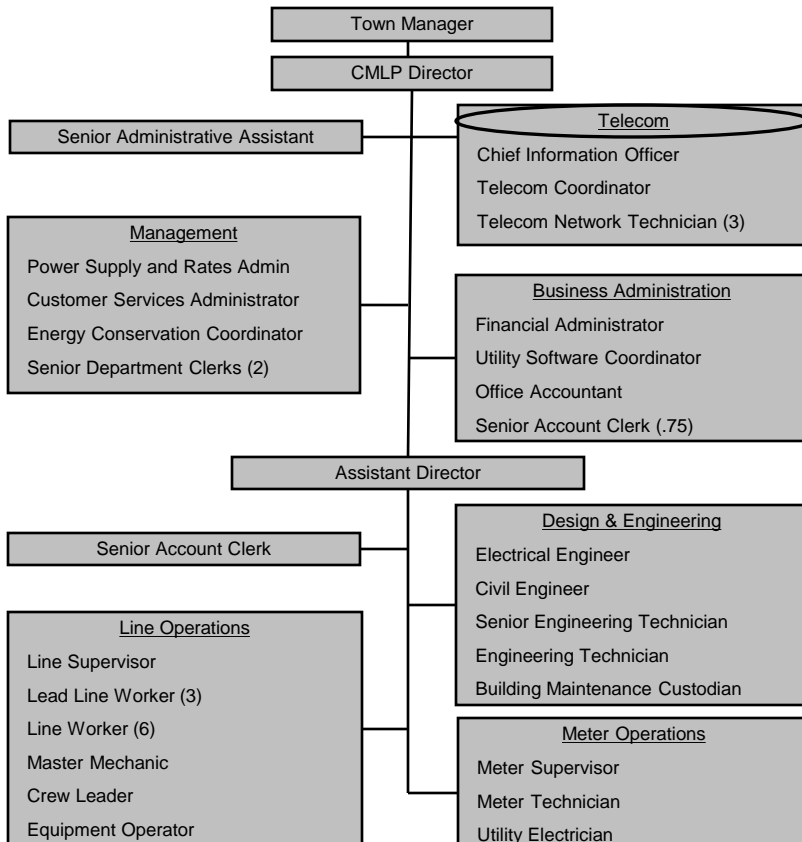
**Telecommunications Highlights**

- The 2013 Concord Town Meeting authorized CMLP to borrow up to \$1,000,000 to fund the capital expenses associated with expansion of telecommunication activity to include commercial and residential Internet services.
- In March 2014, High Speed Internet service was made available to both commercial and residential customers of CMLP.
- Over 750 High Speed Internet customers were connected by January 2017, An increase of over 300 in 2016. The 2017 plan assumes growth to about 1100 customers.
- CMLP is requesting authorization to borrow an additional \$1,000,000 for capital related to continuing growth in customer at the 2017 Annual Town Meeting.

**Telecommunications Contents**

Overview	p. 17
Program	p. 18
Business Results and Plan	P. 19
Revenues & Expenditures	p. 20
Long Range Plan	p. 22

Expenditure Summary			
	CY15 Actual	CY16 Estimate	CY17 Proposed
Operating Revenue	\$ 357,013	\$ 556,248	\$ 708,000
Operating Expense	\$ (449,061)	\$ (583,480)	\$ (664,250)
Net Position	\$ (324,157)	\$ (360,083)	\$ (335,278)



**Description**

The CMLP Telecommunications Division provides telecommunication services to the electric utility, supports the Town’s municipal operations and offers High Speed Internet service to Concord residents and businesses.

In 2016, the Telecommunications Division staff was managed by the CIO and included a a Telecommunications Coordinator, and three Telecomm Technicians. The CIO also manages the Town’s Information Technology Department.

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

Business Administration and Customer Service for the Telecommunications Division is shared with Electric operations. Engineering and Line Operations also performs some of the outside plant management.

24x7 first Level Broadband Support is provided through a contracted Help Desk. Other contracts provide the Division with with installation, emergency restoration, and network performance monitoring. Billing and account management are integrated with Electric Utility billing.

### Telecommunications Business Results

2016 was a year of strong growth for the broadband business. Revenue from residential and business subscribers grew by 56 percent and the number of subscribers more than double in 2016. Average monthly revenue was up 40 percent for the year. 2017 Revenue is forecast to grow an additional 20% overall. Operating Expenses, which are largely driven by staffing grew 40% and installations expenses, driven by new subscriptions, were in line with the business model. Overall growth in subscribers continued to exceed the plan. Demand for the service is still strong, in 2016 an average of 26 new subscribers were added each month. CMLP will continue to address demand in a controlled way, balancing initial installation cost to 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 capital costs of retail broadband telecommunication services. Telecommunications revenue is used to repay the expenses and the debt service. As the broadband operating revenue grows it helps to reduce the burden on the electric operations of maintaining the fiber network. The 2017 plan continues to repay the intra-fund loan recorded within the Light Plant's operations.

CMLP offers High Speed Internet to residential and business customers. CMLP also provides Internet and private data services for Town's operations. 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. Customer interest and satisfaction are both high.

#### Smart Grid Infrastructure

CMLP's Smart Grid Infrastructure supports the distribution of electricity to customers. 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 800 devices and is capable of real time communications with our customers throughout the CMLP electric service area.

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.

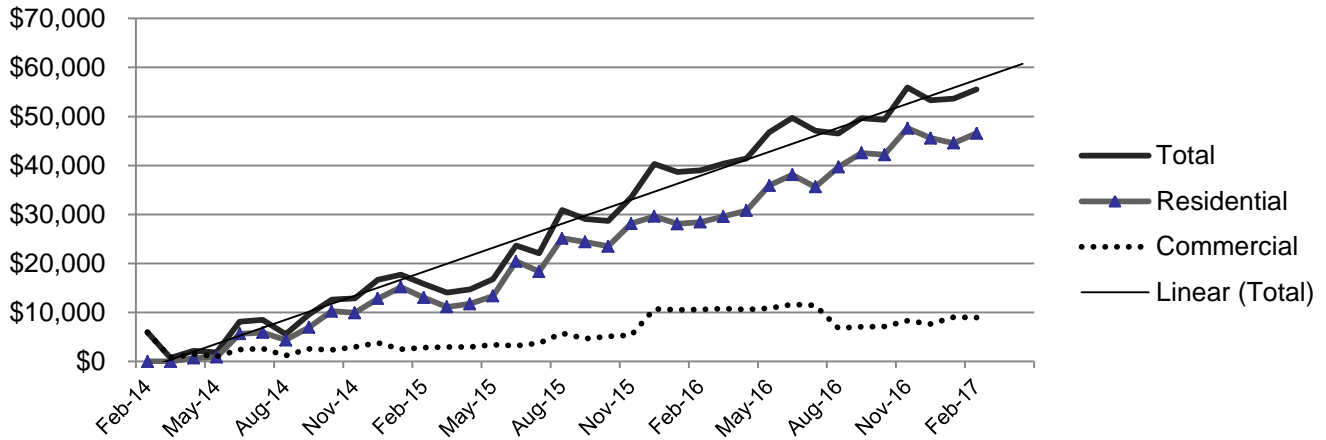
#### Municipal Operations Support:

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.

**2016 Broadband Service Growth Results**

As of March 2017 the Broadband service will have been available for 3 years. In that time subscriptions and monthly revenue have grown steadily. Residential growth has been the most consistent, slowing only during the winter when fiber optic installations are limited due to the weather. A 2015 CMLP Survey indicated that 59.6% of those without Concord Light Broadband indicated that they are likely to subscribe in the future.

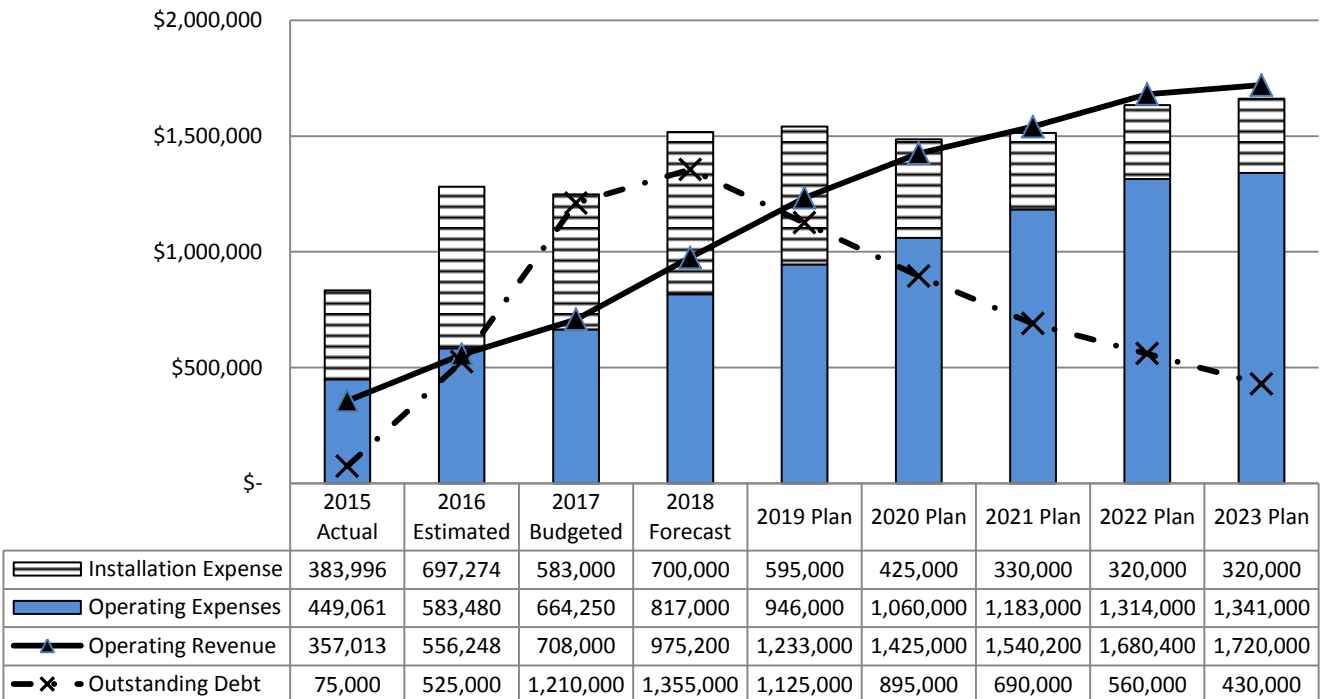
**Internet Service Billing Feb 2014 to Feb 2017**



**Financial Planning**

The chart below provides an outlook for the broadband Internet Service financial plan. Outstanding debt will peak in 2018. By 2020 annual operating revenue should exceed the total of annual operating and capital expenses.

**Telecommunications Financial Forecast**



**OPERATING REVENUES**

	2015 Actual	2016 Estimate	2017 Budget
<b>Operations</b>			
Residential & Commercial Fees	\$ 293,413	\$ 517,752	\$ 702,000
Municipal Fees	63,600	38,496	6,000
Other	-	-	-
<b>Operating Revenues Total</b>	<b>\$ 357,013</b>	<b>\$ 556,248</b>	<b>\$ 708,000</b>

**OPERATING EXPENSES**

	2015 Actual	2016 Estimate	2017 Budget
<b>Operations</b>			
Personnel Expenses	\$ 223,878	\$ 253,376	\$ 287,250
Purchased Services	163,799	266,115	301,000
Supplies & Materials	40,488	31,907	35,000
Other Charges & Expenses	18,823	12,305	19,000
Depreciation	8,854	19,777	22,000
Audit Adjustment	(6,781)		
<b>Operating Expense</b>	<b>\$ 449,061</b>	<b>\$ 583,480</b>	<b>\$ 664,250</b>

**AUTHORIZED POSITIONS**

	FY16 Budget		FY17 Proposed	
	FTEs	Amount	FTEs	Amount
<b>Regular Staff</b>				
Chief Information Officer	0.20 FTEs	23,690	0.20 FTEs	23,690
Telecom Coordinator	1.00	81,695	1.00	86,596
Telecom Network Tech.	2.00	129,054	3.00	227,477
<b>Total Staffing Costs</b>	<b>3.20 FTEs</b>	<b>234,439</b>	<b>4.20 FTEs</b>	<b>337,763</b>

**CAPITAL EXPENSES**

	2015 Actual	2016 Estimate	2017 Budget
<b>Capital Expenses</b>			
Personnel Expenses	\$ 19,917	\$ 87,127	\$ 102,000
Purchased Services		-	-
Supplies & Materials	4,630	35,160	20,500
Other Charges & Expenses			
Computer Software			
Capital Equipment	-	5,908	6,000
Network Hardware	359,449	483,906	454,500
Vehicle		85,173	-
<b>Subtotal</b>	<b>\$ 383,996</b>	<b>\$ 697,274</b>	<b>\$ 583,000</b>
<b>Total Capital Expenses</b>	<b>\$ 383,996</b>	<b>\$ 697,274</b>	<b>\$ 583,000</b>

**NET INCOME**

	2015 Actual	2016 Estimate	2017 Budget
<b>Statement of Net Income:</b>			
Operating Revenues	\$ 357,013	\$ 556,248	\$ 708,000
Less Operating Expenses	(449,061)	(583,480)	(664,250)
<b>Operating Income</b>	<b>\$ (92,048)</b>	<b>\$ (27,232)</b>	<b>\$ 43,750</b>
<b>Nonoperating Revenues (Expenses)</b>			
Add Investment Income	\$ 8	\$ 4,075	\$ 5,500
Add Other Revenue/Expense	1,473		
Less Interest Expense	(4,371)	(12,769)	(24,445)
Less Issuance Expense	-	-	-
<b>Nonoperating Income</b>	<b>\$ (2,890)</b>	<b>\$ (8,694)</b>	<b>\$ (18,945)</b>
<b>Net Income</b>	<b>\$ (94,938)</b>	<b>\$ (35,926)</b>	<b>\$ 24,805</b>

**AVAILABLE RESOURCES**

<b>Resources Available from Current Operations:</b>			
	2015 Actual	2016 Estimate	2017 Budget
<b>Capital Purposes</b>			
Add Depreciation Expense	\$ 8,854	\$ 19,777	\$ 22,000
Add Net Income	(94,938)	(35,926)	24,805
Interfund Financing		200,000	(200,000)
Add Debt Financing	-	500,000	900,000
Less Bonds Payable	(25,000)	(50,000)	(215,000)
<b>Net Available for Capital</b>	<b>\$ (111,084)</b>	<b>\$ 633,851</b>	<b>\$ 531,805</b>

**Net Position**

	2015 Actual	2016 Estimate	2017 Budget
<b>Net Position</b>			
<b>Net Position at January 1st</b>	<b>\$ (229,219)</b>	<b>\$ (324,157)</b>	<b>\$ (360,083)</b>
Change in Net Position	(94,938)	(35,926)	24,805
<b>Net Position at December 31st</b>	<b>\$ (324,157)</b>	<b>\$ (360,083)</b>	<b>\$ (335,278)</b>

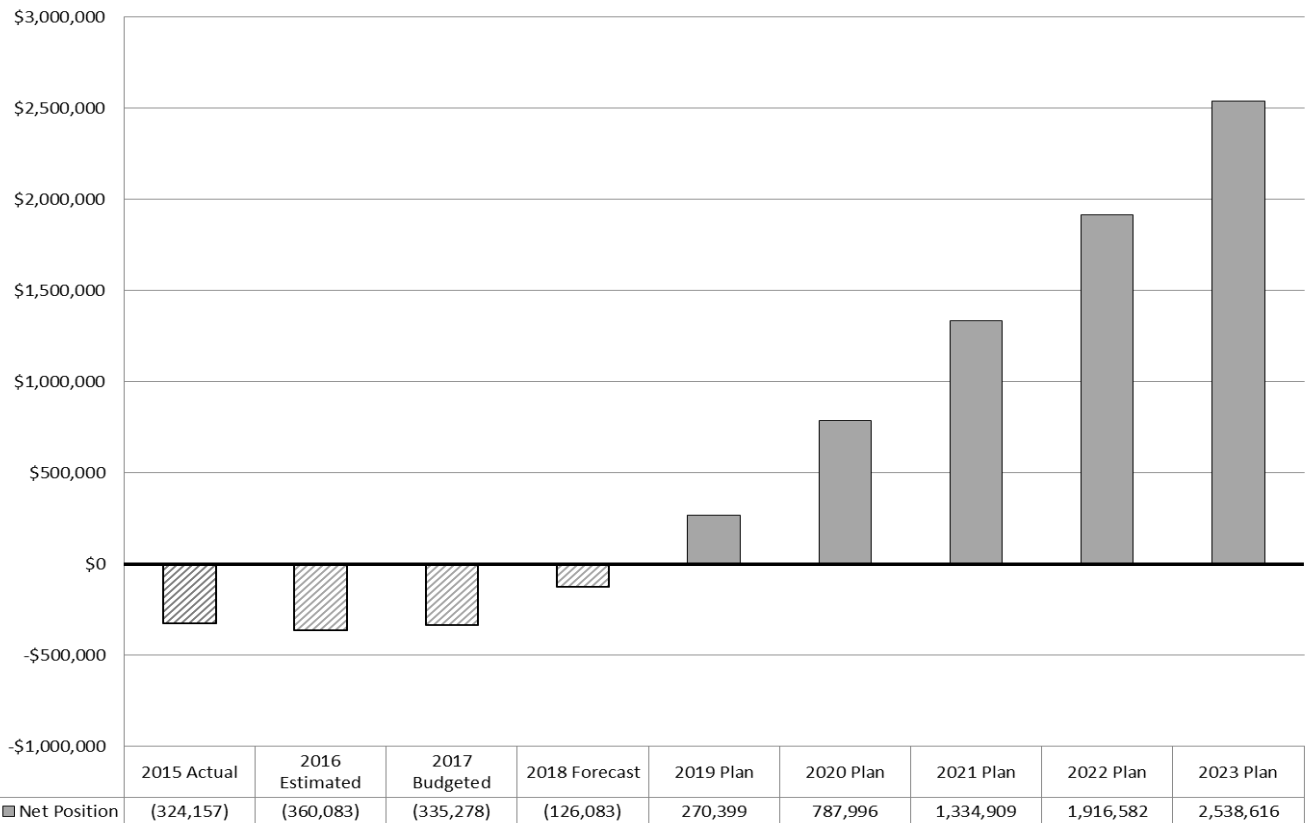
# Light Fund - Telecommunications

# Forecast

## Broadband 5 Year Financial Plan - Feb 2017

Description	2015 Actual	2016 Estimated	2017 Budgeted	2018 Forecast	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating Revenue	357,013	556,248	708,000	975,200	1,233,000	1,425,000	1,540,200	1,680,400	1,720,000
Operating Expenses	449,061	583,480	664,250	817,000	946,000	1,060,000	1,183,000	1,314,000	1,341,000
Operating Income	(92,048)	(27,232)	43,750	225,200	408,000	525,000	550,200	580,400	620,000
Non Operating Revenue	1,481	4,075	5,500	5,610	5,722	5,837	5,953	6,072	6,194
Non Operating Expense	(4,371)	(12,769)	(24,445)	(21,615)	(17,240)	(13,240)	(9,240)	(4,800)	(4,160)
Net Income	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Net Available for Capital:									
Net Income	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Depreciation	8,854	19,777	22,000	92,000	151,500	194,000	227,000	259,000	291,000
Interfund Financing		200,000	(200,000)						
Debt Financing	-	500,000	900,000	400,000					
Bonds Payable	(25,000)	(50,000)	(215,000)	(255,000)	(230,000)	(230,000)	(205,000)	(130,000)	(130,000)
Net Available for Capital	(111,084)	633,851	531,805	446,195	317,982	481,597	568,913	710,672	783,034
Capital Plan:									
Installation Expense	383,996	697,274	583,000	700,000	595,000	425,000	330,000	320,000	320,000
Net Position at January 1st	(229,219)	(324,157)	(360,083)	(335,278)	(126,083)	270,399	787,996	1,334,909	1,916,582
Change in Net Position	(94,938)	(35,926)	24,805	209,195	396,482	517,597	546,913	581,672	622,034
Net Position at December 31st	(324,157)	(360,083)	(335,278)	(126,083)	270,399	787,996	1,334,909	1,916,582	2,538,616

## Telecommunications Net Position



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# **Section IV**

## **Water Fund**

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# Water Fund

## 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
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Revenues and Expenditures	pp. 7-12
Capital Spending	pp. 13-14
Water Proforma	p. 15
Water Rates and System Map	pp. 16-17

## Water Fund Highlights

- The proposed FY18 base level (Step 1) water rate of \$0.0516 per cubic foot is a 4% increase over the FY17 rate of \$0.0496 per cubic foot. For the average residential customer, the annual increase in the water bill will be \$18.00.
- For FY18, \$1,190,000 is proposed for water main replacement along the Cambridge Turnpike and Whit's End Road.
- At the 2016 Town Meeting, the Town approved an excluded debt borrowing for construction of a new intake at Nagog Pond (\$1,850K) and Rehabilitation of Annursnac Hill Reservoir (\$958K). This work is scheduled to begin in FY18. There will also be repair work done at Pine Hill Reservoir and other reservoir improvements (\$186K) funded by user fees.
- \$205,000 is proposed for construction of a bulk chemical storage addition at Second Division well.

## Expenditure Summary

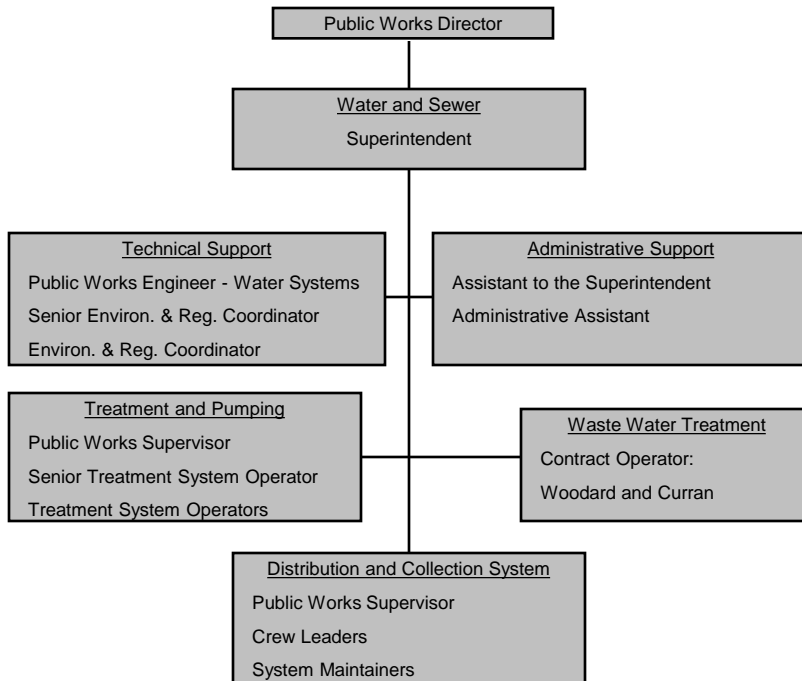
	FY15 Actual	FY16 Actual	FY17 Budget	FY18 Proposed
Operating Income	\$ 1,466,944	\$ 2,486,391	\$ 1,614,955	\$ 1,234,479
Net Income	\$ 1,335,037	\$ 2,328,659	\$ 1,568,570	\$ 1,182,854
Fund Balance	\$ 7,059,794	\$ 8,399,192	\$ 8,111,045	\$ 7,457,392

## 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 2016, the total value of infrastructure assets was approximately \$20.6 million.

There are presently 5,586 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 (MassDEP) and the federal Environmental Protection Agency (EPA).



Water Main Repair on Cambridge Turnpike

**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.

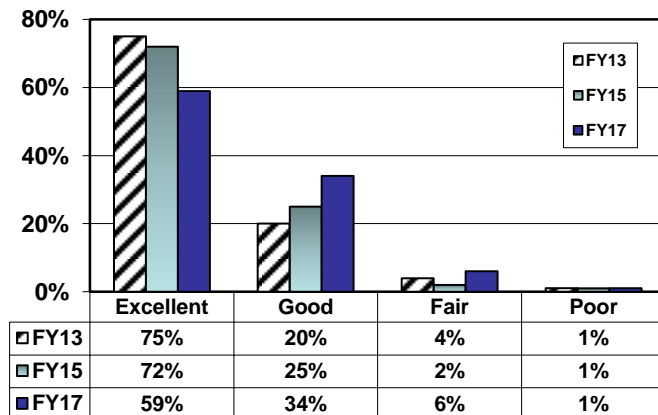
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades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

**Town Residential Survey**

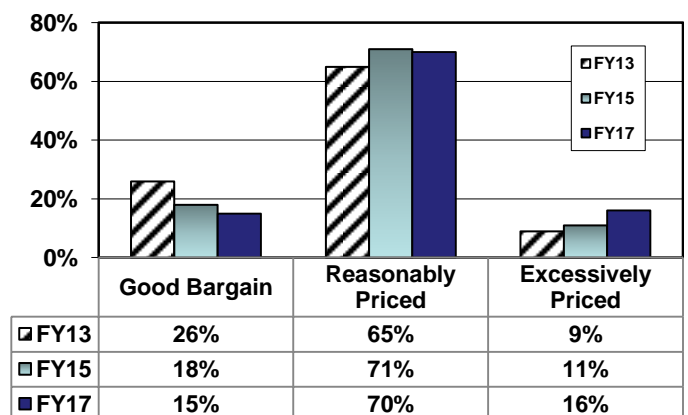
In the fall of 2010 and 2012 the Town conducted telephone surveys of 375 randomly selected Concord residents as part of the Town Residential Survey. In the fall of 2014 (FY15), the survey was expanded and received 1,337 respondents. For the Water Division, two questions were asked. Below left are the 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 FY18 is \$5,305,000, 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**

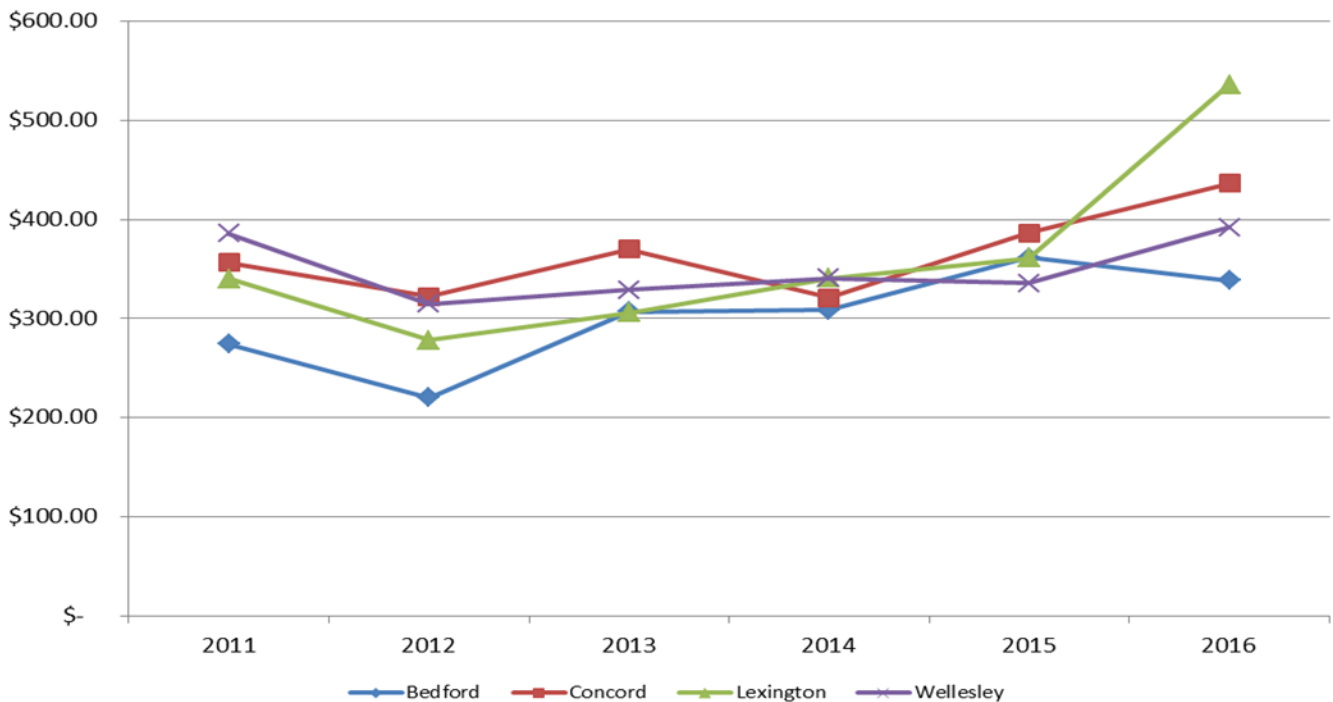
***The FY18 proposed Residential Service (step 1) water rate is \$0.0516 per cubic foot (1 cubic foot = 7.48 gallons)***

- The FY18 rate of \$0.0516 represents a 4% increase over the FY17 rate of \$0.0496. Since FY 2008, water rates have increased by an average of 3.7% per year.

- In FY18, the average residential customer is expected to pay a total of \$464 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

Concord Water functions in a highly regulated environment. Its operations are regulated by federal, state and local government agencies. These laws and regulations directly impact daily operations and budget plans required to maintain compliance with these directives.

On the federal level, the Division's operations are governed by the Safe Drinking Water Act (SDWA). Originally enacted in 1974, the SDWA allows the Environmental Protection Agency (EPA) to promulgate national primary drinking water regulations to regulate contaminants that may pose health risks and that are likely to be in the public water supply. Under the SDWA, EPA establishes a maximum contaminant level standard that regulates physical, chemical, biological and radiological substances in the drinking water supply.

The SDWA allows EPA to delegate primary oversight and enforcement of these laws to the state, if the state meets certain requirements. The state of Massachusetts has been granted this "primacy". In addition to providing oversight and enforcement of drinking water quality issues, MassDEP also regulates water withdrawals and demand management programs in accordance with statutes detailed within the State's Water Management Act program.

The programs and initiatives described below are provided to highlight some of the more noteworthy and potentially significant programs that influence the short-term and long-term financial well-being of the Water Fund.

#### **Regulatory Update:**

In 1989 EPA established the Total Coliform Rule (TCR) to protect public health by ensuring the integrity of the drinking water distribution system and monitoring for the presence of microbial contamination. The rule requires all public water systems (PWSs) to monitor for the presence of total coliforms in the distribution system at a frequency proportional to the number of people served. This past year, MassDEP finalized changes to their Drinking Water Regulations, incorporating provisions of the new Federal (EPA) Revised Total Coliform Rule (RTCR). Notable changes include the setting of a maximum contaminant level goal (MCLG) and maximum contaminant level (MCL) for increased protection against potential fecal contamination; setting associated treatment technique requirements; improved monitoring; and improvements to public notification (PN) requirements for associated water quality violations.

**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.

**2015 Water Fluoridation Quality Award:** Concord Water once again received recognition from the Centers for Disease Control and Prevention (CDC) and the American Dental Association (ASTDD) for maintaining effective dosing and documentation of ongoing drinking water fluoridation efforts.

**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 requiring "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, rendering the water undrinkable.

Program Highlights (continued)**Nagog Pond Water Filtration Facility Design and Permitting:**

Environmental Partners Group (Weymouth, MA) submitted a draft (50% ) design plan of the full scale water filtration facility planned for the Nagog Pond water supply. The design for this 1.5 MGD capacity water treatment plant integrates several large subsurface chambers associated with the existing ozone facility and will include the following new treatment processes: pre-oxidation; coagulation/flocculation; dissolved air flotation (DAF) for clarification; intermediate ozonation for enhanced organics control; and carbon filter media for filtration.



Environmental Partners Group has worked with special counsel for the better part of a year navigating permitting challenges that must be cleared before completing the final design and moving on to construction. Several important permitting milestones have been passed, including the issuance of a Notice of Intent (Acton Conservation Commission) allowing for the replacement of a 16-inch intake pipe as well as the siting of the treatment facility and the issuance of a MEPA “Certificate of Approval” (by the Secretary of Energy and Environmental Affairs) for both the intake pipe replacement and the filtration facility.

Special Use Permit and Site Plan Special Permit requests made to the Acton Board of Selectmen have triggered a considerable amount of interest and resistance from the greater Acton community – so much so that the *Acton Beacon* identified Concord’s permitting efforts as Acton’s top news story of 2016. Local concerns include the scale of the filtration facility, traffic associated with routine chemical and residuals handling activities, security fencing and potential impacts on adjacent recreation trails, archaeologically sensitive areas, and wildlife habitat.

**Brewster [future] Well Site:**

The preservation of 17 acres of water supply land located off Balls Hill Road, originally secured by the Water Division in 2001, has been further leveraged by the Town through the purchase of an adjoining 80 acres of property along the Concord River. In exchange for additional Water Fund contributions, the newly acquired land ensures that this additional land will be preserved for “water supply purposes” as well as passive recreation. Such land acquisitions are in keeping with the Water Division’s long-range planning goals and interests.

Program Highlights (continued)

Demand Management

Concord’s WMA permit provides an “authorized” water withdrawal allowance of up to 2.51 million gallons per day (MGD) with an allowance of 65 gallons per day per capita (RGPDC) and 10% system wide “unaccounted for” water. Unaccounted for water is the volume of water that is pumped but not measured through existing meters – for example: leaks, hydrant flushing and fire protection use.

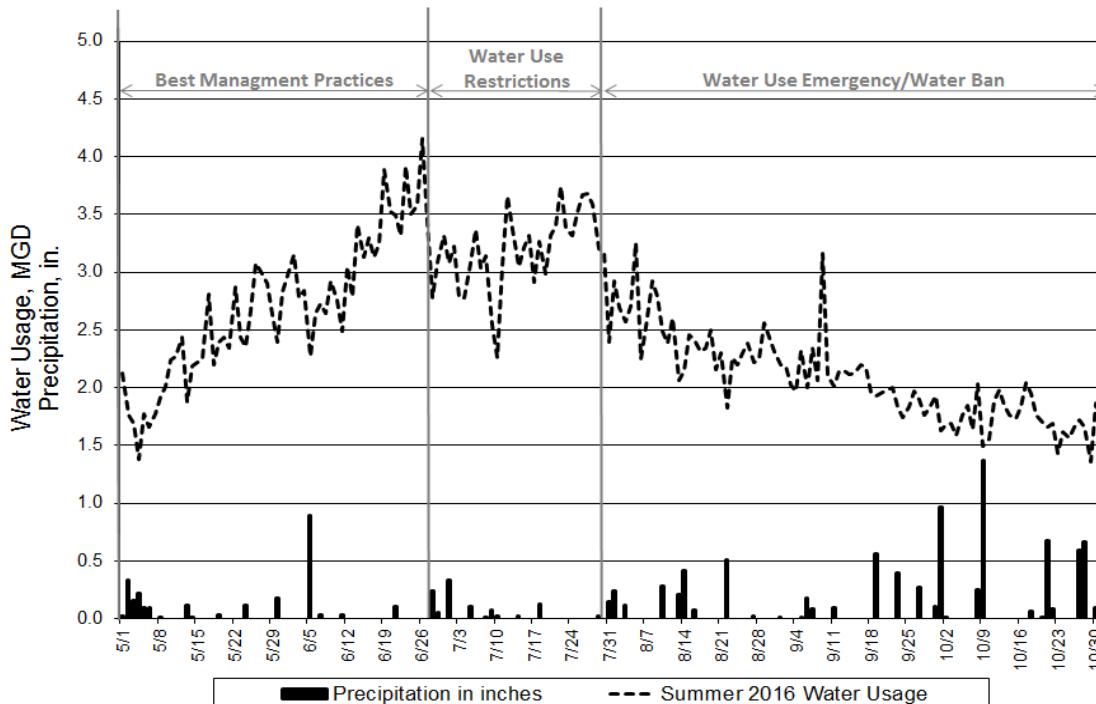
Drought Response

In 2016, the total water production required to meet residential, commercial, institutional and municipal needs was approximately 728 million gallons, equivalent to an average demand of 1.99 million gallons per day. A peak day demand of 4.15 million gallons was recorded on June 26, 2016. The RGPDC and total system unaccounted for water use estimates were calculated to be 70 gal/day and 11%, respectively.

On June 27, 2016, in response to a prolonged period of drought, the level of Concord’s Seasonal Demand Management Plan was elevated from a standing seasonal “Advisory” outdoor water use restriction (2 days/week - voluntary) to a mandatory “Restriction” which is enforceable by fine. Notice to all customers was announced via “News and Notices” (e-mail blast), website update, “Code Red” (reverse 911), and strategically located signboards. Notice was also provided to MassDEP in accordance with state regulations.

On July 1, 2016, at the urging of the State’s Drought Advisory Task Force, the Secretary of Energy and Environmental Affairs declared a drought “Watch” for the Central and Northeast regions of the State. On August 1, 2016, the drought watch was elevated to a drought “Warning”. At about this same time, Concord elevated its Outdoor Water Use “Restriction” to an “Emergency” level when a critical asset of the Town’s water system (Pine Hill Reservoir) was taken off line. The “Emergency” level required the prohibition of all lawn watering, filling or topping off of swimming pools, and private washing of cars and boats. Most customers responded responsibly to these declarations, resulting in a water use reduction of over one million gallons per day. The Division issued over 400 written warnings to individual property owners who failed to comply in a timely manner.

**2016 Demand Management & Drought Response**



Program Highlights (continued)**Mains (New/Replacement):**

A key factor in developing the annual Water Enterprise Fund budget is identifying funds required to make necessary investments in our water main infrastructure to maintain a safe and reliable supply of water to our customers. The most important measure of success relates to the frequency of interruptions of service resulting from water main breaks. Main breaks occur for a number of reasons, including age of pipe, pressure surges, and cold weather. The Water Research Foundation (WRF) states that the average number of main breaks in North America is 25 breaks per 100 miles of main per year. The Partnership for Safe Water (PFSW), a group supported by US EPA and the American Water Works Association, among others, recommends a goal of less than 15 main breaks per 100 miles of main per year. As identified previously, Concord's distribution system consists of over 133 miles of water main. Over the past decade, the Water Division typically responds to approximately 5-10 breaks per year. This favorable "reliability" metric is directly attributed to the annual capital outlay dedicated to system improvements, expansion and emergency repairs. This past year, notable work included;



- **Monument Street Replacement:** N. Cibotti, Inc. (Braintree, MA) replaced aging water and drainage infrastructure along a limited section of Monument Street – starting near the intersection of Liberty Street and ending several hundred feet north of Red Coat Lane. The scope of work included the replacement of approximately 1,568 linear feet of cast iron 8-inch water main with a new 12-inch diameter cement lined ductile iron (CLDI) water main, along with the installation of three (3) hydrants, four (4) main isolation valves and seven (7) service connections. Drainage improvements included the replacement of three (3) catch basin structures and the installation of one (1) new drain manhole structure.
- **Black Horse Place PRD:** Meninno Construction (Lynn, MA) installed 2,510 feet of private "common" 8-inch CLDI water service which included the addition of 5 new hydrants, 11 new gate valves and the creation of a system loop eliminating two previously existing dead ends located on Commerford Lane and Whit's End Road.
- **Rt 2A Gate Valve Improvements:** N. Cibotti Inc. installed a new three-way gate valve assembly (16-inch by 8-inch) at the intersection of Commerford Road and Rt 2A, near the Acton Town line. This work was prioritized following the recent completion of the new water system loop created for the Black Horse planned residential development. The new gate valve assembly will not only allow us to more quickly isolate services along Rt 2A in Acton in the event of water system emergencies, but it will help improve our ability to maintain service when such breaks occur, in the area of Whit's End Road, Black Horse Road, Commerford Road and properties along Elm Street.

:

Program Implementation

The proposed FY18 budget projects operating income of \$1,234,479 and a net income of \$1,182,452.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division’s approximately \$20 million worth of depreciable infrastructure (as of the end of FY16). The budgeted FY18 depreciation expense, totaling \$1,122,756, represents a depreciation of roughly 6% of these capital assets.

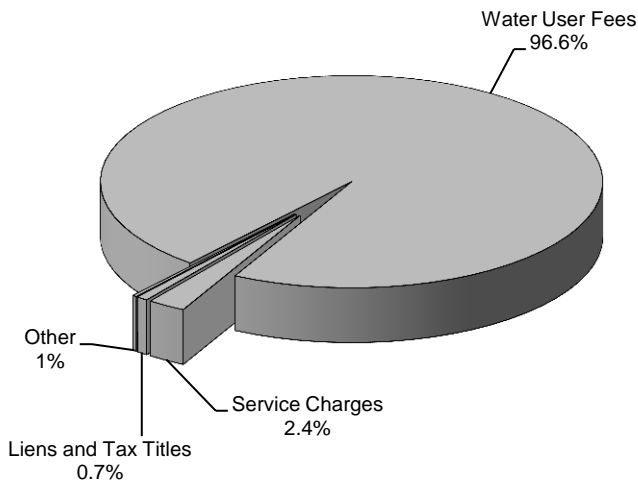
Personnel Services are budgeted to total \$1,328,433 in FY18, a 2.5% increase from the revised FY17 total of \$1,296,558. There is no change in staffing or overtime hours.

The next largest expense categories are for electricity (\$299,640) and chemicals (\$185,346); 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.

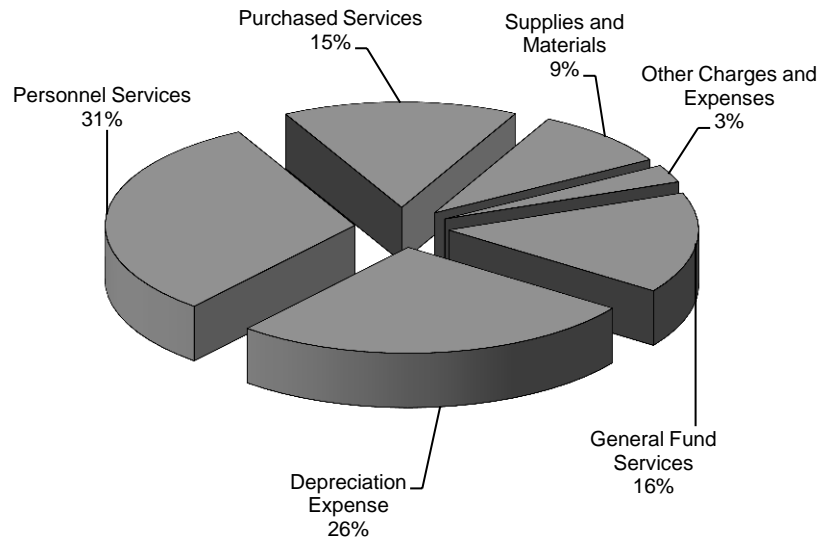
The FY18 Budget also includes \$58,916 for water quality testing at 7 pumping stations, 2 reservoirs and throughout the distribution system.

In addition, the FY18 budget includes \$76,200 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.

**FY18 Operating Revenues**  
Totaling \$5,494,000



**FY18 Operating Expenditures**  
Totaling \$4,259,521



**OPERATING REVENUES**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
Water User Fees	\$ 4,716,374	\$ 5,541,962	\$ 5,335,000	\$ 5,305,000
Service Charges	174,315	380,585	275,000	134,000
Liens and Tax Titles	42,722	44,716	40,000	40,000
Other	12,465	19,428	15,000	15,000
<b>Operating Revenues Total</b>	<b>\$ 4,945,876</b>	<b>\$ 5,986,690</b>	<b>\$ 5,665,000</b>	<b>\$ 5,494,000</b>

**OPERATING EXPENSES**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b><u>Personnel Services</u></b>				
Personnel Expenses	\$ 1,144,641	\$ 1,056,618	\$ 1,296,558	\$ 1,328,433
Audit Adjustment	-	-	-	-
<b>Subtotal</b>	<b>\$ 1,144,641</b>	<b>\$ 1,056,618</b>	<b>\$ 1,296,558</b>	<b>\$ 1,328,433</b>
<b><u>Non-Personnel Services</u></b>				
Purchased Services	474,514	521,301	666,350	649,134
Supplies & Materials	353,157	361,513	363,776	384,561
Other Charges & Expenses	74,660	62,819	96,461	115,785
Audit Adjustment	-	-	-	-
<b>Subtotal</b>	<b>\$ 902,331</b>	<b>\$ 945,634</b>	<b>\$ 1,126,587</b>	<b>\$ 1,149,480</b>
<b><u>Other</u></b>				
General Fund Services	600,507	613,901	638,482	658,852
Depreciation Expense	831,453	884,146	988,418	1,122,756
<b>Subtotal</b>	<b>\$ 1,431,960</b>	<b>\$ 1,498,047</b>	<b>\$ 1,626,900</b>	<b>\$ 1,781,608</b>
<b>Total Operating Expense</b>	<b>\$ 3,478,932</b>	<b>\$ 3,500,299</b>	<b>\$ 4,050,045</b>	<b>\$ 4,259,521</b>

**RETIREMENT AND OPEB ASSESSMENT**

<i>For Informational Purposes Only</i>				
	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b><u>Personnel Services</u></b>				
Retirement Assessment	\$ 64,305	\$ 72,280	\$ 86,179	\$ 82,117
OPEB Assessment	17,000	19,981	21,264	25,000
<b>Total Assessment</b>	<b>\$ 81,305</b>	<b>\$ 92,261</b>	<b>\$ 107,443</b>	<b>\$ 107,117</b>

**AUTHORIZED POSITIONS**

	FY17 Revised Budget		FY18 Initial Budget	
	\$ Amount	Position/Hours	\$ Amount	Position/Hours
<b>Regular Staff</b>				
Water and Sewer Superintendent	\$ 87,999	0.80 FTEs	\$ 89,806	0.80 FTEs
Public Works Engineer	15,741	0.20	16,125	0.20
Assistant to Superintendent	69,586	0.80	70,968	0.80
Sr. Environ. & Regulatory. Coord.	64,990	0.80	67,910	0.80
Environ. & Regulatory. Coord.	42,856	0.80	44,885	0.80
Administrative Assistant	51,530	0.80	52,550	0.80
Public Works Supervisor	138,376	1.60	142,288	1.60
Crew Leader	116,795	1.60	117,219	1.60
Senior Treatment Systems Operator	57,530	0.80	60,136	0.80
Treatment System Operator	99,089	1.60	102,201	1.60
System Maintainer	205,318	4.00	213,693	4.00
Standby Pay (5111)	15,118	0.17	15,546	0.17
Charges to Snow Account	(4,328)	-0.08	(4,328)	-0.08
Charges to Capital Projects	(19,935)	N/A	(20,364)	0
Vacancy Savings	-	0	-	0
Salary Adjustments	17,860	-	26,747	-
<b>Subtotal</b>	<b>\$ 958,525</b>	<b>13.89 FTEs</b>	<b>\$ 995,382</b>	<b>13.89 FTEs</b>
<b>Part-Time Staff</b>				
Watershed Patrol	\$ 4,600	460 hrs.	\$ 5,060	460 hrs.
Environmental Technology Intern		0 hrs.	7,700	700 hrs.
GIS Project Specialist	-	0 hrs.		0 hrs.
<b>Subtotal</b>	<b>\$ 4,600</b>	<b>0.22 FTEs</b>	<b>\$ 12,760</b>	<b>0.56 FTEs</b>
<b>Employee Benefits</b>				
Health Insurance	\$ 87,000	N/A	\$ 70,000	N/A
Life Insurance	-	N/A	-	N/A
Dental Insurance	-	N/A	-	N/A
Retirement Contribution	86,179	N/A	82,117	N/A
OPEB Contribution	21,264	N/A	25,000	N/A
<b>Subtotal</b>	<b>\$ 194,443</b>	<b>N/A</b>	<b>\$ 177,117</b>	<b>N/A</b>
<b>Payroll Taxes</b>				
Medicare Tax	\$ 11,250	N/A	\$ 12,000	N/A
Social Security Contribution	1,250	N/A	1,250	N/A
<b>Subtotal</b>	<b>\$ 12,500</b>	<b>N/A</b>	<b>\$ 13,250</b>	<b>N/A</b>
<b>Other Personnel Costs</b>				
Overtime (5130)	\$ 99,522	1900 hrs.	\$ 102,398	1900 hrs.
Overtime Adjustments (5130)	1,493	N/A	2,048	N/A
Police Overtime (5131)	7,400	185 hrs.	7,400	185 hrs.
Mobile Phone Allowance	3,840	N/A	3,840	N/A
IT Salary (5111)	14,235	N/A	14,239	N/A
<b>Subtotal</b>	<b>\$ 126,490</b>	<b>N/A</b>	<b>\$ 129,925</b>	<b>N/A</b>
<b>Total Personnel Costs</b>	<b>\$ 1,296,558</b>	<b>14.12 FTEs</b>	<b>\$ 1,328,433</b>	<b>14.45 FTEs</b>

**NET INCOME**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 4,945,876	\$ 5,986,690	\$ 5,665,000	\$ 5,494,000
Less Operating Expenses	(3,478,932)	(3,500,299)	(4,050,045)	(4,259,521)
<b>Operating Income</b>	<b>\$ 1,466,944</b>	<b>\$ 2,486,391</b>	<b>\$ 1,614,955</b>	<b>\$ 1,234,479</b>
<b>Nonoperating Revenues (Expenses)</b>				
Add Investment Income	\$ 16,018	\$ 31,175	\$ 56,344	\$ 70,411
Add Other Revenue/Expense				
Less Interest Expense	(147,925)	(188,907)	(94,730)	(119,228)
Less Issuance Expense	-	-	(8,000)	(2,808)
<b>Nonoperating Income</b>	<b>\$ (131,907)</b>	<b>\$ (157,732)</b>	<b>\$ (46,386)</b>	<b>\$ (51,625)</b>
<b>Net Income</b>	<b>\$ 1,335,037</b>	<b>\$ 2,328,659</b>	<b>\$ 1,568,570</b>	<b>\$ 1,182,854</b>

**AVAILABLE RESOURCES**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 831,453	\$ 884,146	\$ 988,418	\$ 1,122,756
Add Net Income	1,335,037	2,328,659	1,568,570	1,182,854
Add Debt Financing	-	-	800,000	2,808,000
Less Bonds Payable	(520,000)	(631,800)	(441,200)	(463,333)
<b>Net Available for Capital</b>	<b>\$ 1,646,490</b>	<b>\$ 2,581,005</b>	<b>\$ 2,915,788</b>	<b>\$ 4,650,277</b>

**CASH POSITION AND FUND BALANCE FORECAST**

<b>Cash at Year Opening</b>	<b>FY17</b>		<b>FY18</b>	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash on July 1st</b>	\$ 7,656,721		\$ 7,368,574	
Add Receivables	1,250,551		1,250,551	
Add Inventory & Other Assets	114,170		114,170	
Less Cash held for Liabilities	(901,044)		(901,044)	
Deferred Outflows (Inflows)	278,794		278,794	
<b>Fund Balance on July 1st</b>	<b>\$ 8,399,192</b>		<b>\$ 8,111,045</b>	
<b>Fund Balance Details (projected)</b>	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 6,225,494	\$ 2,173,698	\$ 7,221,864	\$ 889,181
Net Income	1,568,570		1,182,854	
Bond Principal Repayment	(441,200)		(463,333)	
BAN and Bond Proceeds	800,000		2,808,000	
Capital Borrowing	(931,000)		(2,808,000)	
Capital Outlay (non-borrowing)		(2,272,935)		(2,495,930)
Add Depreciation Expense		988,418		1,122,756
Balance Projected at June 30th	7,221,864	889,181	7,941,385	(483,993)
<b>Fund Balance on June 30th</b>	<b>\$ 8,111,045</b>		<b>\$ 7,457,392</b>	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	\$ 8,111,045		\$ 7,457,392	
Less Receivables	(1,250,551)		(1,250,551)	
Less Inventory & Other Assets	(114,170)		(114,170)	
Add Cash Held for Liabilities	901,044		901,044	
Add Cash Held for Deferred Inflows	(278,794)		(278,794)	
<b>Projected Cash at June 30th</b>	<b>\$ 7,368,574</b>		<b>\$ 6,714,922</b>	

**DEBT SERVICE**

	FY15	FY16	Rev. FY17	FY18
	Actual	Actual	Budget	Budget
<b>Long-Term Debt Repayment</b>				
Principal	\$ 520,000	\$ 631,800	\$ 441,200	\$ 463,333
Interest	147,925	188,907	94,730	119,228
Debt Issuance Expense	-	-	8,000	2,808
<b>Total</b>	<b>\$ 667,925</b>	<b>\$ 820,707</b>	<b>\$ 543,930</b>	<b>\$ 585,369</b>

**PAYMENTS TO THE GENERAL FUND**

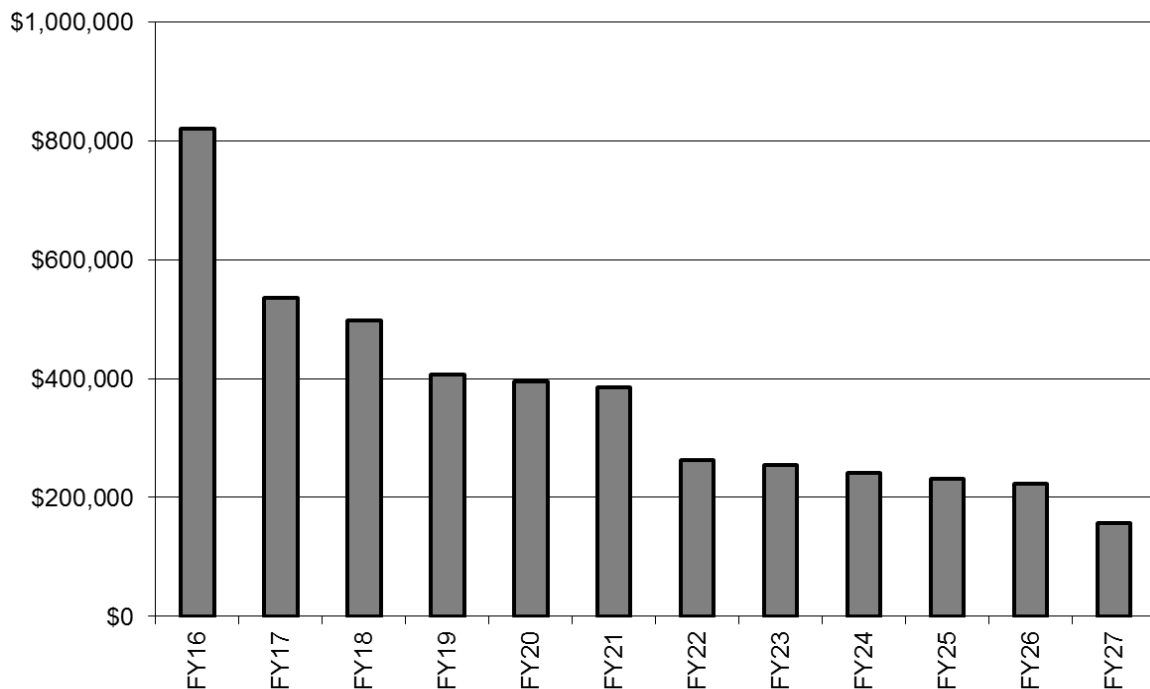
	FY15	FY16	Rev. FY17	FY18
	Actual	Actual	Budget	Budget
<b><u>Management &amp; Engineering</u></b>				
Highway Maintenance	\$ 18,507	\$ 19,110	\$ 19,618	\$ 19,618
133/135 Keyes Road	48,807	49,782	50,440	51,410
Public Works Engineering	86,086	87,820	89,128	88,800
Public Works Administration	86,808	88,002	92,930	93,118
<b>Subtotal</b>	<b>\$ 240,208</b>	<b>\$ 244,714</b>	<b>\$ 252,116</b>	<b>\$ 252,946</b>
<b><u>Finance &amp; Administrative</u></b>				
Town Manager	\$ 60,925	\$ 58,973	\$ 62,218	\$ 62,076
Human Resources	17,587	19,190	19,998	20,545
Town Accountant				
Accounting Services	49,262	50,980	53,625	54,663
Audit Services	6,000	6,000	6,000	6,000
Treasurer-Collector	51,963	53,051	54,789	55,124
Finance Administration	72,952	75,048	81,121	77,626
Town House Facility	6,734	6,759	7,016	7,055
<b>Subtotal</b>	<b>\$ 265,423</b>	<b>\$ 270,001</b>	<b>\$ 284,767</b>	<b>\$ 283,089</b>
<b><u>Natural Resources</u></b>				
Planning Administration	\$ 42,502	\$ 44,611	\$ 45,840	\$ 47,415
Natural Resource Protection	25,065	26,047	26,508	27,344
Health Department Services	27,309	28,528	29,251	29,760
<b>Subtotal</b>	<b>\$ 94,876</b>	<b>\$ 99,186</b>	<b>\$ 101,599</b>	<b>\$ 104,519</b>
Salary Reserve	-	-	-	18,298
Audit Adjustments	-	-	-	
<b>Totals</b>	<b>\$ 600,507</b>	<b>\$ 613,901</b>	<b>\$ 638,482</b>	<b>\$ 658,852</b>

**DEBT SERVICE SCHEDULE**

(Issued through 6/30/2016)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY16	631,800	188,907	820,707
FY17	441,200	94,730	535,930
FY18	410,000	87,228	497,228
FY19	335,000	72,015	407,015
FY20	335,000	60,815	395,815
FY21	335,000	49,615	384,615
FY22	225,000	38,415	263,415
FY23	225,000	30,015	255,015
FY24	220,000	21,715	241,715
FY25	217,000	14,995	231,995
FY26	215,000	8,300	223,300
<u>FY27</u>	<u>155,000</u>	<u>1,500</u>	<u>156,500</u>
<b>Totals</b>	<b>\$ 3,745,000</b>	<b>\$ 668,250</b>	<b>\$ 4,413,250</b>

**DEBT SERVICE CHART**



TREATMENT

**Nagog Treatment Plant: \$400,000** – Project to construct a facility that would comply with EPA's surface water treatment rule has been deferred to FY19 based upon permitting challenges. Outlay planned for FY18 includes a provision to replace one of two ozone generation units as well as design and permitting support for full scale surface water treatment facility.

Construction anticipated to span FY2019 and FY2020. The total cost is \$13,500,000, including \$12,400,000 for construction and \$1,100,000 for engineering and construction administration and supervision.

**Nagog Intake: \$1,850,000-** Replacement of a 16-inch diameter cast iron intake structure which extends into Nagog Pond. The existing intake dates from 1909 and is approximately 1,800 feet long.

DISTRIBUTION SYSTEM

**Mains (New/Replacement): \$1,190,000** - 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 133 miles of water main ranging from 6 to 16 inches in diameter. The replacement/rehabilitation program has been developed with consideration of age, material and condition of mains. The plan of work for FY18 includes the replacement of over 5,000 feet of water main along Cambridge Turnpike and 700 feet along Whit's End Road. Both projects are being coordinated with Town roadway and drainage improvement initiatives.

**Water Meter Replacement Program: \$151,000** - 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: \$38,000** - 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 1,300 hydrants in the distribution system.

PUMPING STATIONS AND RESERVOIRS

**Reservoirs: \$1,144,000** – Rehabilitation of Annursnac Hill Reservoir, a 2.5 million gallon storage structure, including the installation of a concrete liner as well as minor interior patching and refurbishment of access way to Pine Hill Reservoir.

**Station Structures: \$205,000** - Annual capital outlay for improvements and replacement of station structures. Planned work includes a new chemical storage addition to the 2<sup>nd</sup> Division well site as well as the rehabilitation of one of the nine groundwater wells.

**Pumping Station Equipment: \$50,000** - 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 maintains eight different water production/treatment facilities and two storage reservoirs.

GENERAL PLANT

**Keys Road Facility: \$115,000** - Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Budget includes allowance for major electrical system upgrade and design of a covered storage facility for rolling stock presently exposed to the elements.

**Vehicles: \$118,400** – 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 improvements include the replacement of one engineering/administration vehicle, two service vehicles, and a small skid steer/loader.

**GIS and Miscellaneous Equipment: \$10,000** - Miscellaneous equipment not included in 5-year capital plan.

SUPPLY/CAPACITY

**Source Protection: \$12,000** – Funds for ongoing implementation of groundwater and surface water resource protection programs.

CAPITAL SPENDING PLAN										
	Actual	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Total	FY18-22
<b>Distribution System</b>										
Water Mains	628,634	447,000	1,190,000	1,000,000	1,030,000	1,061,000	618,000	4,899,000		
Meter Replacements	51,123	136,000	151,000	105,000	114,000	126,000	118,000	614,000		
Hydrants	19,405	37,000	38,000	39,000	40,000	41,000	42,000	200,000		
<b>Subtotal</b>	<b>699,161</b>	<b>620,000</b>	<b>1,379,000</b>	<b>1,144,000</b>	<b>1,184,000</b>	<b>1,228,000</b>	<b>778,000</b>	<b>5,713,000</b>		
<b>Pumping Stations/Treatment</b>										
Structures	31,721	50,000	205,000	54,000	56,000	58,000	60,000	433,000		
Equipment	38,363	50,000	50,000	52,000	54,000	56,000	58,000	270,000		
Reservoir Improvements	0	0	958,000	0	200,000	0	0	1,158,000		
			186,000					186,000		
Nagog Improvements	330,543	170,000	400,000	5,362,500	8,170,500			13,933,000		
Route 2A Station and Filtration	0	1,200,000						0		
Dam Reconstruction	6,777							0		
Nagog Intake	147,485	131,000	1,850,000					1,850,000		
<b>Subtotal</b>	<b>554,890</b>	<b>1,601,000</b>	<b>3,649,000</b>	<b>5,468,500</b>	<b>8,480,500</b>	<b>114,000</b>	<b>118,000</b>	<b>17,830,000</b>		
<b>General Plant</b>										
Keyes Road CPW Facility	0	26,000	115,000	27,583	500,000	29,000	30,000	701,583		
GIS	0	0	0	0	0	0	0	0		
Vehicles	149,974	98,000	118,400	60,000	44,000	83,200	69,600	375,200		
Utility Software Upgrade										
Miscellaneous Equipment	3,207	10,000	10,000	10,300	10,600	10,900	11,200	53,000		
Depreciable Personnel Services	17,284	19,935	20,530	21,150	21,780	22,430	23,100	108,990		
<b>Subtotal</b>	<b>170,465</b>	<b>153,935</b>	<b>263,930</b>	<b>119,033</b>	<b>576,380</b>	<b>145,530</b>	<b>133,900</b>	<b>1,238,773</b>		
<b>Supply and Capacity</b>										
Source Protection	0	29,000	12,000	12,400	12,800	13,200	13,600	64,000		
Land Acquisition		800,000								
New Source Permitting, Design	0	0						0		
<b>Subtotal</b>	<b>0</b>	<b>829,000</b>	<b>12,000</b>	<b>12,400</b>	<b>12,800</b>	<b>13,200</b>	<b>13,600</b>	<b>64,000</b>		
<b>Total Capital Uses</b>										
<b>1,424,516</b>	<b>3,203,935</b>	<b>5,303,930</b>	<b>6,743,933</b>	<b>10,253,680</b>	<b>1,500,730</b>	<b>1,043,500</b>	<b>24,845,773</b>			
<b>Funding the Capital Plan</b>										
From Debt	147,485	931,000	2,808,000	5,362,500	8,670,500	-	-	16,841,000		
From Water Fund Resources	1,277,031	2,272,935	2,495,930	1,381,433	1,583,180	1,500,730	1,043,500	8,004,773		
<b>1,424,516</b>	<b>3,203,935</b>	<b>5,303,930</b>	<b>6,743,933</b>	<b>10,253,680</b>	<b>1,500,730</b>	<b>1,043,500</b>	<b>24,845,773</b>			

Water Fund: Plan and Projection	Actual FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 years FY 18-27
<b>Operating Revenue</b>													
User Fees	5,541,961	5,335,000	5,305,000	5,495,000	5,685,000	5,884,000	6,091,000	6,308,000	6,532,000	6,764,000	7,004,000	7,253,000	62,321,000
Other	444,729	330,000	189,000	190,000	191,000	192,000	193,000	194,000	195,000	196,000	197,000	198,000	1,935,000
Subtotal	5,986,690	5,665,000	5,494,000	5,685,000	5,876,000	6,076,000	6,284,000	6,502,000	6,727,000	6,960,000	7,201,000	7,451,000	64,256,000
<b>Operating Expense</b>													
O & M	2,616,153	3,061,627	3,136,765	3,356,868	3,579,894	3,688,436	3,800,314	3,915,634	4,034,506	4,157,042	4,283,359	4,413,577	38,366,394
Depreciation	884,146	988,418	1,122,756	1,321,922	1,567,502	1,726,948	1,738,972	1,750,839	1,794,205	1,802,389	1,837,222	1,862,908	16,525,663
Subtotal	3,500,299	4,050,045	4,259,521	4,678,790	5,147,396	5,415,383	5,539,286	5,666,473	5,828,710	5,959,431	6,120,580	6,276,486	54,892,057
<b>Operating Income</b>	2,486,391	1,614,955	1,234,479	1,006,210	728,604	660,617	744,714	835,527	898,290	1,000,569	1,080,420	1,174,514	9,363,943
ADD: Interest Income	31,175	56,344	70,411	87,142	109,289	102,220	91,767	87,082	82,707	79,953	81,038	85,405	877,012
Miscellaneous Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income</b>	2,328,659	1,568,570	1,182,854	965,047	522,049	-64,084	127,599	259,260	363,081	506,460	631,224	773,569	5,267,060
<b>Available Resources from:</b>													
Net income	2,328,659	1,568,570	1,182,854	965,047	522,049	-64,084	127,599	259,260	363,081	506,460	631,224	773,569	5,267,060
Depreciation expense	884,146	988,418	1,122,756	1,321,922	1,567,502	1,726,948	1,738,972	1,750,839	1,794,205	1,802,389	1,837,222	1,862,908	16,525,664
subtotal	3,212,805	2,556,988	2,305,610	2,286,970	2,089,551	1,662,864	1,866,571	2,010,099	2,157,286	2,308,850	2,468,446	2,636,477	21,792,724
Bond proceeds	0	800,000	0	16,500,000	16,500,000	500,000	500,000	0	0	0	0	0	17,000,000
Loan proceeds	0	0	2,808,000	5,362,500	8,670,500	0	0	0	0	0	0	0	16,841,000
LESS: Principal repayments													
Existing Debt	631,800	441,200	410,000	335,000	335,000	335,000	225,000	225,000	220,000	217,000	215,000	155,000	2,672,000
New Debt	0	0	53,333	53,333	53,333	878,333	928,333	928,333	928,333	928,333	928,333	928,333	6,608,330
BAN Repayment	0	0	0	16,500,000	16,500,000	500,000	0	0	0	0	0	0	17,000,000
<b>Net Available for Capital Purposes</b>	2,581,005	2,915,788	4,650,277	7,261,137	10,371,718	449,531	713,238	856,766	1,008,953	1,163,517	1,325,113	1,553,144	29,353,395
<b>Capital Plan</b>	1,424,516	3,203,935	5,303,930	6,743,933	10,253,680	1,500,730	1,043,500	1,136,290	1,295,500	1,224,640	1,097,800	1,174,480	30,774,483
<b>Cash Position</b>													
Beginning balance	6,919,413	7,656,721	7,368,574	6,714,921	7,232,125	7,350,163	6,298,964	5,968,703	5,689,179	5,402,632	5,341,509	5,568,821	
ADD: Net available	2,581,005	2,915,788	4,650,277	7,261,137	10,371,718	449,531	713,238	856,766	1,008,953	1,163,517	1,325,113	1,553,144	
LESS: Planned Capital	1,424,516	3,203,935	5,303,930	6,743,933	10,253,680	1,500,730	1,043,500	1,136,290	1,295,500	1,224,640	1,097,800	1,174,480	
Changes in assets & liabilities	-419,181												
Ending balance	7,656,721	7,368,574	6,714,921	7,232,125	7,350,163	6,298,964	5,968,703	5,689,179	5,402,632	5,341,509	5,568,821	5,947,485	

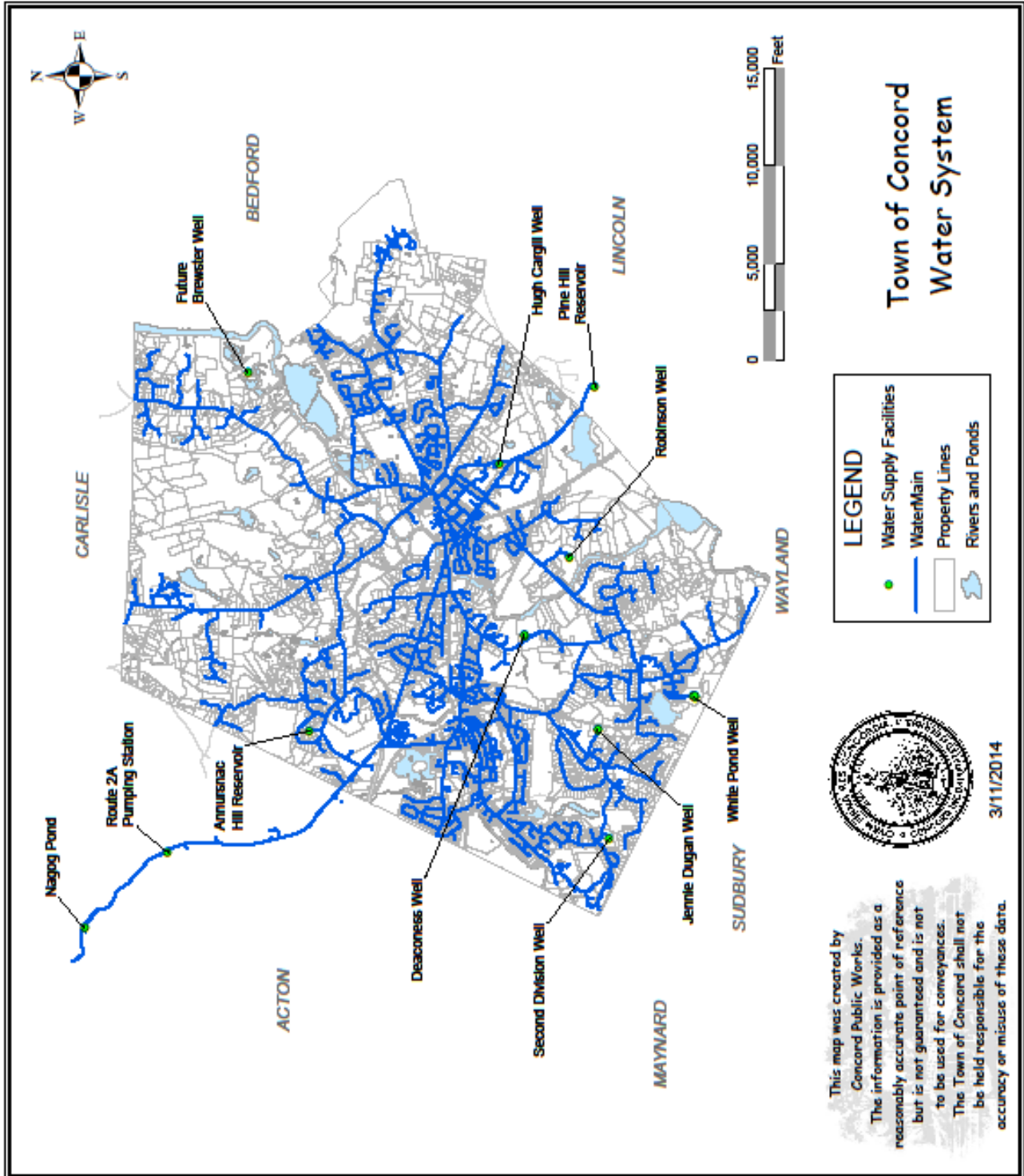
**WATER RATES**

(Per Cubic Foot)

W-17 Class of Customer	Current FY17	Effective 6/1/17		%Chg.
<b>1 &amp; 2 Residential Service</b>	(1 cubic foot = 7.48 gallons)			
1st Step: (all year)	\$ 0.0496	\$ 0.0516	**	4.0%
Conservation Step*: (2400-4800 cu ft)	\$ 0.0992	\$ 0.1084		9.3%
Conservation Step*: (over 4800 cu ft)	\$ 0.1240	\$ 0.1367		10.2%
*May 1st through October 31st				
<b>3 General Service</b>				
1st Step: (all year)	\$ 0.0496	\$ 0.0516		4.0%
2nd Step: (all year) (over 5000 cu ft bimonthly)	\$ 0.0630	\$ 0.0655		4.0%
<b>4 Municipal Service</b>				
1st Step: (all year)	\$ 0.0489	\$ 0.0509		4.1%
Interruptible Outdoor Irrigation use				
<b>5 Second Meter Service</b>				
A. Irrigation/Pool or Accessory use:				
1st Step: (all year)	\$ 0.0992	\$ 0.1084		9.3%
Conservation Step: (over 4800 cu ft bimonthly, May 1st through October 31st)	\$ 0.1240	\$ 0.1367		10.2%
B. Non-Irrigation Commercial/Industrial	\$ 0.0630	\$ 0.0655		4.0%

\*\*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.
<b>1a Average Residential Customer</b> (1,500 cu ft bimonthly) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 446	\$ 464	\$ 18.00	\$ 1.50	4.0%
<b>1b Large Summertime Residential Customer</b> (4,000 cu ft bimonthly during summer; 2,500 cu ft bimonthly rest of year)	\$ 1,205	\$ 1,279	\$ 73.56	\$ 6.13	6.1%
<b>3a Small Commercial Customer</b> (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>	\$ 744	\$ 774	\$ 30.00	\$ 2.50	4.0%
<b>3b Large Commercial Customer</b> (30,000 cu ft bimonthly)	\$ 10,938	\$ 11,373	\$ 435	\$ 36.25	4.0%
<b>5a Small Municipal Customer</b> (4,500 cu ft bimonthly)	\$ 1,320	\$ 1,374	\$ 54	\$ 4.50	4.1%
<b>5b Large Municipal Customer</b> (60,000 cu ft bimonthly)	\$ 17,604	\$ 18,324	\$ 720	\$ 60.00	4.1%



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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	p. 4
Revenues and Expenditures	pp. 5-9
Debt Service	pp. 10-11
Capital Spending	pp. 12-13
Sewer Proforma	p. 14
Supplemental Information	pp. 15-16

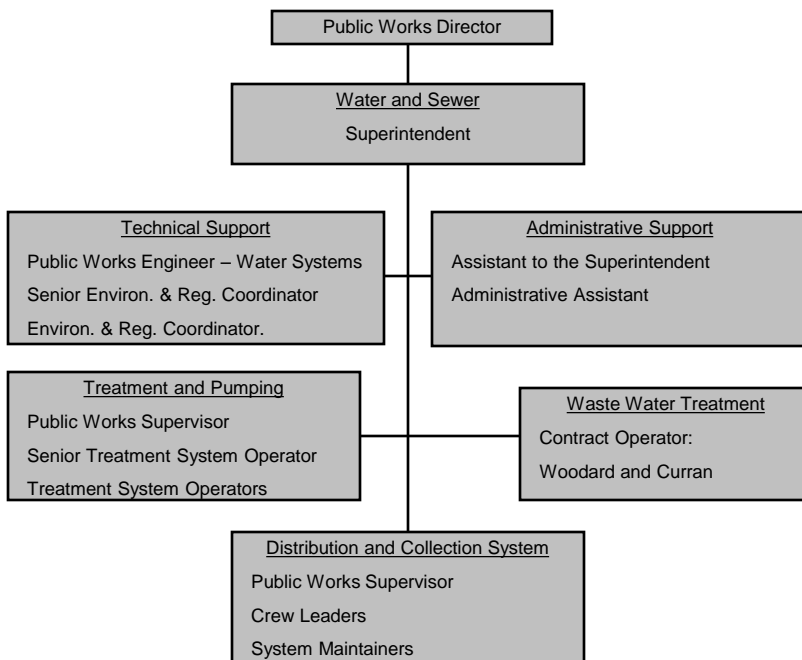
**Sewer Fund Highlights**

- The proposed FY18 sewer rate of \$0.1141 per cubic foot represents a 2% increase over the FY17 rate of \$0.1119 per cubic foot. For the average residential customer, the annual increase in the sewer bill will be \$14.00.
- The proposed FY18 capital improvement plan is \$2,132,950 which includes \$1,592,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in W. Concord.
- The proposed FY18 operating budget is \$3,417,390, an increase of 5% from FY17. Depreciation is increasing by over 7%; all other operating expenses excluding interfund transfers are increasing by 2%.
- Additional expenses of \$62,000 are budgeted for wastewater treatment in FY18 in order to meet new discharge permit requirements for pH and Aluminum.

**Expenditure Summary**

	FY15 Actual	FY16 Actual	FY17 Budget	FY18 Proposed
Operating Income	\$ (419,339)	\$ (49,652)	\$ (366,870)	\$ (420,190)
Net Income	\$ (203,464)	\$ 1,021,904	\$ (162,514)	\$ (266,801)
Undesignated Fund Balance	\$ 7,998,534	\$ 9,094,762	\$ 9,162,063	\$ 7,710,514

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 2016 the total value of collection system and treatment plant infrastructure assets was approximately 19.2 million dollars.

The municipal sewer system serves 1,866 residential and commercial customers representing approximately 34% of the community. Approximately 40% of the residential households in Concord are served by sewer. The wastewater treatment facility continues to process over 1.8 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.

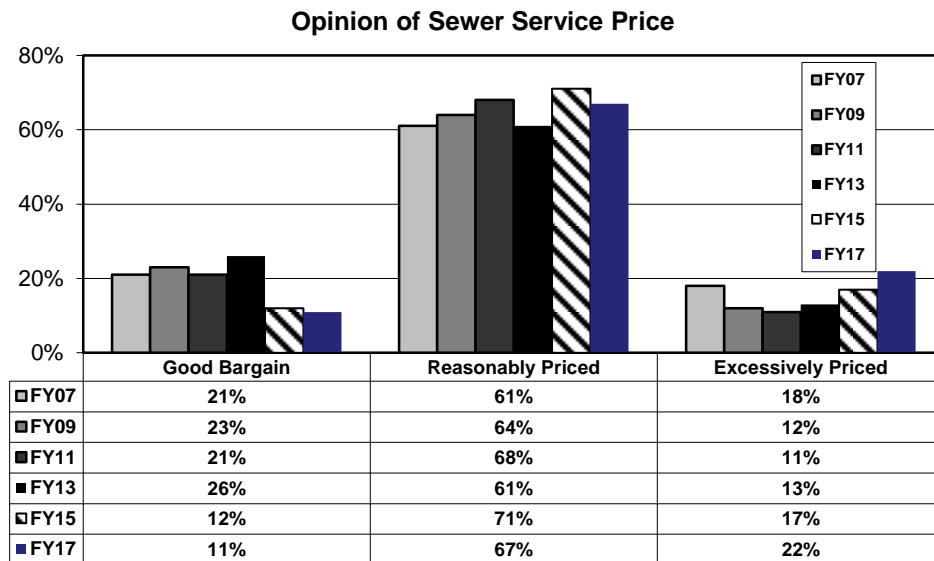
Since the sewer enterprise fund was formally established in 1976, there have been no property tax contributions to subsidize pre-existing operations or infrastructure improvements. Taxpayer support has been sought through Town Meeting for projects which have been designed to expand the sewer collection 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) and 2016 (FY16), the Town used a different polling methodology and a survey was sent out to all Concord households, In FY17, a total 1,022 responses were received. From those responses, 421 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 11% of survey respondents even describe it as “a good bargain.”



Sewer Rates:

The total revenue projected to be raised through sewer rates in FY18 is **\$2,761,000**.

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).

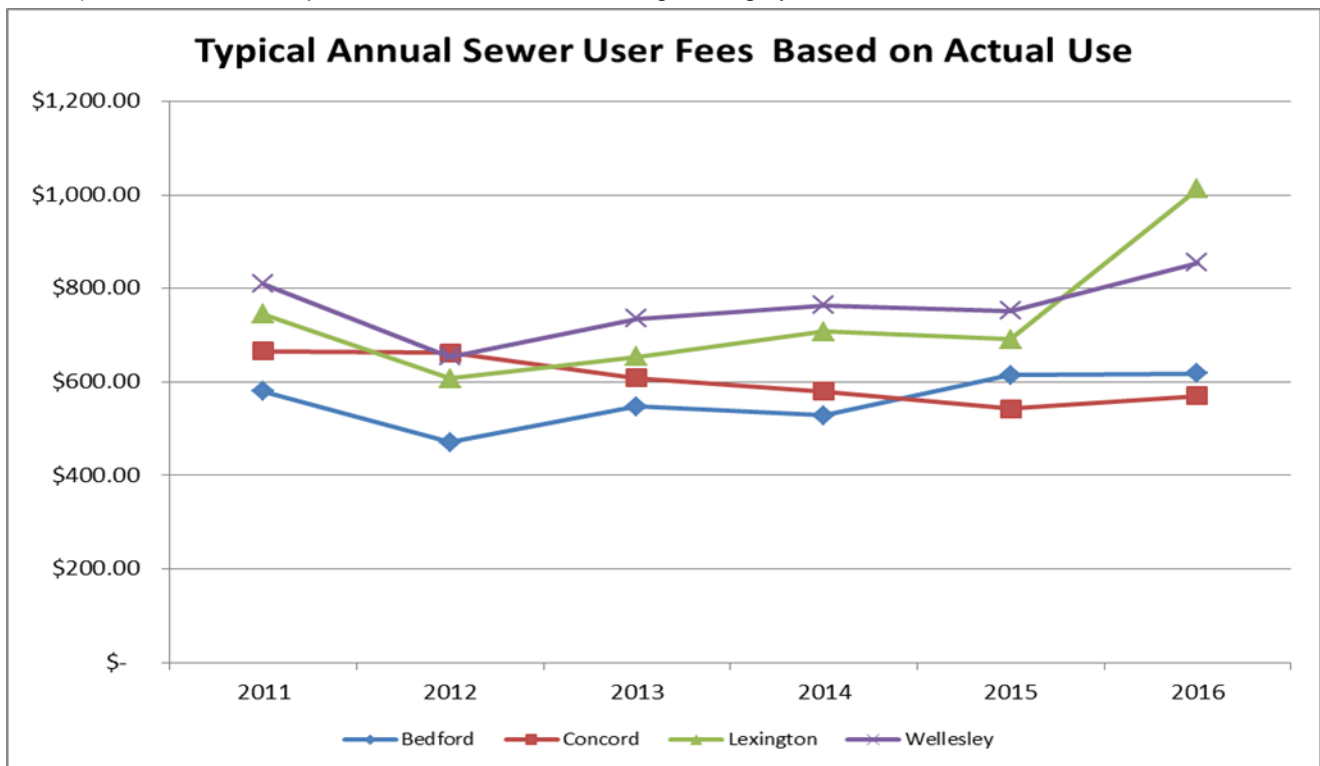
**Sewer Fund Highlights**

***The FY18 proposed sewer rate is \$0.1141 per cubic foot of water use (1 cubic foot = 7.48 gallons).***

- The proposed FY18 sewer rate of \$0.1141 per cubic foot represents a 2% increase over the FY17 rate of \$0.1119 per cubic foot. Since FY 2008 sewer rates have increased by an average annual rate of 3.3%.
- In FY18, the average residential customer is expected to pay a total of \$685 in sewer user fees over the course of the year. The typical residential sewer customer uses 1,000 cubic feet of water bimonthly.
- For Residential customers, who typically use significant amounts of water during the summer, sewer use during the summer is based on average water use during the previous winter.

**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, 57% of communities have adopted a flat rate structure, 35% use an ascending rate structure and 8% 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 2014). 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.



**NPDES Surface Water Discharge Permit:** Wastewater regulation falls under the provisions of the federal Clean Water Act (CWA), promulgated in 1972 and implemented and enforced by EPA. The CWA establishes the basic structure for regulating pollutants that can be discharged into the waters of the United States. EPA authority includes implementation of pollution control programs, such as setting water quality standards and regulating the pollutants that can be introduced into navigable waters through the National Pollutant Discharge Elimination System Permit (NPDES) program. Under a service contract with the Town, Woodard & Curran, Inc. continues to perform the day to day operation of Concord's Wastewater Treatment Plant (CWWTP) in accordance with our NPDES permit that was renewed in 2013.

**CoMag Magnetic Recovery Drum Rehabilitation:** One of two magnetic recovery drum units associated with the CoMag treatment process exhibited significant corrosion of its aluminum end caps. As these caps must be water tight, the unit was removed and shipped to Evoqua Water Technologies (EWT) where it was completely refurbished, including new end caps made of stainless steel.

**Hydrocyclone Magnetite Recovery Pilot:** Concord Public Works, always open to evaluating and adopting new and innovative treatment technologies, authorized EWT to pilot an experimental hydrocyclone magnetite recovery system at our facility. The work afforded EWT, the current owner of the CoMag technology patent, an opportunity to compare the performance of this new recovery system alongside the magnetic drum recovery system currently employed at the Concord WWTP. While the work provided EWT with valuable data as to recovery rates and energy efficiencies, the technology did not satisfy the recovery needs identified within Concord's plant.

**Energy Efficient Lighting Retrofit.** M-V Electrical Contractors, Inc. (Acushnet, MA) provided an energy-efficient retrofit of the fluorescent lighting fixtures that had been installed when the original treatment facility was constructed in the 1980's. The scope of work was limited to the first floor of the facility which included the lobby, offices, laboratory, break room, computer room, reaction tank room, clarifier room, men's and women's restrooms and the common corridor. This project received financial support through the Sawyer Trust Fund.

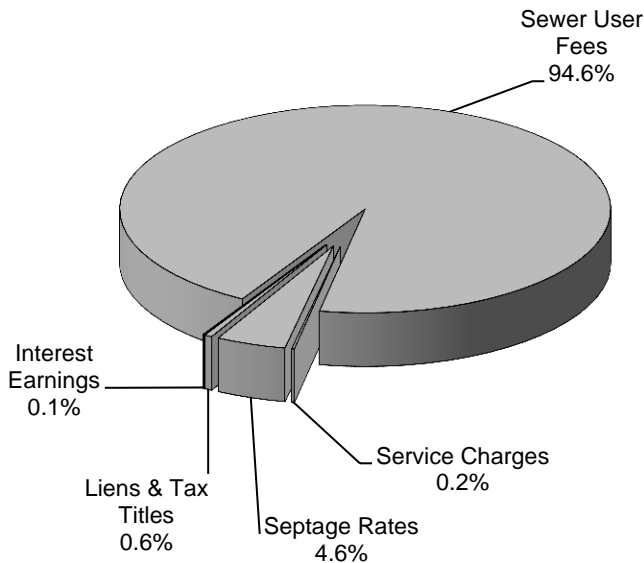
**Inflow/Infiltration:** While no notable improvements or expansions were made to the wastewater collection system, operations crews continued to manage wastewater flows by performing routine inflow and infiltration (I/I) inspections throughout the system. This past year, there were no reportable sanitary sewer overflows, and the 12-month rolling average of wastewater treated at the CWWTP was calculated to be 0.80 million gallons per day. This discharge represents a 10-year low-flow condition and is partially attributed to the unusually severe drought which has impacted the entire region.

Program Implementation:

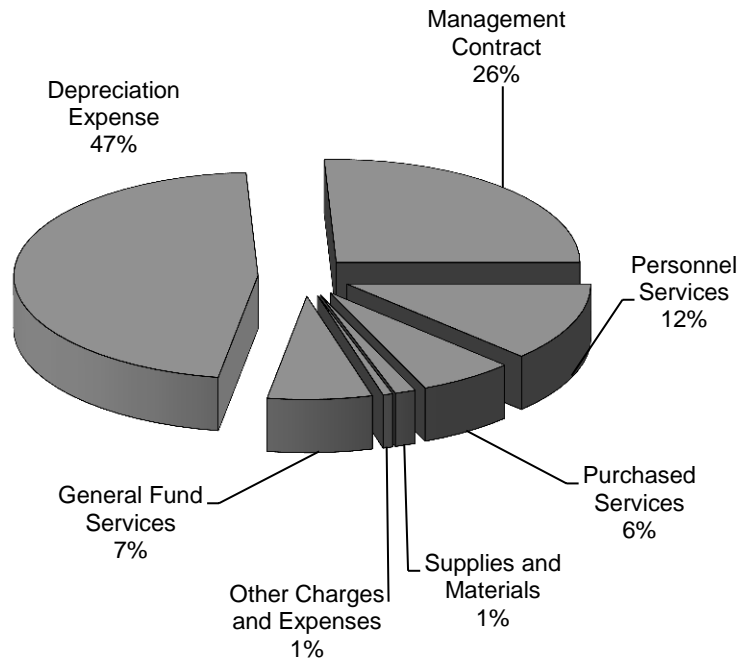
The proposed FY18 operating budget is \$3,337,390. This represents a 5% increase as compared to the Sewer Fund’s revised FY17 operating budget. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division’s approximately \$19.2 million worth of infrastructure (recorded as of the end of FY16). The FY18 budgeted depreciation expense of \$1,556,016 is 8.2% of these capital assets. Personnel Services are budgeted at \$411,739 in FY18, a 3.7% increase from the revised FY17 total of \$397,153.

Excluding depreciation and General Fund services, the FY18 budget proposes a 2.3% increase in funding overall with a 1% increase for wastewater collection and a 3% 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 .

**FY18 Operating Revenues**  
 Totaling \$2,917,200



**FY18 Operating Expenses**  
 Totaling \$3,337,390



Operating Income:

This FY18 Budget calls for Operating Expenditures that are \$420,190 above Operating Revenues. This results in an operating loss for the year. However, by FY20, Net Income turns positive as depreciation expense, which accounts for roughly 46% of all operating expenses in FY18, begins to decline and revenues increase (see page V-14, Sewer Fund: Plan and Projection).

**OPERATING REVENUES**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
Sewer User Fees	\$ 2,429,420	\$ 2,671,065	\$ 2,662,000	\$ 2,761,000
Service Charges	7,107	31,825	5,000	5,000
Septage Rates	125,677	158,476	131,000	134,000
Liens & Tax Titles	7,189	14,189	14,200	14,200
Other Revenue	3,232	3,449	3,000	3,000
Audit Adjustments				
<b>Total Operating Revenues</b>	<b>\$ 2,572,625</b>	<b>\$ 2,879,004</b>	<b>\$ 2,815,200</b>	<b>\$ 2,917,200</b>

**OPERATING EXPENSES**

<u>Sewer Divisions</u>	FY15	FY16	Rev. FY17	FY18
<u>Collection</u>	Actual	Actual	Budget	Budget
Personnel Services	\$ 294,694	\$ 315,923	\$ 340,735	\$ 351,640
Purchased Services	168,918	95,030	179,038	175,807
Supplies & Materials	37,922	42,931	46,312	46,083
Other Charges & Expenses	14,292	13,232	20,858	21,369
General Fund Services	103,284	105,549	110,227	115,490
Audit Adjustments	1,933			
<b>Subtotal</b>	<b>\$ 621,042</b>	<b>\$ 572,665</b>	<b>\$ 697,170</b>	<b>\$ 710,389</b>
<u>Treatment</u>				
Personnel Expenses	\$ 52,701	\$ 35,234	\$ 56,418	\$ 60,098
Purchased Services	4,298	14,120	35,000	35,000
Management Contract	758,855	776,234	837,074	860,397
Supplies & Materials	72	-	-	-
Other Charges & Expenses	-	3,470	-	-
General Fund Services	103,284	105,549	110,227	115,490
Audit Adjustments				
<b>Subtotal</b>	<b>\$ 919,210</b>	<b>\$ 934,607</b>	<b>\$ 1,038,719</b>	<b>\$ 1,070,985</b>
Depreciation Expense	1,451,712	1,421,384	1,446,181	1,556,016
<b>Total Operating Expense</b>	<b>\$ 2,991,964</b>	<b>\$ 2,928,656</b>	<b>\$ 3,182,070</b>	<b>\$ 3,337,390</b>

**RETIREMENT AND OPEB ASSESSMENT**

<i>For Informational Purpose Only</i>				
	FY15	FY16	Rev. FY17	FY18
	Actual	Actual	Budget	Budget
Retirement Assessment	\$ 12,832	\$ 18,070	\$ 21,545	\$ 20,529
OPEB Assessment	5,000	5,678	5,352	6,000
<b>Total Assessment</b>	<b>\$ 17,832</b>	<b>\$ 23,748</b>	<b>\$ 26,897</b>	<b>\$ 26,529</b>

## AUTHORIZED POSITIONS

Collection Personnel Costs Regular Staff	Rev. FY17 Budget		FY18 Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Water and Sewer Superintendent	0.20 FTEs	\$ 22,000	0.20 FTEs	\$ 22,451
Assistant to Superintendent	0.20	17,396	0.20	17,742
Senior Env. & Reg. Coordinator	0.20	16,247	0.20	16,977
Env. & Reg. Coordinator	0.20	10,714	0.20	11,221
Administrative Assistant	0.20	12,883	0.20	13,137
Public Works Supervisor	0.40	34,594	0.40	35,572
Crew Leader	0.40	29,199	0.40	29,305
Senior Treatment System Operator	0.20	14,383	0.20	15,034
Treatment System Operator	0.40	24,772	0.40	25,550
System Maintainer	1.00	51,330	1.00	53,423
Standby Pay (5111)	365 hrs	15,118	365 hrs	15,547
Charges to Snow Account	0	-	0	-
Charges to Projects	N/A	(7,260)	N/A	(7,409)
Salary Adjustments	N/A	3,869	N/A	6,523
Subtotal	3.40 FTEs	\$ 245,245	3.40 FTEs	\$ 255,073
<b>Employee Benefits</b>				
Health Insurance	N/A	\$ 15,000	N/A	\$ 14,500
Life Insurance	N/A	-	N/A	-
Dental Insurance	N/A	-	N/A	-
OPEB	N/A	5,352	N/A	6,000
Retirement Contribution	N/A	21,545	N/A	20,529
Subtotal	N/A	\$ 41,897	N/A	\$ 41,029
<b>Payroll Taxes</b>				
Medicare Tax	N/A	\$ 3,500	N/A	\$ 4,000
Social Security Contribution	N/A	-	N/A	-
Subtotal	N/A	\$ 3,500	N/A	\$ 4,000
<b>Other Personnel Costs</b>				
Overtime (5130)	800 hrs.	\$ 41,904	800 hrs.	\$ 43,115
Police Overtime (5131)	100	4,000	100	4,000
IT Salary (5111)	N/A	3,560	N/A	3,561
Salary Adjustments OT (5130)	N/A	629	N/A	862
Subtotal	N/A	\$ 50,093	N/A	\$ 51,538
<b>Total Collections</b>	3.40 FTEs	\$ 340,735	3.40 FTEs	\$ 351,640
<b>Treatment Personnel Costs</b>				
Public Works Engineer	0.80 FTEs	\$ 62,965	0.80 FTEs	\$ 64,500
Charge to Capital Projects	N/A	(10,547)	N/A	(10,804)
Salary Adjustments (2%)	N/A	-	N/A	2,902
Health	N/A	3,000	N/A	2,500
Medicare Tax	N/A	1,000	N/A	1,000
<b>Total Treatment</b>	0.80 FTEs	\$ 56,418	0.80 FTEs	\$ 60,098
<b>Total Sewer Personnel</b>	<b>4.20 FTEs</b>	<b>\$ 397,153</b>	<b>4.20 FTEs</b>	<b>\$ 411,738</b>

**NET INCOME**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 2,572,625	\$ 2,879,004	\$ 2,815,200	\$ 2,917,200
Less Operating Expenses	(2,991,964)	(2,928,656)	(3,182,070)	(3,337,390)
<b>Operating Income</b>	<b>\$ (419,339)</b>	<b>\$ (49,652)</b>	<b>\$ (366,870)</b>	<b>\$ (420,190)</b>
<b>Non-operating Revenues (Expenses)</b>				
Add Investment Income	\$ 16,807	\$ 34,717	\$ 66,947	\$ 82,335
Add Bond Premium	16,206	1,065		
Add Sewer Improvement Revenues	344,102	1,187,623	281,000	201,000
Less Int. Exp and Admin. Fees	(161,240)	(151,849)	(143,591)	(129,946)
<b>Non-operating Income</b>	<b>\$ 215,875</b>	<b>\$ 1,071,556</b>	<b>\$ 204,356</b>	<b>\$ 153,389</b>
<b>Net Income</b>	<b>\$ (203,464)</b>	<b>\$ 1,021,904</b>	<b>\$ (162,514)</b>	<b>\$ (266,801)</b>

Note: FY16 Net Income of \$1,021,904 plus Sewer Betterment revenue (Admins) of minus \$643,436, plus Unapportioned Betterments (Admins) of \$655,813, plus Deferred Taxes Betterments (Admins) of \$2,571, minus Betterment Interest (Admins) of \$29,436, minus Betterment Issuance Expense (Admins) of \$2,207, plus the transfer in of \$80,895 for the General Fund portion of the WPAT loan equals the change in net assets of minus \$1,086,105 seen in the FY16 Audited Financial Statements.

**AVAILABLE RESOURCES**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 1,451,712	\$ 1,421,384	\$ 1,446,181	\$ 1,556,016
Add Net Income	(203,464)	1,021,904	(162,514)	(266,801)
Add Sewer Improvement Allocation	74,259	-	255,000	105,000
Add Bond Proceeds	400,000	12,500	-	-
Less Bonds Payable	(613,557)	(686,432)	(609,516)	(607,814)
<b>Net Available for Capital</b>	<b>\$ 1,108,950</b>	<b>\$ 1,769,356</b>	<b>\$ 929,151</b>	<b>\$ 786,401</b>

**CASH POSITION AND FUND BALANCE FORECAST**

	FY17		FY18	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash at Year Opening</b>				
<b>Cash on July 1st</b>	\$ 8,892,737		\$ 8,960,038	
Add Non-Cash Assets	589,683		589,683	
Less Liabilities and Deferred Inflows	(387,658)		(387,658)	
<b>Fund Balance on July 1st</b>	\$ 9,094,762		\$ 9,162,063	
<b>Fund Balance Details (projected)</b>				
Fund Balance on July 1st	\$ (793,335)	\$ 9,888,097	\$ (1,820,365)	\$ 10,982,428
Net Income	(162,514)	-	(266,801)	-
Bond Principal Repayment	(609,516)	-	(607,814)	-
Capital Borrowing	-	-	-	-
Capital Outlay (non-borrowing)	-	(351,850)	-	(2,027,950)
Capital Sewer Improvement Fund	(255,000)	-	(105,000)	-
Add Depreciation Expense	-	1,446,181	-	1,556,016
Balance Projected at June 30th	(1,820,365)	10,982,428	(2,799,980)	10,510,494
<b>Fund Balance on June 30th</b>	\$ 9,162,063		\$ 7,710,514	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	\$ 9,162,063		\$ 7,710,514	
Less Receivables	(589,683)		(589,683)	
Add Cash Held for Liabilities	387,658		387,658	
<b>Projected Cash at June 30th</b>	\$ 8,960,038		\$ 7,508,489	
<b>Sewer Improvement Fund Cash</b>	\$ 4,008,417		\$ 4,104,417	
<b>Unrestricted Cash</b>	\$ 4,951,621		\$ 3,404,072	

## SEWER IMPROVEMENT FUND

	FY15		FY16		Rev. FY17		FY18	
	Actual		Actual		Budget		Budget	
<b>Cash on July 1st</b>	\$	2,525,765	\$	2,795,608	\$	3,982,417	\$	4,008,417
Revenues		344,102		1,187,623		281,000		201,000
Expenditures		(74,259)		(814)		(255,000)		(105,000)
Adjustment		-		-		-		-
<b>Cash on June 30th</b>	\$	<b>2,795,608</b>	\$	<b>3,982,417</b>	\$	<b>4,008,417</b>	\$	<b>4,104,417</b>
<b>Net Activity</b>	\$	<b>269,843</b>	\$	<b>1,186,809</b>	\$	<b>26,000</b>	\$	<b>96,000</b>

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

	FY15		FY16		Rev. FY17		FY18	
	Actual		Actual		Budget		Budget	
<b>Activity</b>								
<b>Cash at July 1st</b>	\$	<b>747,596</b>	\$	<b>771,402</b>	\$	<b>752,995</b>	\$	<b>764,602</b>
Cash Received		181,635		139,234		169,057		167,857
Debt Service and Admin. Cost		(157,829)		(157,641)		(157,450)		(157,256)
<b>Cash at June 30th</b>	\$	<b>771,402</b>	\$	<b>752,995</b>	\$	<b>764,602</b>	\$	<b>775,203</b>
<b>Net Activity</b>	\$	<b>23,806</b>	\$	<b>(18,407)</b>	\$	<b>11,607</b>	\$	<b>10,601</b>
<b>Net Assets (as of June 30th)</b>								
Cash	\$	771,402	\$	752,995	\$	764,602	\$	775,203
Betterment Receivables		763,404		655,814		514,933		372,682
<b>Net Assets</b>	\$	<b>1,534,806</b>	\$	<b>1,408,809</b>	\$	<b>1,279,535</b>	\$	<b>1,147,884</b>
Less Remaining Debt Service		(1,722,892)		(1,565,250)		(1,407,800)		(1,094,995)
<b>Surplus / Deficit</b>	\$	<b>(188,086)</b>	\$	<b>(156,441)</b>	\$	<b>(128,265)</b>	\$	<b>52,889</b>

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.

**DEBT SERVICE**

	FY15 Actual	FY16 Actual	Rev. FY17 Budget	FY18 Budget
Long Term Debt Repayment:				
Principal	\$ 613,557	\$ 686,432	\$ 609,516	\$ 607,814
Interest	154,460	149,323	134,224	121,390
Issuance Expense	-	-	-	-
Administration Fee (WPAT)	10,938	10,160	9,365	8,555
<b>Totals</b>	<b>\$ 778,955</b>	<b>\$ 845,915</b>	<b>\$ 753,105</b>	<b>\$ 737,759</b>

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**

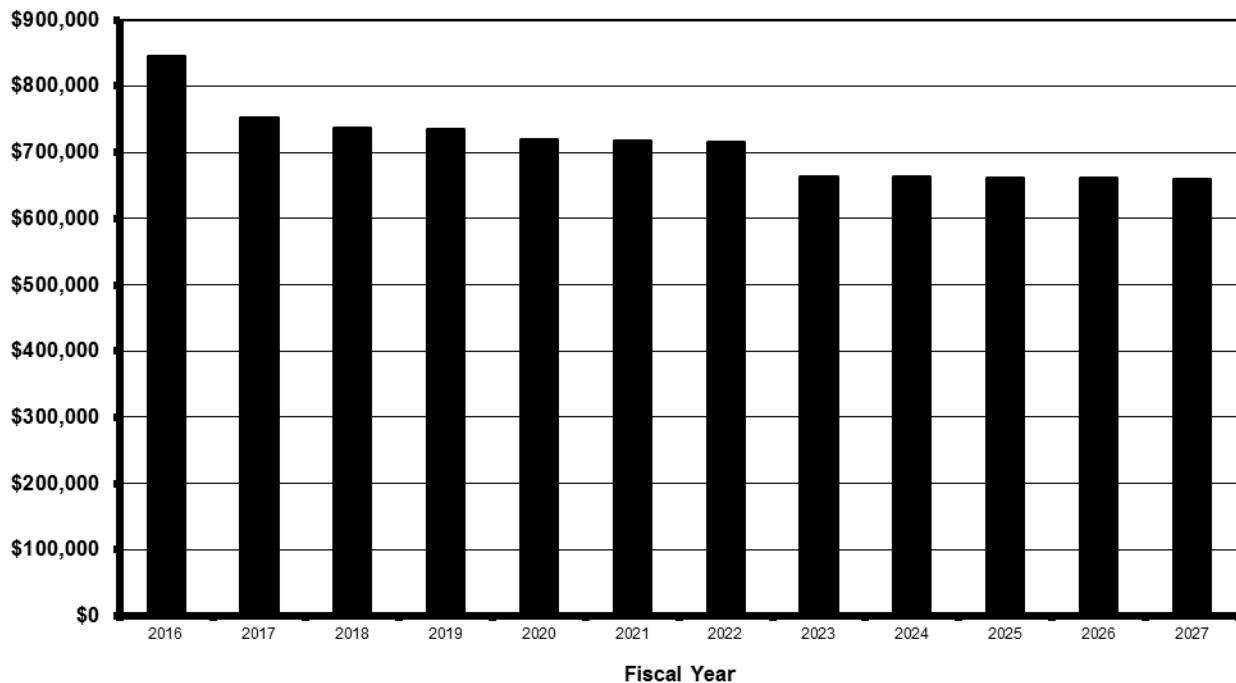
	FY16 Actual	Rev. FY17 Budget	Rev. FY17 Budget	FY18 Budget
<b>Management &amp; Engineering:</b>				
Public Works Administration	\$ 34,724	\$ 35,202	\$ 37,173	\$ 37,247
Public Works Engineering	22,027	22,459	22,786	22,704
Highway Maintenance	4,654	4,806	4,937	4,937
133/135 Keyes Road	11,801	12,039	12,200	12,853
<b>Subtotals</b>	<b>\$ 73,206</b>	<b>\$ 74,506</b>	<b>\$ 77,096</b>	<b>\$ 77,741</b>
<b>Financial &amp; Administrative:</b>				
Town Manager	\$ 30,464	\$ 29,488	\$ 31,111	\$ 31,040
Human Resources	5,337	5,823	6,069	6,235
Finance Administration	18,241	18,764	20,283	19,408
Treasurer-Collector	12,849	13,122	13,556	13,648
Town Accountant:				
General Services	12,197	13,224	14,598	14,945
Audit Services	6,000	6,000	6,000	6,000
Town House Facilities	3,368	3,380	3,508	3,528
<b>Subtotals</b>	<b>\$ 88,456</b>	<b>\$ 89,801</b>	<b>\$ 95,125</b>	<b>\$ 94,804</b>
<b>Natural Resource:</b>				
Planning	\$ 7,085	\$ 7,437	\$ 7,643	\$ 7,907
Natural Resources	6,270	6,514	6,631	6,839
Health	31,550	32,840	33,959	34,090
<b>Subtotals</b>	<b>\$ 44,905</b>	<b>\$ 46,791</b>	<b>\$ 48,233</b>	<b>\$ 48,836</b>
Salary Reserve	\$ -	\$ -	\$ -	\$ 9,599
<b>Totals</b>	<b>\$ 206,567</b>	<b>\$ 211,098</b>	<b>\$ 220,454</b>	<b>\$ 230,980</b>

### Sewer Debt Service Schedule

*Exclusive of betterment financing*

Fiscal Year	Principal	Interest	Admin. Fees	Total
2016	686,432	149,323	10,160	\$845,915
2017	609,516	134,224	9,366	\$753,106
2018	607,814	121,390	8,556	\$737,760
2019	618,831	108,499	7,730	\$735,060
2020	617,570	95,572	6,887	\$720,029
2021	629,036	82,606	6,027	\$717,669
2022	640,734	69,409	5,149	\$715,292
2023	602,668	56,725	4,254	\$663,647
2024	614,843	44,550	3,341	\$662,734
2025	627,265	32,128	2,410	\$661,803
2026	639,936	19,457	1,459	\$660,852
2027	652,865	6,528	490	\$659,883
<b>Totals</b>	<b>\$7,547,510</b>	<b>\$920,411</b>	<b>\$65,829</b>	<b>\$8,533,750</b>

#### Sewer Debt Service Chart



**FY18 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: \$1,592,000**

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 collection 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: \$105,000**

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 replacement of specialized camera and recording equipment, targeted TV inspections, metering and spot repair of sewer mains.

**Meter Replacement Program: \$37,000**

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: \$180,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include the cleaning of structures and rehabilitation of mechanical drive systems associated with primary clarifier unit #1. Budget also includes an allowance for the replacement of a portion of the zinc roof. .

**Equipment: \$115,000**

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 replacement of an intermediate pump, sampling equipment and SCADA improvements.

**GENERAL PLANT****Keyes Road Facility: \$28,000**

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

**Vehicles: \$29,600**

Water/Sewer Fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer loader , and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful-life measures. Planned improvements include the replacement of two service vehicles, and a skid steer loader.

<b>CAPITAL SPENDING PLAN</b>								
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>Total</b>
								<b>FY18-22</b>
<b>Collection System</b>								
<u>Pumping Plant</u>								
Station Structures	6,782	12,000	12,000	13,000	14,000	15,000	16,000	70,000
Station Equipment	7,485	85,000	1,592,000	26,000	27,000	28,000	29,000	1,702,000
<b>Subtotal</b>	<b>14,267</b>	<b>97,000</b>	<b>1,604,000</b>	<b>39,000</b>	<b>41,000</b>	<b>43,000</b>	<b>45,000</b>	<b>1,772,000</b>
<u>Collection Plant</u>								
Sewer Mains/Laterals	0	16,000	16,000	17,000	18,000	19,000	20,000	90,000
Inflow/Infiltration (Note 1)	0	105,000	105,000	109,000	113,000	117,000	121,000	565,000
Meter Replacements	13,041	34,000	37,000	26,000	29,000	31,000	30,000	153,000
<b>Subtotal</b>	<b>13,041</b>	<b>155,000</b>	<b>158,000</b>	<b>152,000</b>	<b>160,000</b>	<b>167,000</b>	<b>171,000</b>	<b>808,000</b>
<b>Wastewater Treatment Plant</b>								
Structures	166,764	30,000	180,000	85,000	200,000	206,000	30,000	701,000
Plant Equipment	0	105,000	115,000	25,000	26,000	27,000	28,000	221,000
Capacity/Treatment Optimization	0	0	0	0	0	0	0	0
Depreciable Personal Services	11,777	17,807	18,350	18,910	19,480	20,070	20,680	97,490
<b>Subtotal</b>	<b>178,541</b>	<b>152,807</b>	<b>313,350</b>	<b>128,910</b>	<b>245,480</b>	<b>253,070</b>	<b>78,680</b>	<b>1,019,490</b>
<b>General Plant</b>								
Keyes Road CPW Facility	0	27,000	28,000	29,000	100,000	30,000	31,000	218,000
Vehicle Replacements	37,494	25,043	29,600	15,000	11,000	20,800	17,400	93,800
Miscellaneous Equipment & Billing Software	599							
<b>Subtotal</b>	<b>38,093</b>	<b>52,043</b>	<b>57,600</b>	<b>44,000</b>	<b>111,000</b>	<b>50,800</b>	<b>48,400</b>	<b>311,800</b>
<b>Wastewater Management Project</b>								
Wastewater Planning (Note 1)	0	150,000	0	483,000	1,900,000	1,900,000	0	4,283,000
W.R. Grace land acquisition (funded through borrowing)	412,492							0
<b>Subtotal</b>	<b>412,492</b>	<b>150,000</b>	<b>0</b>	<b>483,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>0</b>	<b>4,283,000</b>
<b>Total Capital Uses</b>								
	<b>656,433</b>	<b>606,850</b>	<b>2,132,950</b>	<b>846,910</b>	<b>2,457,480</b>	<b>2,413,870</b>	<b>343,080</b>	<b>8,194,290</b>
<b>Funding the Capital Plan</b>								
Total - User Fees	243,941	351,850	2,027,950	254,910	344,480	366,870	191,080	3,185,290
Total - Sewer Improvement Fees	0	255,000	105,000	592,000	2,013,000	2,017,000	121,000	4,848,000
Total - Borrowing	412,492				100,000	30,000	31,000	161,000
<b>Total Capital Sources</b>	<b>656,433</b>	<b>606,850</b>	<b>2,132,950</b>	<b>846,910</b>	<b>2,457,480</b>	<b>2,413,870</b>	<b>343,080</b>	<b>8,194,290</b>

# Sewer Fund

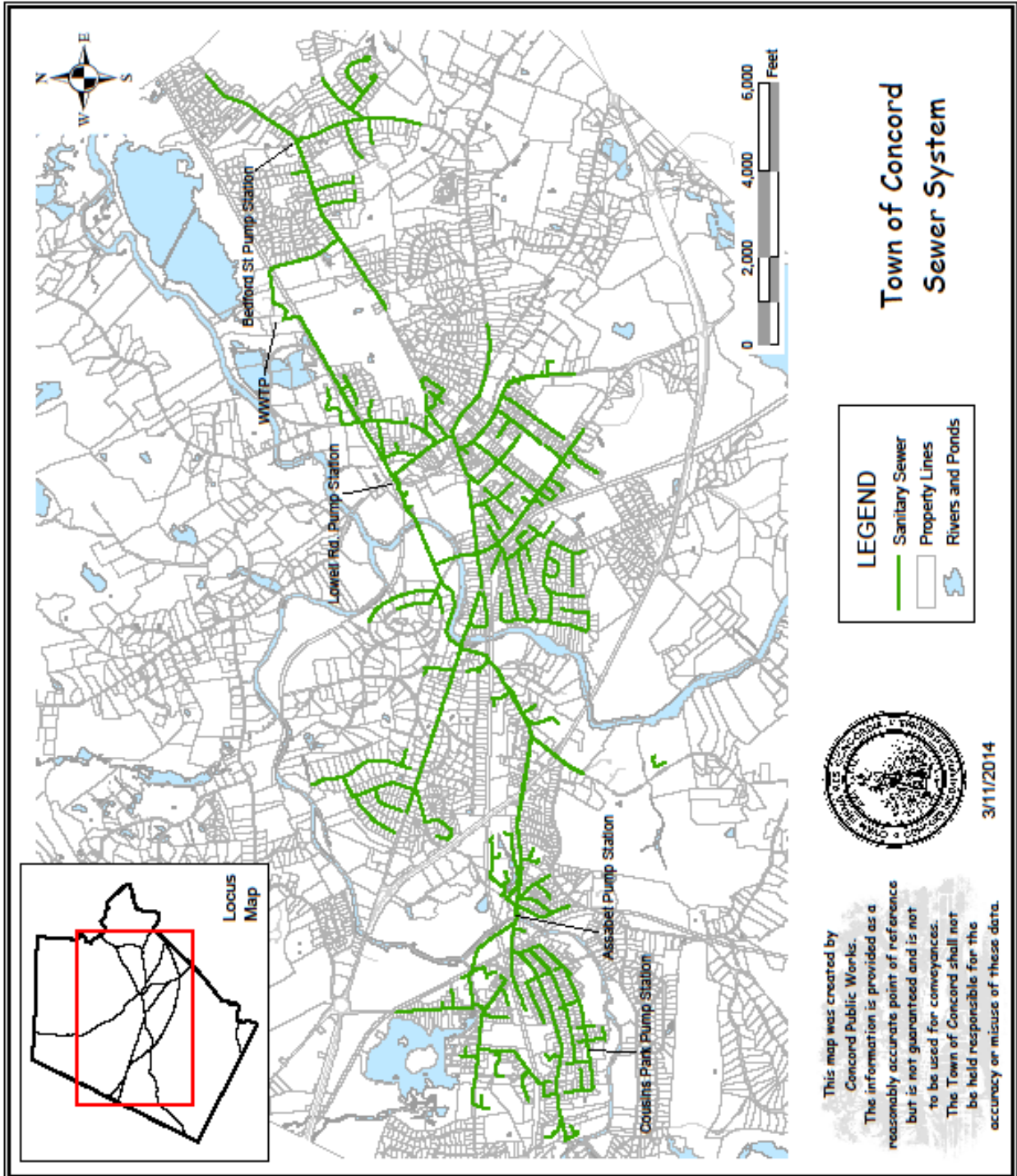
# Revenues and Expenditures

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 years FY18-27
<b>Sewer Fund: Plan and Projection</b>													
<b>Operating Revenue</b>													
User Fees	2,671,065	2,662,000	2,761,000	2,850,000	2,949,000	3,054,000	3,160,000	3,270,000	3,384,000	3,499,000	3,618,000	3,740,000	32,285,000
Other	207,939	153,200	156,200	158,200	161,200	164,200	167,200	169,200	172,200	175,200	178,200	182,200	1,684,000
Subtotal	2,879,004	2,815,200	2,917,200	3,008,200	3,110,200	3,218,200	3,327,200	3,439,200	3,556,200	3,674,200	3,796,200	3,922,200	33,969,000
<b>Operating Expense</b>													
O & M	1,507,272	1,735,889	1,781,374	1,835,055	1,890,364	1,947,349	2,006,064	2,066,560	2,128,894	2,193,121	2,259,300	2,327,491	20,435,572
Depreciation	1,421,384	1,446,181	1,556,016	1,700,539	1,158,219	1,232,483	1,239,985	1,232,483	1,170,648	1,098,827	1,102,734	1,080,330	12,572,264
Subtotal	2,928,656	3,182,070	3,337,390	3,535,594	3,048,583	3,179,832	3,246,049	3,299,043	3,299,542	3,291,948	3,362,033	3,407,821	33,007,836
<b>Operating Income</b>	-49,652	-366,870	-420,190	-527,394	61,617	38,368	81,151	140,157	256,658	382,252	434,167	514,379	961,164
ADD: Interest Income	34,717	66,947	82,335	93,107	98,380	74,717	67,353	75,640	84,705	94,503	105,587	117,698	894,023
Bond Premium	1,065	-	-	-	-	-	-	-	-	-	-	-	-
Co-Mag Incentive Payments	0	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Improvement Fees	1,187,623	281,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	2,010,000
LESS: Interest Expense													
Existing Debt	151,849	143,591	129,946	116,229	102,459	88,633	74,558	60,979	47,891	34,538	20,916	7,018	683,167
New Debt	0	0	0	0	0	0	4,000	3,600	3,200	2,800	2,400	2,000	18,000
Bond Anticipation Notes (BANs)	0	0	0	0	0	1,000	0	0	0	0	0	0	1,000
Issuance expense	0	0	0	0	100	1,000	0	0	0	0	0	0	1,100
<b>Net Income</b>	1,021,904	-162,514	-266,801	-349,515	258,439	223,451	270,946	352,217	491,271	640,417	717,437	824,059	3,161,921
<b>Available Resources from:</b>													
Net income	1,021,904	-162,514	-266,801	-349,515	258,439	223,451	270,946	352,217	491,271	640,417	717,437	824,059	3,161,921
Depreciation expense	1,421,384	1,446,181	1,556,016	1,700,539	1,158,219	1,232,483	1,239,985	1,232,483	1,170,648	1,098,827	1,102,734	1,080,330	12,572,264
subtotal	2,443,288	1,283,667	1,289,215	1,351,023	1,416,658	1,455,934	1,510,931	1,584,700	1,661,920	1,739,244	1,820,171	1,904,389	15,734,184
Funds Provided by Improvement Fees	0	255,000	105,000	592,000	2,013,000	2,017,000	121,000	125,000	129,000	133,000	137,000	142,000	<there should
Bond proceeds	12,500				100,000	100,000							100,000
Loan proceeds					100,000								100,000
LESS: Principal repayments													
Existing Debt	688,432	609,516	607,814	618,831	617,570	629,036	640,734	602,668	614,843	627,265	639,936	652,865	6,251,562
New Debt	0	0	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	60,000
BAN Repayment					100,000								100,000
<b>Net Available for Capital Purposes</b>	1,769,356	929,151	786,401	1,324,192	2,812,088	2,943,898	981,197	1,097,032	1,166,077	1,234,979	1,307,235	1,383,524	15,036,622
<b>Capital Plan</b>	656,433	606,850	2,132,950	846,910	2,457,480	2,413,870	343,080	370,310	414,150	400,210	373,290	399,990	10,152,240
<b>Cash Position</b>													
Beginning balance	8,036,804	8,892,737	8,960,038	7,508,489	7,393,772	5,735,379	4,248,408	4,765,525	5,367,247	5,990,174	6,691,942	7,488,887	
ADD: Net available	1,769,356	929,151	786,401	1,324,192	2,812,088	2,943,898	981,197	1,097,032	1,166,077	1,234,979	1,307,235	1,383,524	
LESS: Planned Capital	656,433	606,850	2,132,950	846,910	2,457,480	2,413,870	343,080	370,310	414,150	400,210	373,290	399,990	
Sewer Improvement Fee Support	0	255,000	105,000	592,000	2,013,000	2,017,000	121,000	125,000	129,000	133,000	137,000	142,000	
Changes in assets & liabilities	256,991												
Ending balance	8,892,737	8,960,038	7,508,489	7,393,772	5,735,379	4,248,408	4,765,525	5,367,247	5,990,174	6,691,942	7,488,887	8,330,421	
(does not include Bettement balance)													
Sewer Improvement Fund Balance	3,982,417	4,008,417	4,104,417	3,713,417	1,901,417	85,417	165,417	241,417	313,417	381,417	445,417	504,417	
(included in Ending Balance)													
Ending balance w/o Sewer Improvement	4,910,319	4,951,621	3,404,072	3,680,354	3,833,962	4,162,990	4,600,107	5,125,830	5,676,756	6,310,525	7,043,470	7,826,004	

**SEWER RATES**

(Per Cubic Foot)

	Class of Customer	Current FY17	Effective 6/1/17				%Chg.
<b>S-17</b>							
				(1 cubic foot = 7.48 gallons)			
1	<b>Residential Service</b> Rate billed year around but uses wintertime average consumption for non-wintertime months.	\$ 0.1119	\$ 0.1141				2%
2	<b>Non-Residential Service</b> Rate billed year around using actual readings for each billing period.	\$ 0.1119	\$ 0.1141				2%
3	<b>Chiller/Cooling System Discharge Sewer Service</b> For large non-residential sewer customers with dedicated cooling-system water supply	\$ 0.0224	\$ 0.0228				2%
	Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change		% Chg.
1	<b>Average Residential Customer</b> (1,000 cu ft bimonthly wintertime use)	\$ 671	\$ 685	\$ 13.20	\$ 1.10		2%
2	<b>Typical Non-Residential Customer</b> (1,800 cu ft bimonthly)	\$ 1,209	\$ 1,232	\$ 23.76	\$ 1.98		2%



# **Section VII**

## **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 \$1,372,643 in FY18 from \$1,314,623 in FY17 (a 4.4% increase).
- Expenses are budgeted at \$1,364,709, a 3.7% increase from the FY17 budget of \$1,316,614.
- The curbside subscription fee for FY18 is proposed to increase by \$12 to \$254.00 per year. There will be no price increase for barrel stickers or weekly disposal tags.

Expenditure Summary				
	FY15 Actual	FY16 Actual	FY17 Budgeted	FY18 Proposed
Operating Income	\$ 45,684	\$ 87,951	\$ (1,991)	\$ 7,934
Net Income	\$ 45,684	\$ 87,951	\$ (1,991)	\$ 7,934
Undesignated Fund Balance	\$ 229,873	\$ 317,825	\$ 315,834	\$ 323,768



**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:

FY18 is year 2 of a five-year extension to the Town's contract with Waste Management for the curbside program. Annual contract increases during FY18-FY21 will range from 2.7% - 3.1% based on the number of curbside subscribers stipulated in the Town's contract with Waste Management. Waste Management purchased two new dual stream, side-loading recycling trucks for utilization on the Town's curbside routes during the first half of FY17 per the terms of the contract extension. Both trucks have been utilized on the Town's curbside routes since November 11, 2016.

Collection Rate Highlights

*With the FY18 proposed Curbside Collection Rates, the average cost per household (based on 1 barrel per week) is:*

**\$332.00 per year**

•The FY18 cost represents a 3.8% increase over the FY17 amount of \$320.00.

**FY15 – FY18 Contract Charges and Collection Rates**

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Trash and Recycling	\$198.84	\$202.80	\$209.15	\$216.25	per subscriber per year
Recycling Only	\$116.28	\$118.60	\$123.00	\$126.00	per subscriber per year
Dumpster Pickup	\$42.00	\$43.00	\$46.00	\$48.00	per pickup
Recycling Toter	no charge	no charge	no charge	no charge	
Public Barrels	\$2.30	\$2.35	\$2.50	\$2.65	per barrel per pickup
Trash Tonnage	\$77.50	\$79.00	\$79.00	\$79.00	per ton
Commingled Containers	\$28.00	\$29.00	\$30.00	\$31.00	per ton
Paper Processing Fee	\$60.00	\$60.00	\$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 is based on the Official Board Market's high price for ONP#8 newsprint. The paper market has strengthened since FY16, and the Town has enjoyed a strong paper revenue return in recent months. A \$2.00 Recycled Paper Rebate was credited to curbside program subscribers on their spring 2017 curbside invoice. It is anticipated that a \$2.00 paper credit will also be applied to fall 2017 curbside invoices.

**Curbside Collection Rates**

(for the periods beginning in April)

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Trash and Recycling Subscription	\$220.00	\$230.00	\$242.00	\$254.00	per year
Recycling Only Subscription	\$118.00	\$120.00	\$126.00	\$128.00	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)	\$298.00	\$308.00	\$320.00	\$332.00	

**Key Performance Measures**

- Concord's Recycling Rate & Total Tonnage
- MSW Tonnage per Subscriber vs. Other Towns
- Hauler Comparison
- Citizen Survey



**Recycling Rate & Tonnage**

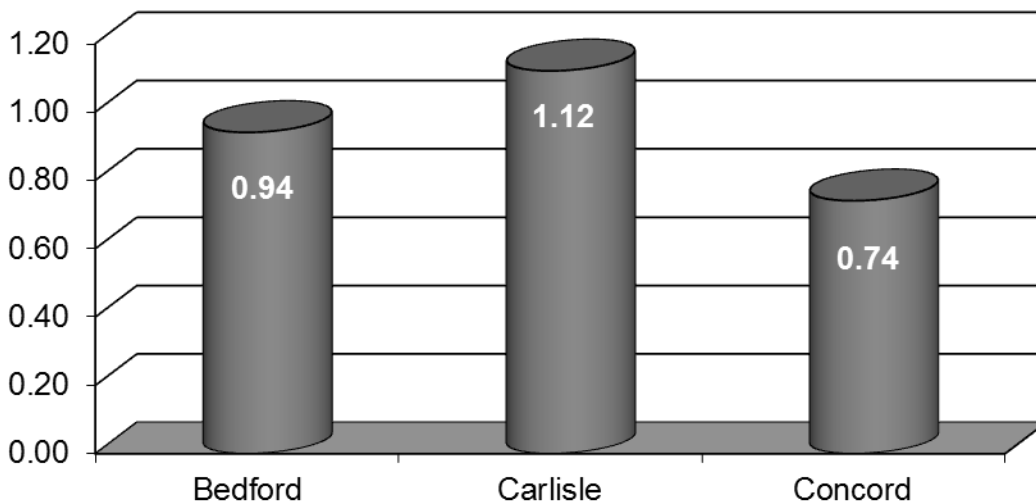
Concord continues to be one of the top curbside recycling communities in Massachusetts. As of December 31, 2016, curbside subscribers recycled an average of 43% of the total materials collected. In FY16, subscribers to the municipal curbside collection program disposed of 2,581 tons of trash, and recycled 1,186 tons of paper and 575 tons of commingled 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	%
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%
FY15	3,539	22	2,574	1,768	4,341	40%
FY16	3,608	69	2,581	1,761	4,342	40%

### Benchmarking: MSW Tonnage per Subscriber

MassDEP shifted their focus from municipal recycling rates to waste reduction, and now focuses on tons of municipal solid waste (MSW) generated per household as a benchmark. As shown in the graph below, subscribers on Concord’s curbside program generate less trash than residents of some surrounding towns. To a large extent, this achievement is a result of the pay-as-you-throw (PAYT) pricing structure that the Town has implemented. PAYT communities typically generate less trash per household than non-PAYT communities.

**MSW Tonnage per Subscriber**  
(Latest DEP figures)



NOTE: Not all surrounding communities (i.e., Acton & Lincoln) reported MSW tonnage to MassDEP for the most recent reporting period.

### Hauler Comparison

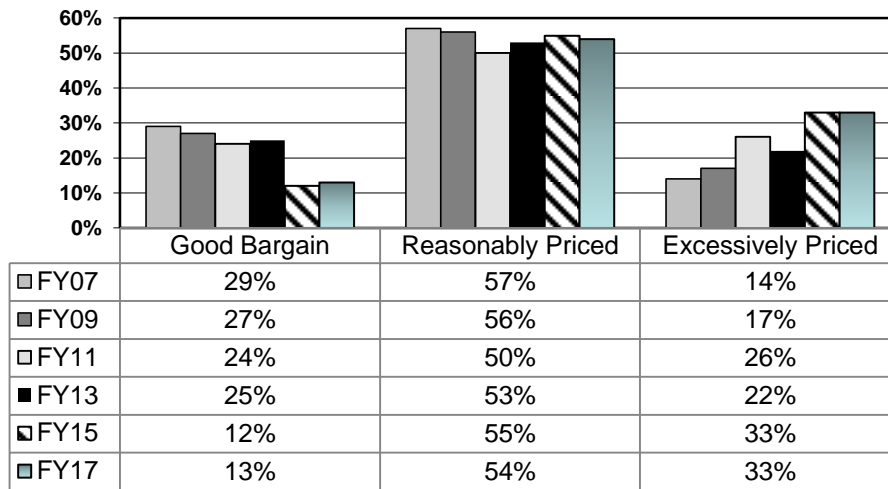
Subscription fees and disposal fees (barrel stickers and weekly tags) are established each year to allow the Division to meet its yearly expenditures while remaining competitive, typically well below the rate private haulers charge. A comparison of annual cost to curbside subscribers with those of private haulers that serve the area is presented below based on an average of 1.36 barrels/bags per week (average determined on the most recent route audit). Even with a 2 barrel/bag setout weekly, the cost to the subscriber is much less expensive. In addition, the subscription fee includes a pass to the Minuteman Household Hazardous Products Facility (a \$60.00 value). Concord curbside subscribers continue to realize a lower cost option than is otherwise available.

	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
*TOWN	\$336.08	\$348.08	\$360.08
Mr. Trashman	\$468.00	\$468.00	\$468.00
Old Colonial	\$468.00	\$468.00	\$468.00
Moreau & Son	\$480.00	\$480.00	\$480.00
Barry Brothers		\$528.00	\$528.00

## Town Residential Survey

During the fall of 2006, 2008, 2010, 2012, 2014, and 2016 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 2016 (FY17) Residential Survey, 13% responded “Good Bargain”, 54% responded as “Reasonably Priced”, and 33% “Excessively Priced”.

### Opinion of Collection Rates



Program Implementation

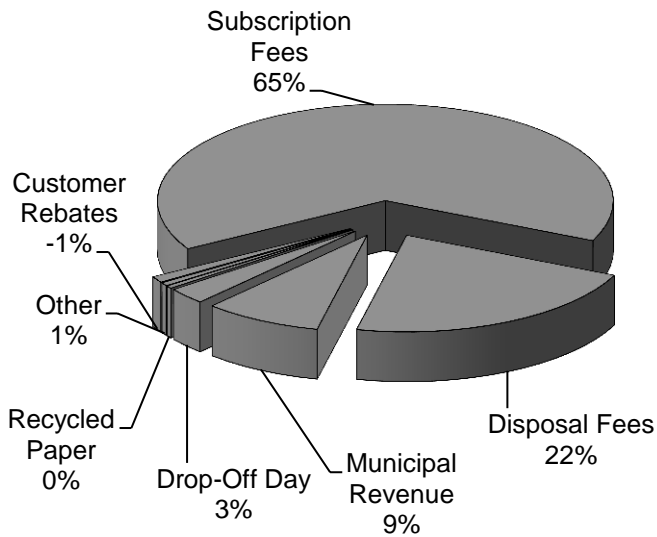
Eighty-eight percent of the Solid Waste Division’s revenues in FY18 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,202,947 of the total). Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$117,381 (approximately 9% of the total). Revenue from DropOff Day, brush fees, and sales of recycling bins and compost bins is projected at \$48,757 (approximately 3% of the total).

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

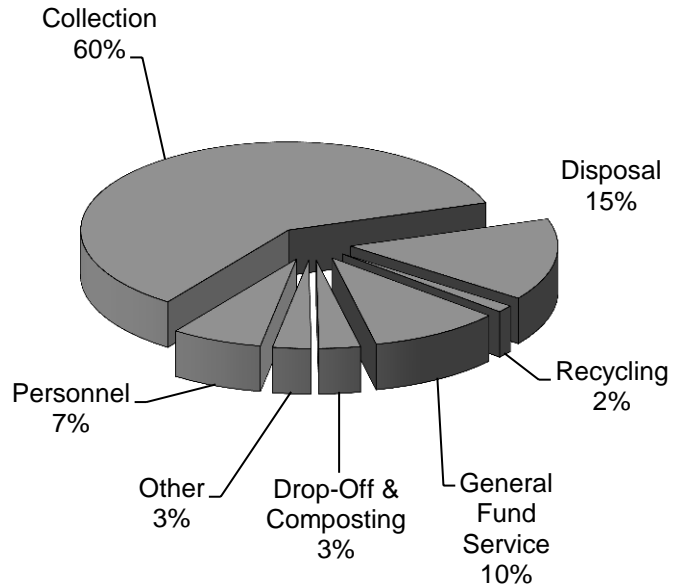
FY18 collection costs, based on Waste Management’s FY18 contract pricing, are budgeted at \$820,725. This represents a 6.3% increase over the FY17 budget of \$772,259.

Disposal costs are projected to increase slightly in FY18. Disposal costs, based on Waste Management’s FY18 contract pricing, are budgeted at \$205,411. This represents a minimal increase from the FY17 budget of \$205,401.

**Operating Revenues**  
Totaling \$1,372,643



**Operating Expenses**  
Totaling \$1,364,709



**Operating Revenues**

	FY15	FY16	FY17	FY18
	Actual	Actual	Budget	Estimate
Subscription Fees (Collection)	\$ 783,452	\$ 830,566	\$ 853,680	\$ 913,242
Customer Rebates	-	-	-	(14,604)
Disposal Fees (Tags and Stickers)	301,812	302,072	300,077	304,309
Town Facilities and Public Barrels	48,897	47,274	51,737	53,231
Schools	68,484	63,087	62,760	64,150
Compost Bins	1,804	1,156	2,860	2,860
Recycling Bins	933	1,054	1,080	1,080
Drop-Off Day	35,081	37,724	36,429	38,817
Brush Fees	2,580	3,460	6,000	6,000
Sale of Recycled Paper	2,046	480	-	3,558
<b>Operating Revenues Total</b>	<b>\$ 1,245,089</b>	<b>\$ 1,286,873</b>	<b>\$ 1,314,623</b>	<b>\$ 1,372,643</b>

**Operating Expenses**

	FY15	FY16	FY17	FY18
	Actual	Actual	Budget	Estimate
<b><u>Curbside Program</u></b>				
Personnel Services	\$ 84,816	\$ 88,591	\$ 92,237	\$ 96,476
Curbside Collection Contract	675,734	679,713	772,259	820,725
Contracted Disposal Services	199,925	204,424	205,401	205,411
Recycling Processing Fees	18,908	21,762	23,040	17,825
Fuel Adjustment Expense	-	-	-	(4,446)
Customer Rebate	-	-	-	-
Purchased Services	34,631	23,621	34,049	33,409
Supplies and Materials	5,427	3,036	9,528	9,528
Other Charges and Expenses	918	1,060	1,950	2,260
Capital Outlay	15,000	-	-	-
General Fund Services	126,732	129,710	136,721	139,704
<b>Subtotal</b>	<b>\$ 1,162,091</b>	<b>\$ 1,151,917</b>	<b>\$ 1,275,185</b>	<b>\$ 1,320,892</b>
<b><u>Drop-Off Program</u></b>				
Personnel Services	4,632	5,060	5,249	5,327
Oversized waste collection	-	-	4,680	4,680
Oversized waste disposal	10,030	10,188	5,208	5,208
Recyclable Materials processing	15,618	23,407	18,632	20,042
Purchased Services & Supplies	2,035	3,350	2,660	3,560
<b>Subtotal</b>	<b>\$ 32,315</b>	<b>\$ 42,005</b>	<b>\$ 36,429</b>	<b>\$ 38,817</b>
<b><u>Composting Site Program</u></b>				
General Fund Services	5,000	5,000	5,000	5,000
<b>Subtotal</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Total Expenses</b>	<b>\$ 1,199,405</b>	<b>\$ 1,198,922</b>	<b>\$ 1,316,614</b>	<b>\$ 1,364,709</b>

**Personnel Services Detail**

	FY17 Revised Budget		FY18 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>Curbside Collection Program</b>				
5111 - Recycling and Disposal Program Administrator	1.00	\$ 90,837	1.00	\$ 94,976
5178 - Medicare Tax	N/A	1,400	N/A	1,500
<b>Subtotal</b>	1.00 FTEs	\$ 92,237	1.00 FTEs	\$ 96,476
<b>Drop-Off Day Program</b>				
5130 - Drop-Off Day Overtime	100.0 hrs.	\$ 2,653	56.0 hrs.	\$ 2,687
5131 - Police Overtime	40.0 hrs.	2,596	44.0 hrs.	2,640
<b>Subtotal</b>	0.00 FTEs	\$ 5,249	0.00 FTEs	\$ 5,327
<b>Total Personnel Services</b>	1.00 FTEs	\$ 97,486	1.00 FTEs	\$ 101,803

**Detail of General Fund Services by Program**

	FY15 Actual	FY16 Actual	FY17 Budget	FY18 Estimate
<b>Curbside &amp; Drop-Off Programs</b>				
Town Manager	\$ 5,078	\$ 5,456	\$ 5,748	\$ 5,737
Human Resources	1,252	1,367	1,426	1,465
Accounting	4,296	4,631	4,984	5,069
Treasury and Finance Administration	38,823	39,271	41,729	41,774
Town House	1,124	1,128	1,171	1,177
CPW Administration	69,653	71,215	74,954	75,409
Engineering	-	-	-	-
135 Keyes Road	6,506	6,642	6,709	4,964
Salary Reserve	-	-	-	4,109
<b>Subtotal</b>	\$ 126,732	\$ 129,710	\$ 136,721	\$ 139,704
<b>Composting Site Program</b>				
Highway Maintenance	5,000	5,000	5,000	5,000
	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Combined</b>	\$ 131,732	\$ 134,710	\$ 141,721	\$ 144,704

**Net Income and Fund Balance**

	FY15		FY16		FY17		FY18	
	Actual		Actual		Budget		Estimate	
<b>Operating Income:</b>								
Operating Revenues	\$	1,245,089	\$	1,286,873	\$	1,314,623	\$	1,372,643
Less Operating Expenses		(1,199,405)		(1,198,922)		(1,316,614)		(1,364,709)
<b>Operating Income</b>	<b>\$</b>	<b>45,684</b>	<b>\$</b>	<b>87,951</b>	<b>\$</b>	<b>(1,991)</b>	<b>\$</b>	<b>7,934</b>
<b>Non-Operating Income:</b>								
Non-Operating Revenues	\$	-	\$	-	\$	-	\$	-
Non-Operating Expenses		-		-		-		-
<b>Non-Operating Income</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
<b>Net Income</b>	<b>\$</b>	<b>45,684</b>	<b>\$</b>	<b>87,951</b>	<b>\$</b>	<b>(1,991)</b>	<b>\$</b>	<b>7,934</b>
<b>Fund Balance:</b>								
Beginning Fund Balance	\$	184,189	\$	229,873	\$	317,825	\$	315,834
Net Income		45,684		87,951		(1,991)		7,934
<b>Ending Fund Balance</b>	<b>\$</b>	<b>229,873</b>	<b>\$</b>	<b>317,825</b>	<b>\$</b>	<b>315,834</b>	<b>\$</b>	<b>323,768</b>

**Fund Balance by Program**

	FY15 Actual	FY16 Actual	FY17 Budget	FY18 Estimate
<b>Curbside &amp; Drop-Off Program</b>				
Revenues	\$ 1,242,509	\$ 1,283,412	\$ 1,308,623	\$ 1,366,643
Expenses	(1,194,405)	(1,193,920)	(1,311,614)	(1,359,709)
Other Adjustments (Capital)	-	-	-	-
<b>Net Income</b>	<b>\$ 48,104</b>	<b>\$ 89,492</b>	<b>\$ (2,991)</b>	<b>\$ 6,934</b>
Beginning Fund Balance	\$ 183,280	\$ 231,384	\$ 320,876	\$ 317,885
Net Income	48,104	89,492	(2,991)	6,934
<b>Ending Fund Balance</b>	<b>\$ 231,384</b>	<b>\$ 320,876</b>	<b>\$ 317,885</b>	<b>\$ 324,819</b>
<b>Composting Site Program</b>				
Revenues	\$ 2,580	\$ 3,460	\$ 6,000	\$ 6,000
Expenses	(5,000)	(5,000)	(5,000)	(5,000)
Other Adjustments	-	-	-	-
<b>Net Income</b>	<b>\$ (2,420)</b>	<b>\$ (1,540)</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
Beginning Fund Balance	\$ 909	\$ (1,511)	\$ (3,051)	\$ (2,051)
Net Income	(2,420)	(1,540)	1,000	1,000
<b>Ending Fund Balance</b>	<b>\$ (1,511)</b>	<b>\$ (3,051)</b>	<b>\$ (2,051)</b>	<b>\$ (1,051)</b>

### 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 14, 2016 DropOff – SwapOff attracted 918 households. The October 15, 2016 DropOff – SwapOff, was attended by 749 households. These events also included highly successful collections of unwanted medication/sharps. There will be another unwanted medication/sharps collection at the upcoming DropOff event on May 6, 2017.

### Business Recycling

Concord Public Works 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. 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 2016, 4,503 lbs. of electronics and 6,532 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. Sixty-one curbside subscribers visited the site in 2016 along with eight non-curbside subscribers who paid the vendor directly. Concord Public Works also hosted a hazardous waste collection for residents on Wednesday, September 21, 2016. There were 207 vehicles in attendance at this event, making it CPW's largest hazardous waste collection event to date.

### Paint Shed / Compost Site

The Paint Shed is open on Saturdays, April – October. During the 2016 season, 267 residents dropped off paint and 183 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 mid-December as well as additional days in January for Christmas tree disposal. Residents can pick up compost and wood chips free of charge.

# **Section VI**

## **Swim and Fitness Fund**

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**Mission Statement**

The Beede Swim & Fitness Center is managed by the Concord Recreation Division and is funded solely by membership and program fees. We are deeply committed to serving the fitness needs and interests of our community, across all ages and abilities.

**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. 12-13
Fund Balance Charts	p. 14
Pro forma	p. 15

**Beede Center Highlights**

New membership plans were introduced in March 2017, including monthly recurring memberships, 3 month memberships and a 10 visit pass. All memberships now include swim & fitness, non-resident rates have been eliminated, and the joining fee has been reduced from \$199 to \$99.

- In FY18, the Beede Center is budgeting for negative operating income results due primarily to a depreciation expense of \$412,720.
- The Beede Center ended FY16 with an undesignated fund balance of \$1.29 million. These funds help the Beede Center to weather years of negative net income operating results, such as may occur in FY17 and FY18.
- A pro forma projecting out Beede Center options is available on page VII-15, and includes FY14 to FY22

**Expenditure Summary**

	FY15 Actual	FY16 Actual	FY17 Revised	FY18 Proposed
Operating Income	\$ (14,915)	\$ (24,446)	\$ (197,706)	\$ (154,838)
Net Income	\$ 223,418	\$ (10,338)	\$ (182,706)	\$ (138,838)
Unassigned Fund Balance	\$ 1,298,873	\$ 1,296,879	\$ 1,114,173	\$ 975,336

**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.

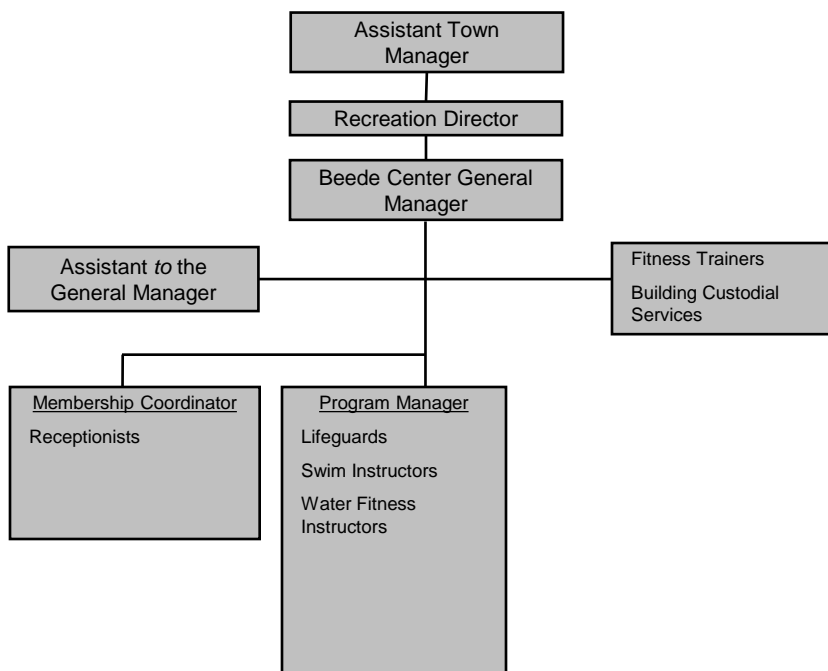
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men’s and women’s locker/shower rooms, family changing rooms, and staff office space.

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

The Beede Center opened on April 18<sup>th</sup>, 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 FY16 with an operating income of \$(24,446) and a net income of \$(10,338). This set the Beede Center’s undesignated fund balance at \$1,296,879 at fiscal year end.

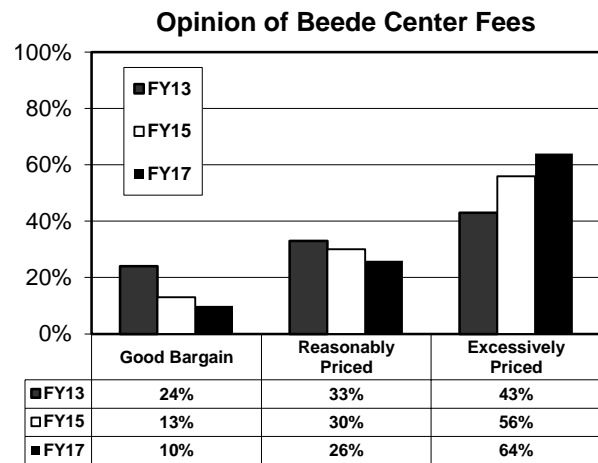
Negative operating income projected for FY18 is a projected (\$154,838) due to increased depreciation expense, conservative revenue projections, and providing for an appropriation that allows for maximum operating levels. However, this is manageable because the Beede Center has a strong reserve fund. This reserve, totaling \$1.29 million at the beginning of FY17, 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 \$412,720. Membership rates have not increased from 2016. 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:

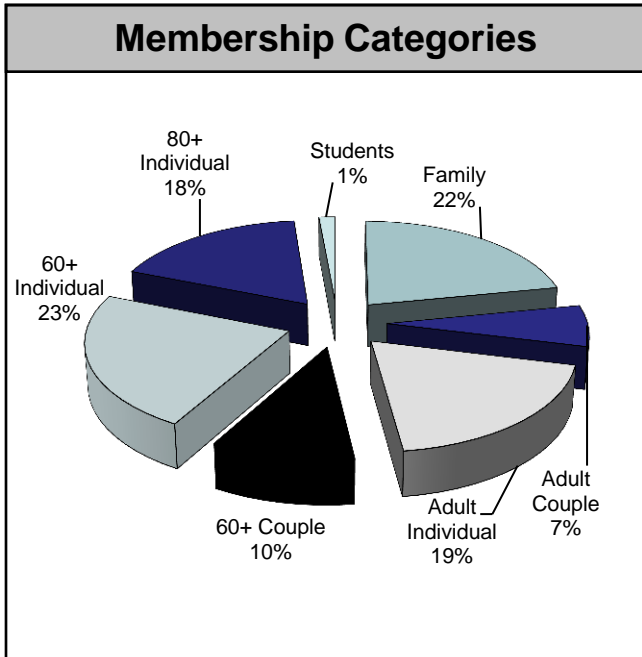
To compliment its swim and fitness offerings, the Beede Center offers personal training, various water fitness and swim lessons and, childcare. All of these programs are available to the general public, and are offered at a discounted fee to members. The Concord Residential Surveys has included a question about the fees charged for by Beede Center for membership. Of those respondents who said that they use the Beede Center, 10% thought it was a “good bargain” and 26% 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.

**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).

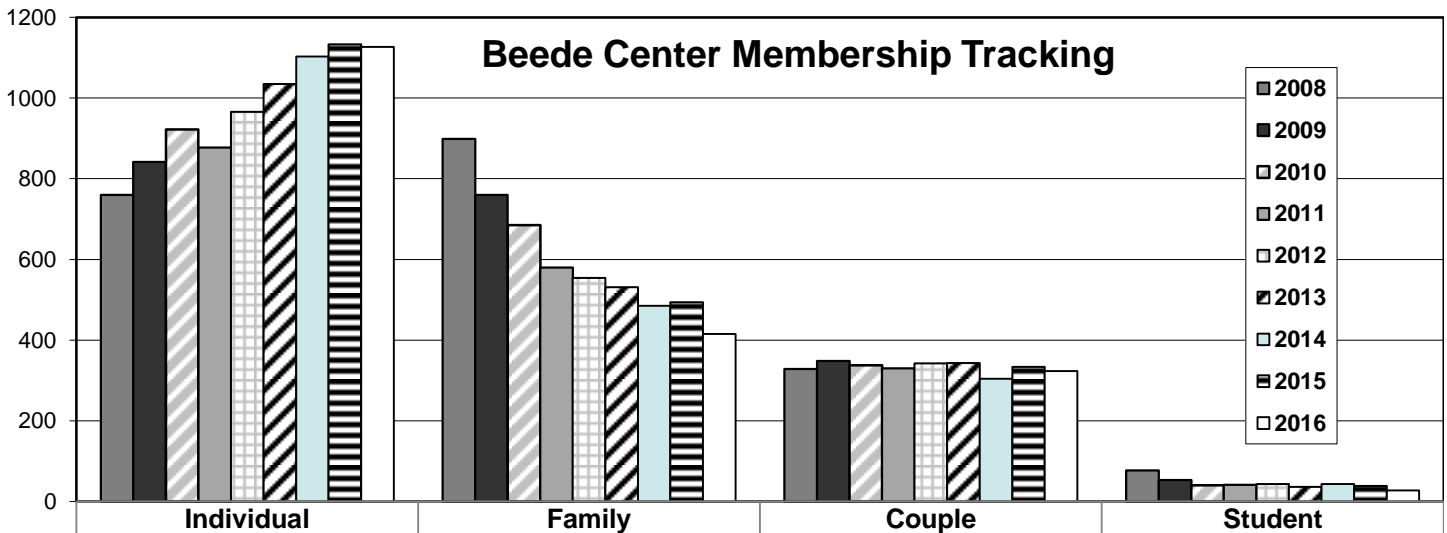


**Membership Trends**

**Beede Center membership, as of January 2017, totals 1,864 with 3,616 members.**

Membership has decreased over the past year from 2016 to 2017.

- Since January 2016, Family Memberships have dropped by 79 from 494 to 415 as of January 2017.
- Individual Memberships have decreased by 6, from 1133 to 1127.
- Couple Memberships have increased by 10, from 333 to 323.
- Student Memberships have decreased by 11, from 38 to 27.



	Individual	Family	Couple	Student
2008	760	899	328	77
2009	842	760	348	53
2010	922	685	337	40
2011	877	580	330	41
2012	966	554	342	43
2013	1035	531	343	36
2014	1103	485	304	43
2015	1133	494	333	38
2016	1127	415	323	27

**Beede Center Membership Fees**

On March 1, 2017, the Beede Swim & Fitness Center changed its membership plans. Membership rates have not increased from 2016.

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 2017 Membership Rates are as follows:**

	Monthly	Annual	3 Month	10 Visit	Day Pass
Adult	\$82	\$928	\$270	\$100	\$20
Couple	\$129	\$1,466	\$426		\$30
Family	\$153	\$1,727	\$504		\$40
65+	\$62	\$707	\$212		
65+ Couple	\$98	\$1,112	\$327		
14-18	\$41	\$464	\$138		
80+		\$199			

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

**A \$99 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 4<sup>th</sup>; 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 Center, we strive to be your partner in health with partner in health with dedicated staff, inspired program offerings and exceptional facilities. Join us today and Join us today and make yourself at home!

### Flexible Membership Options

Our new membership plans offer unlimited access to state-of-the-art aquatic and fitness facilities. Annual, 3-month and 10-visit options let you create the perfect membership to fit your needs.

### Child Care

Work out worry-free with our childcare program for children 6 months+. Available Tuesday – Thursday, 9:30am – 12:30pm by appointment or drop-in, as space is available. Please call for pricing details.

### Aquatics

Beede's state-of-the-art aquatic facilities serve competitive swimmers, fitness classes, therapeutic programs and family fun year-round.

- 8-Lane Competition Pool (25yd x 25m)
- Deep Water Diving Well with two 1m boards
- Warm Water Therapy Pool
- Children's Play Pool with slide and fountains

### Youth Swim Lessons & Programs

40% discount for members! Build competence in the water with American Red Cross swim lessons and water safety courses. Available in Group, Semi-Private and Private.

- Parent & Child
- Preschool
- Learn to Swim
- Lifeguard Training
- Water Safety Instruction
- Diving
- Otters Swim Team

### Adult Aquatic Programs

Push yourself beyond free swim with Private Lessons, Coached Workouts and water fitness classes like Ai Chi, Deep Water Interval Training and Shallow Water Workout. Up to 40% off all programs for members!

### Fitness

Work out in natural light with 12 channels of DirecTV on every cardio machine. New members receive a free equipment orientation and workout plan from one of our certified trainers. Members also enjoy up to a 40% discount on all Group Fitness Classes held at Concord Recreation locations.

- Weight Training Room
- Cardio Fitness Room
- Free Weights

### Personal Training

Get the most out of your workout with the expertise of our dedicated trainers who will help you design, and reach, your fitness goals.

Program Implementation

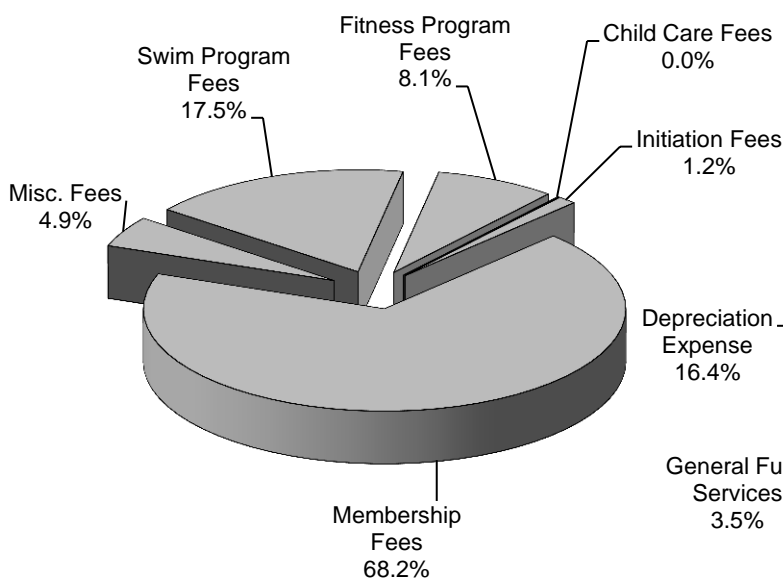
The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,612,199 or 68% of the total). Because of this, membership fees are carefully set each year, and membership levels are monitored. As Beede revenues in general are influenced by economic conditions, the Town also 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.

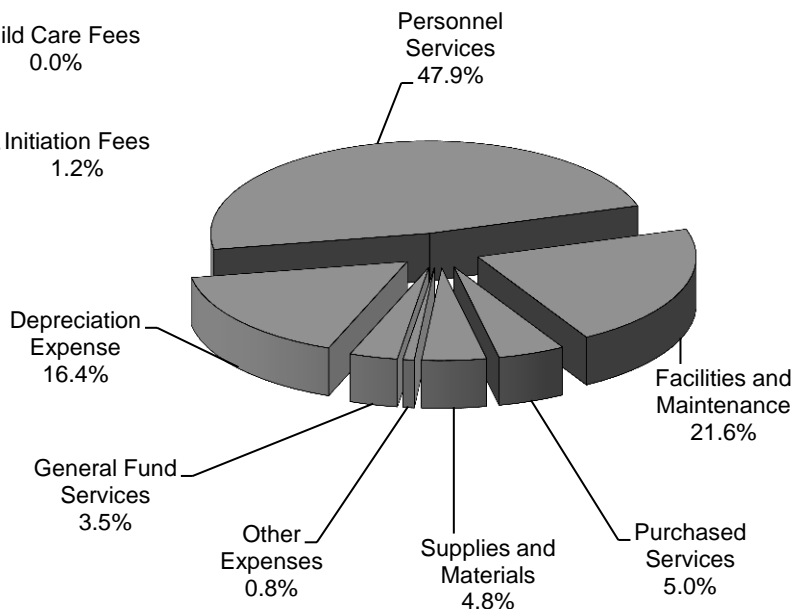
Personnel Services are budgeted to total \$1,207,389 in FY18. This level of expenditure is higher than historical expenses, but provides flexibility for additional staff based on programming needs.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation expense totals \$412,720 in the FY18 budget and is placed in a *depreciation fund*.

**FY18 Operating Revenues**  
**Totaling \$2,363,345**



**FY18 Operating Expenditures**  
**Totaling \$2,518,183**



Operating Results:

The FY18 budget proposes operating expenditures that are \$154,838,059 *greater than* operating revenues. This results in an operating loss for the year.

This operating loss is slightly offset by the estimated \$16,000 of investment income, and the results is an estimated net income of negative \$138,838 for FY18.

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 \$1.29 million at the end of FY16) with which to bridge times of negative operating results.

**OPERATING REVENUES (\$)**

	FY15 Actual	FY16 Actual	FY17 Revised	FY18 Estimate
Initiation Fees	\$ 19,616	\$ 21,683	\$ 28,353	\$ 29,203
Membership Fees	1,648,516	1,642,414	1,564,726	\$ 1,612,199
Miscellaneous Revenue	65,125	61,071	111,982	\$ 115,341
Swim Program Fees	411,058	420,160	402,509	\$ 414,585
Fitness Program Fees	138,107	171,987	185,305	\$ 190,864
Child Care Fees	1,289	1,150	1,119	\$ 1,153
<b>Operating Revenues Total</b>	<b>\$ 2,283,711</b>	<b>\$ 2,318,465</b>	<b>\$ 2,293,994</b>	<b>\$ 2,363,345</b>

**OPERATING EXPENSES (\$)**

	FY15 Actual	FY16 Actual	FY17 Revised	FY18 Budget
<b><u>Personnel Services</u></b>				
Personnel Expenses	\$ 1,203,286	\$ 1,142,571	\$ 1,208,316	\$ 1,207,389
Accrued Employee Benefits	-	-	-	-
Audit Adjustment	(27,275)	672	-	-
<b>Subtotal</b>	<b>\$ 1,176,011</b>	<b>\$ 1,143,243</b>	<b>\$ 1,208,316</b>	<b>\$ 1,207,389</b>
<b><u>Non-Personnel Services</u></b>				
Facilities and Maintenance	513,499	528,268	577,454	543,000
Purchased Services	103,130	109,976	92,495	125,100
Supplies and Materials	71,683	80,497	108,517	120,000
Other Expenses	10,042	9,208	16,063	20,900
Audit Adjustment	16,108	(2,076)	-	-
<b>Subtotal</b>	<b>\$ 714,462</b>	<b>\$ 725,873</b>	<b>\$ 794,529</b>	<b>\$ 809,000</b>
<b><u>General Fund Services</u></b>				
Town Manager	-	-	10,239	9,765
Human Resources	30,988	31,684	33,042	29,047
Finance Administration	9,121	9,383	10,143	9,705
Treasury	18,564	19,017	19,742	20,044
Accounting	9,463	9,590	10,228	10,480
Recreation Administration	13,012	-	9,757	10,033
<b>Subtotal</b>	<b>\$ 81,148</b>	<b>\$ 69,674</b>	<b>\$ 93,151</b>	<b>\$ 89,074</b>
<b><u>Depreciation Expense</u></b>				
Depreciation Expense	327,003	404,121	395,704	412,720
<b>Subtotal</b>	<b>\$ 327,003</b>	<b>\$ 404,121</b>	<b>\$ 395,704</b>	<b>\$ 412,720</b>
<b>Total Operating Expense</b>	<b>\$ 2,298,625</b>	<b>\$ 2,342,911</b>	<b>\$ 2,491,700</b>	<b>\$ 2,518,183</b>

## AUTHORIZED POSITIONS (\$)

	FY17 Revised Budget		FY18 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>5111</b>				
Recreation Director*				
General Manager	1.00	\$ 85,250	1.00	\$ 88,660
Assistant to the General Manager	1.00	67,312	1.00	70,004
Fitness Coordinator	1.00	31,538	0.00	-
Aquatics Coordinator	1.00	35,492	0.00	-
Assistant Aquatics Coordinator	1.00	61,781	1.00	63,940
Senior Administrative Assistant	0.50	32,834	0.00	-
Senior Department Clerk	1.00	56,105	1.00	58,349
Swim and Fitness Specialists	6.00	236,580	6.00	270,649
<b>Subtotal</b>	<b>12.50 FTEs</b>	<b>\$ 606,892</b>	<b>10.00 FTEs</b>	<b>\$ 551,602</b>
<b>5112</b>				
Recreation Clerk	0.65	\$ 30,944	0.65	\$ 37,744
<b>Subtotal</b>	<b>0.65 FTEs</b>	<b>\$ 30,944</b>	<b>0.65 FTEs</b>	<b>\$ 37,744</b>
<b>5115</b>				
Lifeguards	8561 hrs.	102,730	8561 hrs.	156,300
Receptionists	5481 hrs.	87,696	5481 hrs.	85,968
Custodians	0 hrs.	-	0 hrs.	-
Fitness Trainers	2088 hrs.	31,320	2088 hrs.	56,972
Head Lifeguard	988 hrs.	22,724	988 hrs.	23,633
<b>Subtotal</b>	<b>8.20 FTEs</b>	<b>\$ 244,470</b>	<b>8.20 FTEs</b>	<b>\$ 322,873</b>
<b>5120</b>				
Programming (misc. accts.)				
Swim Programming	3628 hrs.	85,086	3628 hrs.	83,382
<b>Subtotal</b>	<b>1.74 FTEs</b>	<b>\$ 85,086</b>	<b>1.74 FTEs</b>	<b>\$ 83,382</b>
<b>Employee Benefits</b>				
Health Insurance	N/A	75,000	N/A	56,000
Life Insurance	N/A	250	N/A	250
Dental Insurance	N/A	5,000	N/A	5,000
OPEB	N/A	26,508	N/A	30,000
Retirement Contribution	N/A	85,666	N/A	71,038
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 192,424</b>	<b>N/A</b>	<b>\$ 162,288</b>
<b>Payroll Taxes</b>				
Medicare Tax	N/A	15,000	N/A	16,000
Social Security Contribution	N/A	20,000	N/A	21,000
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 35,000</b>	<b>N/A</b>	<b>\$ 37,000</b>
<b>Other Personnel Costs</b>				
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	-
Salary Reserve	N/A	-	N/A	-
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 13,500</b>	<b>N/A</b>	<b>\$ 12,500</b>
<b>Total Personnel Costs</b>	<b>23.09 FTEs</b>	<b>\$ 1,208,316</b>	<b>20.59 FTEs</b>	<b>\$ 1,207,389</b>

**NET INCOME (\$)**

	FY15 Actual	FY16 Actual	FY17 Revised	FY18 Estimate
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 2,283,711	\$ 2,318,465	\$ 2,293,994	\$ 2,363,345
Less Operating Expenses	(2,298,625)	(2,342,911)	(2,491,700)	(2,518,183)
<b>Operating Income</b>	<b>\$ (14,915)</b>	<b>\$ (24,446)</b>	<b>\$ (197,706)</b>	<b>\$ (154,838)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Add Investment Income	\$ 8,333	\$ 14,108	\$ 15,000	\$ 16,000
Add Sawyer Trust Contribution	175,000	-	-	
Add Beede Endowment	55,000	-	-	
<b>Nonoperating Income</b>	<b>\$ 238,333</b>	<b>\$ 14,108</b>	<b>\$ 15,000</b>	<b>\$ 16,000</b>
<b>Net Income</b>	<b>\$ 223,418</b>	<b>\$ (10,338)</b>	<b>\$ (182,706)</b>	<b>\$ (138,838)</b>

**AVAILABLE RESOURCES (\$)**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY15 Actual	FY16 Actual	FY17 Revised	FY18 Estimate
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 327,003	\$ 404,121	\$ 395,704	\$ 412,720
Add Net Income	223,418	(10,338)	(182,706)	(138,838)
<b>Net Available for Capital</b>	<b>\$ 550,422</b>	<b>\$ 393,783</b>	<b>\$ 212,999</b>	<b>\$ 273,882</b>

**CASH POSITION AND FORECAST**

<b>Cash at Year Opening</b>	<b>FY17</b>		<b>FY18</b>	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash on July 1st</b>	\$ 3,687,104		\$ 3,510,159	
Less Cash as Unearned Revenue	(817,528)		(842,585)	
Less Cash held for Liabilities	(323,714)		(323,714)	
<b>Fund Balance on July 1st</b>	<b>\$ 2,545,862</b>		<b>\$ 2,343,860</b>	
<b>Fund Balance Details (projected)</b>	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance as of July 1st	1,296,879	1,248,982	1,114,173	1,229,687
Net Income	(182,706)	-	(138,838)	-
Capital Outlay (non-borrowing)	-	(415,000)	-	(171,000)
Add Depreciation Expense	-	395,704	-	412,720
Balance Projected at June 30th	1,114,173	1,229,687	975,336	1,471,407
<b>Fund Balance on June 30th</b>	<b>\$ 2,343,860</b>		<b>\$ 2,446,743</b>	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	2,343,860		2,446,743	
Add Cash as Unearned Revenue	842,585		867,863	
Add Cash Held for Liabilities	323,714		323,714	
<b>Projected Cash at June 30th</b>	<b>\$ 3,510,159</b>		<b>\$ 3,638,319</b>	

Beede Center Financial Summary						
Net Income, Net Assets, Fund Balance, and Cash Position						
	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Projected	FY18 Proposed
<b>Operating Revenue</b>						
Deferred Revenue Realized	\$ 894,965	\$ 910,453	\$ 882,623	\$ 857,527	\$ 817,528	\$ 842,585
Current Revenue	2,445,067	2,422,349	2,258,614	2,278,466	2,319,051	2,388,623
Deferred Revenue	(910,453)	(882,623)	(857,527)	(817,528)	(842,585)	(867,863)
Operating Revenue	\$ 2,429,579	\$ 2,450,179	\$ 2,283,710	\$ 2,318,465	\$ 2,293,994	\$ 2,363,345
<b>Operating Expense</b>						
Personnel Services	\$ 1,280,930	\$ 1,232,395	\$ 1,176,011	\$ 1,143,243	\$ 1,208,316	\$ 1,207,389
Non-Personnel Services	733,725	721,676	714,462	725,873	794,529	809,000
Depreciation	317,622	330,287	327,003	404,121	395,704	412,720
General Fund Services	78,369	79,737	81,148	69,674	93,151	89,074
Operating Expense	\$ 2,410,646	\$ 2,364,095	\$ 2,298,625	\$ 2,342,911	\$ 2,491,700	\$ 2,518,183
<b>Operating Income</b>	\$ 18,933	\$ 86,084	\$ (14,915)	\$ (24,446)	\$ (197,706)	\$ (154,838)
<b>Nonoperating Revenues and Expenses</b>						
Interest on Investments	\$ 9,660	\$ 9,175	\$ 8,333	\$ 14,108	\$ 15,000	\$ 16,000
Belknap Gift			-	-		
Sawyer Trust Contribution	189,318	-	175,000	-		
Beede Endowment			55,000	-		
General Fund Debt Support	-	-	-	-		
Capital Contribution	-	-	-	-		
Net OPEB Asset	-	-	-	8,344		
Interest Expense	-	-	-	-		
Interfund Loan	-	-	-	-		
Nonoperating Subtotal	\$ 198,978	\$ 9,175	\$ 238,333	\$ 22,452	\$ 15,000	\$ 16,000
<b>Change in Net Assets</b>	\$ 217,911	\$ 95,259	\$ 223,418	\$ (1,994)	\$ (182,706)	\$ (138,838)
Net Assets Beginning of Year	\$ 11,130,110	\$ 11,348,021	\$ 11,198,217	\$ 11,421,636	\$ 11,419,642	\$ 11,236,936
Net Assets End of Year	\$ 11,348,021	\$ 11,443,280	\$ 11,421,636	\$ 11,419,642	\$ 11,236,936	\$ 11,098,098

Note: Net Assets have been adjusted for FY15 due to new financial reporting requirements

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Projected	FY18 Proposed
<b>II</b>						
<b>Fund Balance</b>						
Beginning Fund Balance	\$ 2,768,477	\$ 3,080,511	\$ 3,151,965	\$ 2,198,361	\$ 2,545,862	\$ 2,343,860
Add Change in Net Assets	217,911	95,259	223,418	(1,994)	(182,706)	(138,838)
Less Capital Contribution	-	-	-	-	-	-
Less Bond Liability Reduction	317,622	330,287	327,003	404,121	395,704	412,720
Depreciation Expense	(189,318)	(109,029)	(237,358)	(54,626)	(415,000)	(171,000)
Capital Contributions	(34,180)		(1,266,668)			
Capital Expenditures						
End Fund Balance	\$ 3,080,511	\$ 3,397,027	\$ 2,198,361	\$ 2,545,862	\$ 2,343,860	\$ 2,446,743
<b>Fund Balance Detail</b>						
Undesignated Fund Balance	\$ 1,462,617	\$ 1,557,875	\$ 1,298,873	\$ 1,296,879	\$ 1,114,173	\$ 975,336
Depreciation Fund Balance	\$ 1,617,894	\$ 1,839,152	\$ 899,487	\$ 1,248,982	\$ 1,229,687	\$ 1,471,407
<b>Cash Position</b>						
Undesignated Fund Balance	\$ 1,462,617	\$ 1,557,875	\$ 1,298,873	\$ 1,296,879	\$ 1,114,173	\$ 975,336
Depreciation Fund Balance	1,617,894	1,839,152	899,487	1,248,982	1,229,687	1,471,407
Deferred Revenue	910,453	882,623	857,527	817,528	842,585	867,863
Res. for Short-Term Liabilities	100,560	165,216	227,635	323,714	323,714	323,714
Res. for Long-Term Liabilities	46,553	40,477	242,150	-	-	-
Total Cash	\$ 4,138,077	\$ 4,485,343	\$ 3,525,673	\$ 3,687,104	\$ 3,510,159	\$ 3,638,319

\* 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).

▲ FY16-18 Reserve for Short and Long Term Liabilities is combined

## 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 18<sup>th</sup>, 2006.
- It has now been in operation for almost eleven 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:

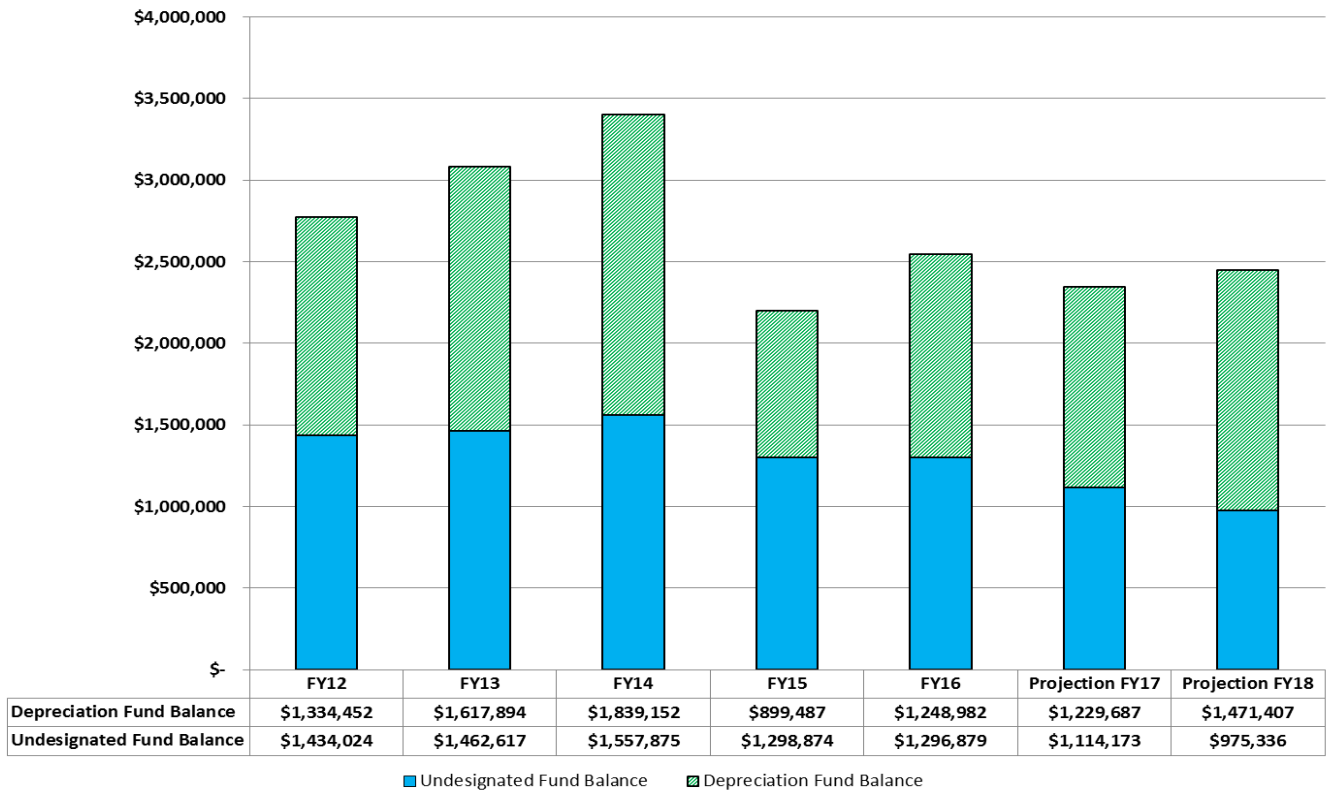
**Fitness Equipment:** The Arc Trainers (\$60,000) were replaced in FY17. The fitness equipment is high quality Cybex International products. The Beede Center is committed to keeping the fitness equipment updated and in good working order by replacing equipment every three years.

**Lighting Improvements:** The exterior lighting (\$70,000) is scheduled to be replaced in FY17. New LED lighting fixtures along the building sidewalk, and in the two parking areas will match those of the new high school in design, finish and lighting color temperature.

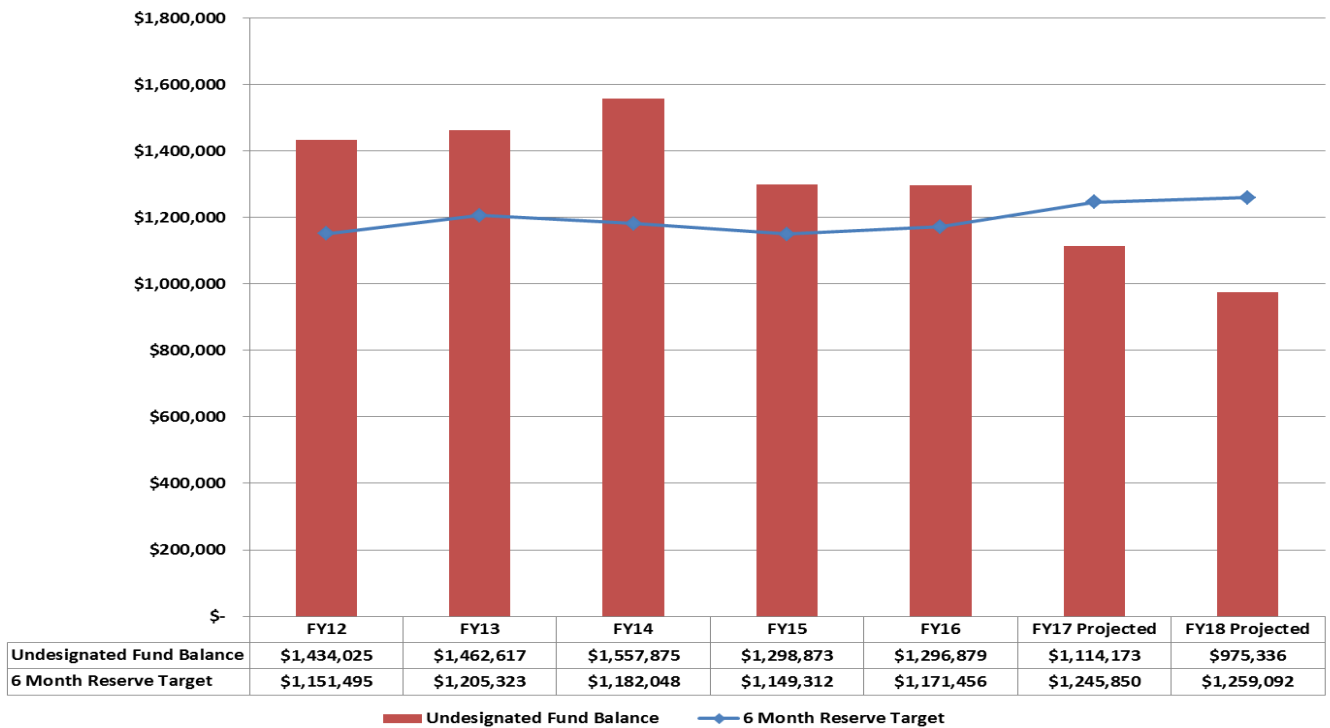
**Pool Improvements:** Two main valves (\$17,000) were replaced that connect the lap pool and dive well to the filters.

<b>Beede Swim and Fitness Center</b>									
<b>Capital Program</b>									
	<b>FY15 Actual</b>	<b>FY16 Actual</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>Total FY18-22</b>
<b>Primary Facility</b>									
Building Improvements	\$ -	\$ 38,666	\$ 35,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 185,000
Carpets and Flooring	-	-	-	-	-	-	-	-	\$ -
Dehumidification System	1,228,611	-	-	-	-	-	-	-	\$ -
VFD Motors	-	-	-	-	-	-	-	-	\$ -
Roof Top HVAC Units	-	-	200,000	-	-	-	-	-	\$ 200,000
Sound System	-	-	-	-	-	-	-	-	\$ -
Parking System	-	-	-	-	-	-	-	-	\$ -
Parking Lighting	-	-	70,000	-	-	-	-	-	\$ 70,000
FCR Doors & Frames	-	-	-	24,000	-	-	-	-	\$ 24,000
Misc. Equipment	-	15,960	10,000	10,000	10,000	10,000	10,000	-	\$ 50,000
Subtotal	\$ 1,228,611	\$ 54,626	\$ 315,000	\$ 64,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 30,000	\$ 529,000
<b>Pool Facility</b>									
Deck Repairs	-	-	-	-	-	-	-	-	-
Pool Filters	-	-	20,000	20,000	20,000	-	-	-	60,000
Diving Boards	-	-	-	7,000	-	7,000	-	7,000	21,000
Misc. Equipment	-	-	20,000	20,000	35,000	35,000	35,000	-	145,000
Subtotal	\$ -	\$ -	\$ 40,000	\$ 47,000	\$ 55,000	\$ 42,000	\$ 35,000	\$ 7,000	\$ 226,000
<b>Beede Equipment</b>									
Sidewalk Plow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fitness Equipment I (treadmills)	54,053	-	-	-	-	-	-	-	\$ -
Fitness Equipment II (Ellipticals)	-	-	60,000	-	-	60,000	-	-	\$ 120,000
Fitness Equipment III (Strength Machines)	-	-	-	60,000	-	-	60,000	-	\$ 120,000
Fitness Equipment IV (Stationary Bikes)	-	-	-	-	60,000	-	-	60,000	\$ 120,000
Fitness Equipment V (Miscellaneous)	-	-	-	-	-	10,000	10,000	-	\$ 20,000
Audit Adjustment	-	-	-	-	-	-	-	-	-
Subtotal	\$ 54,053	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 70,000	\$ 70,000	\$ 60,000	\$ 380,000
<b>Total Capital</b>	<b>\$ 1,282,664</b>	<b>\$ 54,626</b>	<b>\$ 415,000</b>	<b>\$ 171,000</b>	<b>\$ 155,000</b>	<b>\$ 152,000</b>	<b>\$ 145,000</b>	<b>\$ 97,000</b>	<b>\$ 1,135,000</b>

**Beede Center  
Fund Balance**



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



Beebe Center: Plan and Projection		Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Operating Revenue</b>										
User Fees		2,450,179	2,283,710	2,318,465	2,293,994	2,363,345	2,386,978	2,386,978	2,386,978	2,386,978
Subtotal		2,450,179	2,283,710	2,318,465	2,293,994	2,363,345	2,386,978	2,386,978	2,386,978	2,386,978
<b>Operating Expense</b>										
O & M		2,033,808	1,971,621	1,938,790	2,095,996	2,105,463	2,085,410	2,085,410	2,085,410	2,085,410
Depreciation		330,287	327,003	404,121	395,704	412,720	432,410	456,193	375,730	374,158
Subtotal		2,364,095	2,298,624	2,342,911	2,491,700	2,518,183	2,517,820	2,541,603	2,461,140	2,459,568
<b>Operating Income</b>		86,084	-14,914	-24,446	-197,706	-154,838	-130,841	-154,624	-74,161	-72,589
ADD: Interest Income		9,175	8,333	14,108	15,000	16,000	16,372	17,384	18,803	19,177
Sawyer Trust Contribution		0	175,000	-	-	-	-	-	-	-
Beebe Endowment		0	55,000	0	0	0	0	0	0	0
<b>Net Income</b>		95,259	223,419	-10,338	-182,706	-138,838	-114,469	-137,240	-55,358	-53,412
<b>Available Resources from:</b>										
Net income		95,259	223,419	-10,338	-182,706	-138,838	-114,469	-137,240	-55,358	-53,412
Depreciation expense		330,287	327,003	404,121	395,704	412,720	432,410	456,193	375,730	374,158
<b>Net Available for Capital Purposes</b>		425,546	550,422	393,783	212,998	273,882	317,941	318,953	320,372	320,746
Capital Plan		109,029	1,282,664	54,626	415,000	171,000	155,000	152,000	145,000	97,000
<b>Fund Balance</b>										
Beginning balance		3,080,511	3,151,965	2,198,361	2,545,862	2,343,861	2,446,743	2,609,684	2,776,637	2,952,008
Net Income		95,259	223,419	-10,338	-182,706	-138,838	-114,469	-137,240	-55,358	-53,412
Net OPEB Asset				8,344						
Depreciation Expense		330,287	327,003	404,121	395,704	412,720	432,410	456,193	375,730	374,158
Capital Contributions		0	-237,358	0	0	0	0	0	0	0
Capital Expenditures		-109,029	-1,266,668	-54,626	-415,000	-171,000	-155,000	-152,000	-145,000	-97,000
Ending balance		3,397,028	2,198,361	2,545,862	2,343,861	2,446,743	2,609,684	2,776,637	2,952,008	3,175,754
<b>Undesignated Fund Balance</b>		1,557,876	1,298,873	1,296,879	1,114,173	975,337	860,867	723,626	668,268	614,856
<b>Depreciation Fund Balance</b>		1,839,152	899,487	1,248,982	1,229,687	1,471,407	1,748,817	2,053,010	2,283,740	2,560,898

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# **Section VIII**

## **Recreation Fund**

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**Recreation Budget Contents**

Overview	Pg. 1-2
Strategic Plan	Pg. 3
Programs, Features, and Fees	Pg. 4-5
Revenues and Expenditures	Pg. 6-10

**Mission Statement**

Concord Recreation is a leader in providing activities that enhance personal development, promote healthy life styles, and encourage greater community involvement.

As dedicated professionals, we strive to promote lasting experiences while creating fun, unique, inclusive, opportunities in excellent facilities.

Concord Recreation is a self supporting operation that strives to keep pace with a growing community to deliver the highest quality customer focus programs, events and services.

**Department Highlights**

Depending on the number of participants in each program, the revenues and expenditure attributed to the Recreation Fund varies from year to year. The goal of the Recreation revolving fund, as a self-sustaining entity, is to operate with a positive annual balance, while keeping programs affordable. The Recreation Fund balance is designed to be a safety net and to provide funding that can be allocated to building improvements and capital planning efforts throughout the year.

- FY18 Projected Revenue: \$1,922,058
- FY18 Projected Expenses: \$1,919,745
- FY16 Recreation Fund Balance: \$861,848

**Department Description**

For decades now, Concord Recreation has served as a catalyst for strengthening our community. From youth sports to adult fitness, the Recreation Department has worked hard to assure that all residents have access to quality recreation and leisure services, while utilizing limited tax funding.

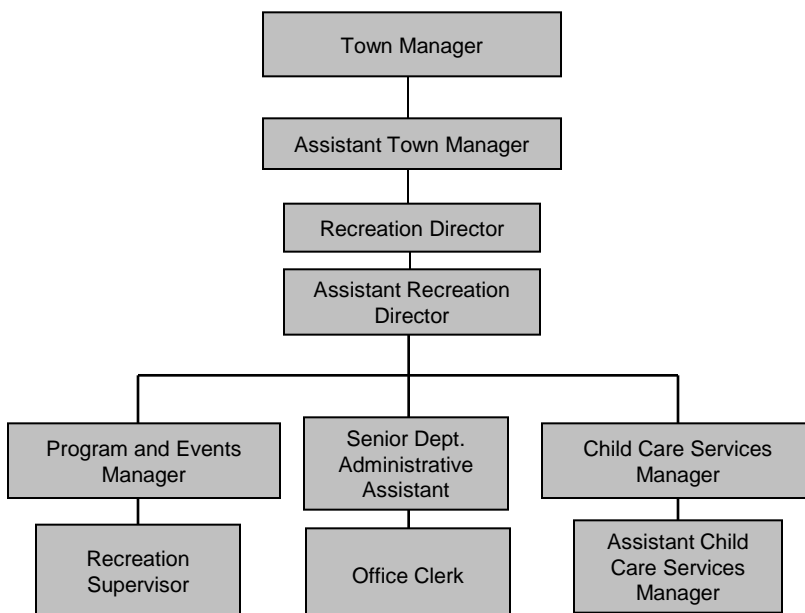
The Department leadership has drastically changed within the past year welcoming three new senior managers. Ryan Kane has joined Concord Recreation as the Recreation Director, Jon Straggas as the Beede Center General Manager, and Anna Wood as the Assistant Recreation Director. Even with change, it is important for our consumers to remember that our mission stands tried and true.

Recreation Department staff are spread out amongst our three primary facilities; the Hunt Recreation Center at Emerson Park, the Beede Swim and Fitness Center adjacent to the Concord-Carlisle High School, and the Harvey Wheeler Community Center, home of the Concord Carousel Preschool, located in West Concord.

The Recreation Department works closely with the Recreation Commission, a volunteer advisory, board comprised of five Concord Residents, continually evaluate the needs of the community.

**Expenditure Summary**

	FY15 Actual	FY16 Actual	FY17 Budgeted	FY18 Estimate
Operating Revenue	\$ 1,896,544	\$ 1,774,351	\$ 1,815,843	\$ 1,922,058
Operating Expense	\$ 1,732,133	\$ 1,679,254	\$ 1,655,521	\$ 1,919,745
Change in Fund Balance	\$ 164,411	\$ 95,097	\$ 160,322	\$ 2,313





## **Recreation Programs Review**

Concord Recreation is a self-supporting operation that continues to meet the needs of the community by delivering the highest quality customer-focused programs, events and services. Programs run year round, 7 days a week at Hunt Recreation Center, Emerson Playground, Harvey Wheeler Community center, Everett Street Fitness Studios, and the Ripley Gymnasium. In FY16, the Recreation Department served over 6,000 participants with program revenues totaling \$1,774,351.

## **Financial Assistance Program**

Concord Recreation strives to assure that all Concord Residents are able to participate in programs, regardless of their ability to pay. During FY17, the Department awarded \$136,600 in financial assistance to those that qualified. Financial assistance is a reduced cost award in which the Department is not reimbursed for expenses; awards are given in kind.

## **Scholarship Program and Funding Sources**

In addition to our financial assistance program, Concord Recreation does award scholarships to those that qualify. Scholarship programs allow the Department to award monetary awards to off set the cost of a program and what the participant can afford to pay. To replenish this account, the Recreation Department hosts multiple events and collaborates with local community organizations and non-profits. Examples of these alternative funding sources include the Concord Carlisle Community Chest (\$10,000), the Silent Fund (\$4,500), METCO (\$25,000), the Shamrock Ball (\$10,000), and the Destephano Scholarship Fund (\$4,900). In total, \$54,400 was given in scholarship during FY17.

## **Facility Improvements and Maintenance**

### ***Rideout***

- The tennis and basketball courts were resurfaced in May 2016 and now include a pickleball court.
- The entire Rideout Field Complex will be reconfigured during the summer of 2017 to include many new features including a new parking lot, walking paths, and more.
- Community Preservation Act funds have been allocated for a new picnic pavilion to be installed after the new configuration is complete.

### ***Hunt Recreation Center/Emerson Park***

- The entrance walkway was enhanced with a new rubber, brick surface in the summer/fall of 2016.
- A new storage shed was added to accommodate new Department marketing materials including tents and signage.
- A local boy scout built new benches for the tennis courts as part of his Eagle Scout Project and they have been installed at the Emerson Tennis Courts.
- A local girl scout build a new with a scoreboard for the softball program and it has since been installed on Emerson field.
- The pool shed at Emerson Park's outdoor pool is scheduled to be replaced in the Fall of 2017.
- ADA door openers will be installed on the side door of the Hunt Recreation Center in the fall of 2017.

## **Financial Status**

**Fund Balance:** \$861,848 (As of 6/30/16)

**Fund Balance Analysis:** At it's current level, the Recreation Fund Balance covers 51% of FY16's operating expenses. It is important for the Recreation Department to maintain strong reserves due to the unpredictability and variability in revenues, funds that are dependent on participation fees. The annual operating goal of the Recreation revolving fund, as a self-sustaining entity, is to operate with a positive annual balance, while keeping programs affordable.

## Recreation Department Strategic Plan Goals

### **Short-Term Goals (0-12 months)**

- Cultivate a stronger sense of community by offering free programs and events for Concord residents that encourage recreation, socialization, and leisure education.
- Collaborate with the Concord Public Works Department to improve park amenities at the Emerson Field Complex as well as the Rideout Field Complex in West Concord.
- Oversee the successful management and construction of multiple facility enhancements during the summer of 2017 including the Emerson Track resurfacing, the Rideout Field Complex Improvement Project, and the Concord Integrated Preschool's Inclusive and Accessible playground at the Ripley School.
- Join together with the Town's Human Services team to assure that we providing programs, services, and supports that lead towards "optimal social, emotional health and well-being for all Concord children and families."
- Develop best practices for integrating adaptive recreation and community inclusion programs within already existing Concord Recreation programs, classes, and teams.
- Work with other town and private entities to explore the use of underutilized yet programmable space.
- Develop a funding strategy to support Department needs beyond scheduled budgets to enhance scholarship availability, facility improvements, and program enrichments.
- Manage a successful 2017 season at the Concord Visitor Center, assuring at a self-sustaining operation.
- Explore the development of events and activities at the visitor center that are attractive to visitors and residents, alike.

### **Mid-Term Goals (1-2 years)**

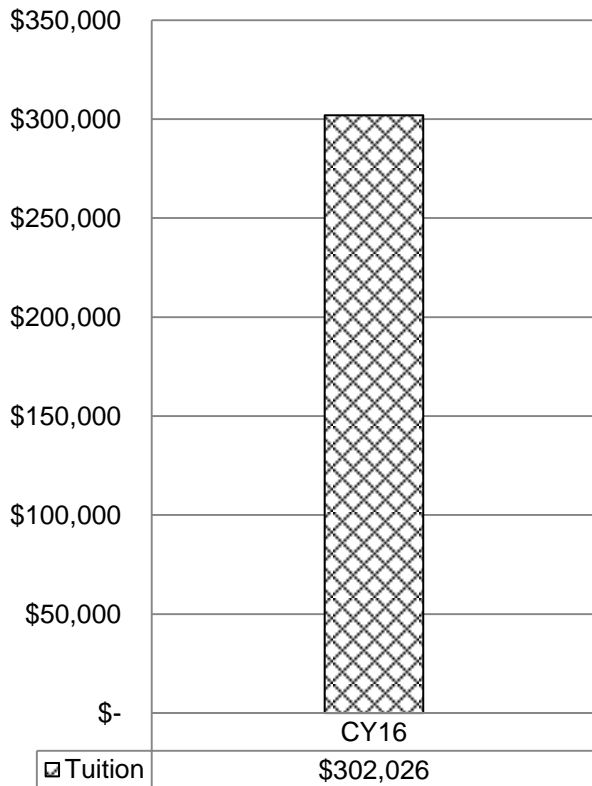
- Develop a Department wide marketing plan to better reach target markets, locally and otherwise.
- Explore ways in which the Department can utilize Concord's previously established outdoor recreation opportunities including a vast amount trails, rivers, and parks.
- Collaborate with field and facility user groups to evaluate space usage and scheduling.
- Maximize relationships and opportunities with National Parks, State Parks and Local Historical sights to better serve tourists, visitors, and residents.

### **Long-Term Goals (3-5 years)**

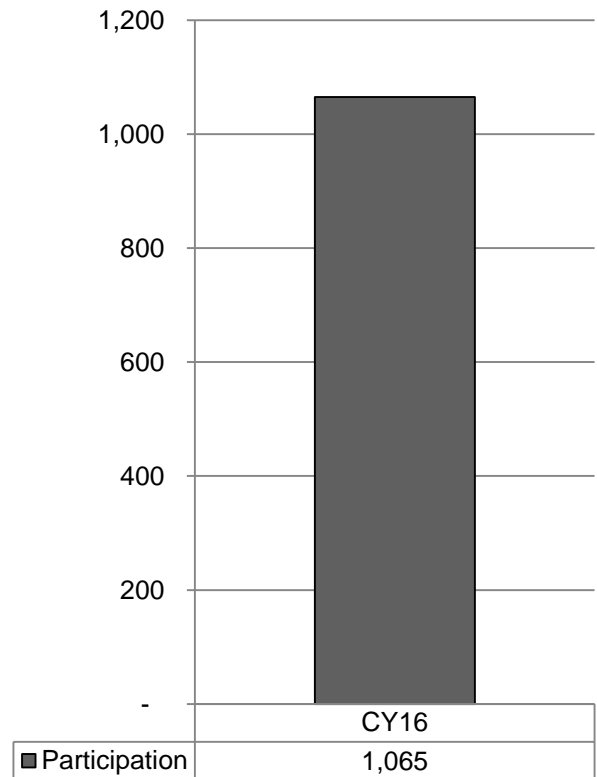
- Focus on enhancing park and open spaces, as recommended in the 2014 Recreation Facilities Strategic Plan, by increasing the number of public drinking fountains, benches, bike racks and picnic pavilions.
- Evaluate the Department's ability to meet the recreation and leisure needs of all residents, focusing on those with disabilities.
- Develop a partnership with the Town's Adult Community Education Program, assuring that leisure pursuits and learning are made possible outside the walls of the classroom.
- Explore the possibility of installing lights on the Emerson Park outdoor basketball courts.

2016 Summer Service Level		
Program	Participation	Revenue
Day Camps/Arts & Rec	1,065	\$ 302,026
Boys Basketball Clinics	131	\$ 38,835
Concord Childrens Swim	298	\$ 18,545
Preschool Adventures & KA	97	\$ 24,383
Lacrosse League	160	\$ 27,860
Workreation	120	\$ 26,054
Theater Camps	88	\$ 24,142
Post Camp	51	\$ 18,177
Minuteman Road Race	107	\$ 1,640
<b>Total</b>	<b>2,117</b>	<b>\$481,662</b>

Summer Camp Revenue



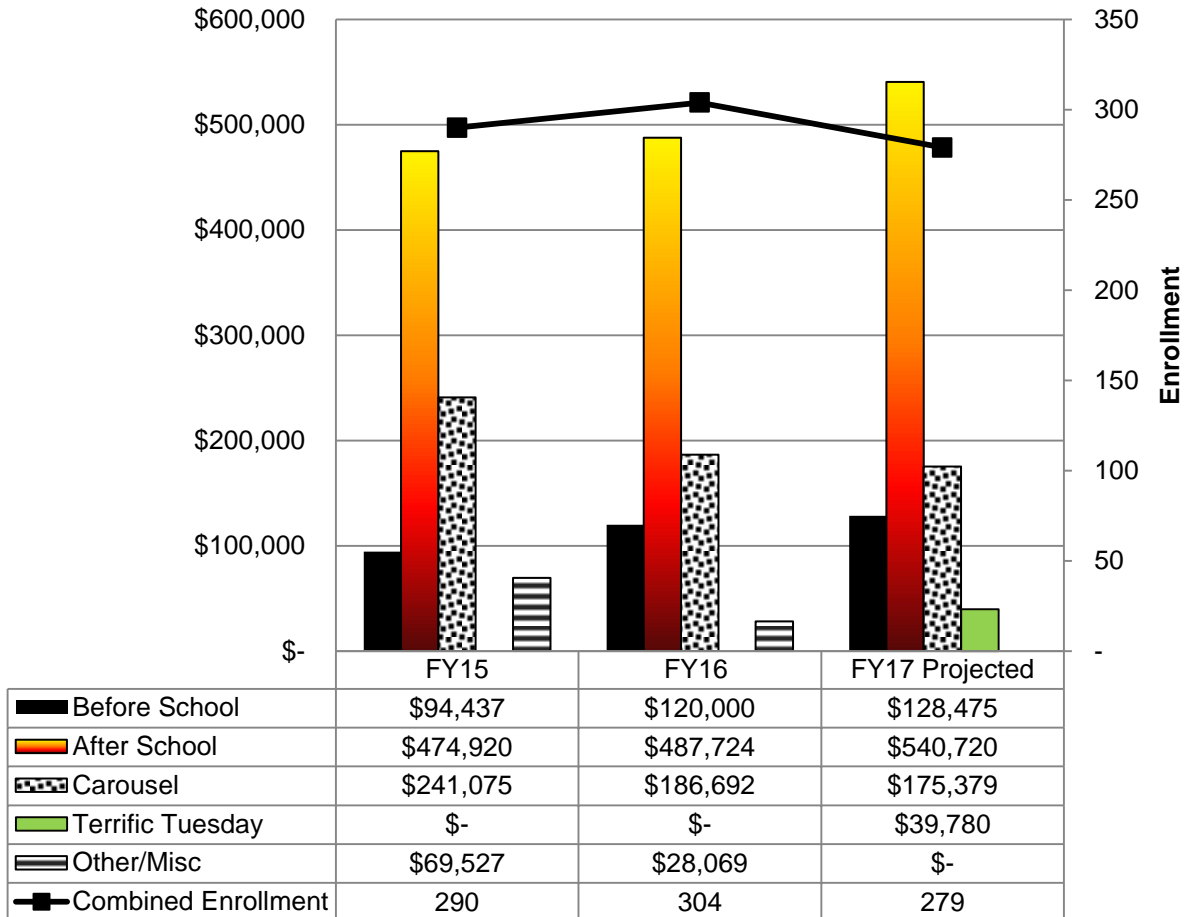
Summer Camp Participation



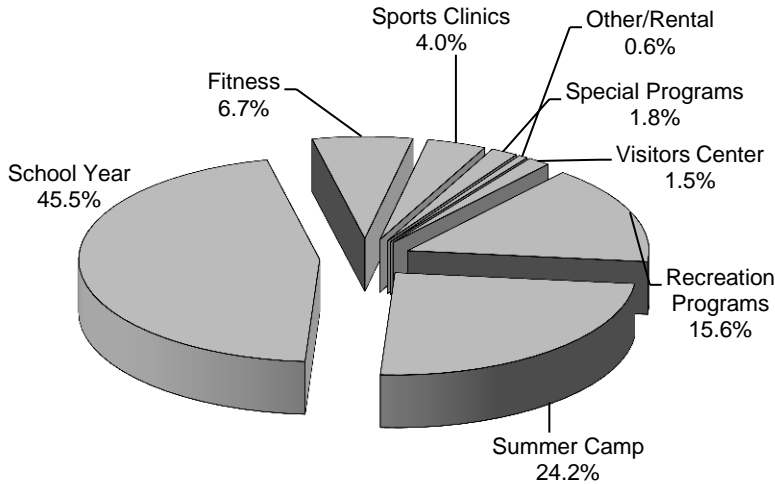
School Year Programs Participation & Revenue						
Program	FY15		FY16		Projected FY17	
	Participation	Revenue	Participation	Revenue	Participation	Revenue
Before School	61	\$94,437	86	\$120,116	82	\$128,475
After School	182	\$474,920	176	\$487,724	132	\$540,720
Carousel Preschool	47	\$241,075	42	\$186,692	44	\$175,379
Terrific Tuesday	N/A	N/A	N/A	N/A	21	\$39,780
Other/Misc*	N/A	\$69,527	N/A	\$28,069	N/A	-

\*Programs coded to School Year and not associated with the 4 categories listed

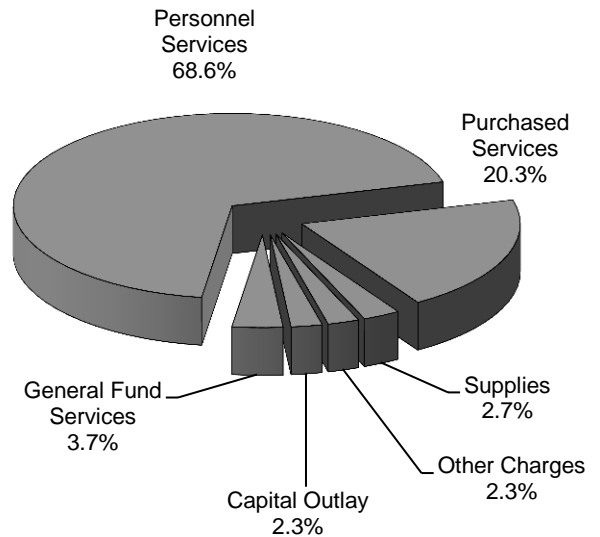
### School Year Revenue & Total Enrollment



**FY18 Operating Revenues**  
**\$1,922,058**



**FY18 Operating Expenditures**  
**\$1,919,745**



**Operating Revenue/Expense Analysis**

Operating revenues are projected at \$1,922,058, which is an increase from FY16 actuals. The General Fund will support the Recreation Department with \$75,245 for the salary of the Recreation Director. Operating expenditures are projected at \$1,919,745.

The largest expense seen within the Recreation Fund is that of Department staff. In FY17, the Department is projected to spend approximately \$600,000 on part-time, limited status and temporary status staff. These 100+ staff members include camp counselors, lifeguards, before/after school staff, fitness instructors, etc. These individuals are the ones that deliver our programs and are continually recognized as being vital to the success of the organization.

The FY18 Recreation Fund budget shows a surplus of \$2,313 which will be used for future Recreation Department needs. This surplus is down from previous years, as this year's budget includes much needed Department enhancements including new computer software and hardware, a Department vehicle, and enhanced program supervision with staff dedicated to work weekend hours.



Operating Revenues

	FY15	FY16	FY17	FY18
	Actual	Actual	Revised	Estimate
Recreation Programs	\$ 457,517	\$ 360,693	\$ 293,986	\$ 300,000
Summer Camp	553,465	394,046	389,190	466,000
School Year	879,959	822,601	884,354	874,931
Fitness	-	122,027	127,464	129,000
Sports Clinics		46,859	67,014	76,000
Special Programs		26,661	37,968	35,000
Other/Rental	5,602	1,463	15,866	12,000
Visitors Cetner				29,127
<b>Operating Revenues Total</b>	<b>\$ 1,896,544</b>	<b>\$ 1,774,351</b>	<b>\$ 1,815,843</b>	<b>\$ 1,922,058</b>

Operating Expenses

	FY15	FY16	FY17	FY18
	Actual	Actual	Revised	Estimate
Personnel Services	\$ 1,265,664	\$ 1,141,977	\$1,169,294	\$1,317,193
Purchased Services	314,197	\$ 377,606	\$324,837	389,235
Supplies	100,707	\$ 108,604	\$81,215	52,525
Other Charges	656	\$ 2,919	\$2,246	44,647
Capital Outlay	9,903	\$ 5,739	\$8,011	44,390
General Fund Services	41,006	42,408	\$69,919	71,755
<b>Subtotal</b>	<b>\$ 1,732,133</b>	<b>\$ 1,679,254</b>	<b>\$1,655,521</b>	<b>\$1,919,745</b>
<b>Total Expenses</b>	<b>\$ 1,732,133</b>	<b>\$ 1,679,254</b>	<b>\$ 1,655,521</b>	<b>\$ 1,919,745</b>

Personnel Services Detail

		FY17 Budget		FY18 Initial Budget	
		Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>Recreation Staff</b>					
5111	Recreation Director	0.50	\$50,000	0.15	\$15,050
	Asst. Recreation Director	1.00	\$95,935	1.00	\$76,440
	Events & Program Manager	1.00	\$57,265	1.00	\$63,784
	Fitness Coordinator	0.55	\$45,981	0.00	\$0
	Recreation Supervisor	1.00	\$55,692	1.00	\$59,071
	Childcare Services Manager	1.00	\$78,801	1.00	\$85,622
	Asst. Childcare Services Manager	1.00	\$57,629	1.00	\$62,930
	Recreation Clerk	0.00	\$0	1.00	\$35,830
	Sr. Administrative Assistant	1.00	\$61,909	1.00	\$68,295
	<b>Subtotal</b>	7.05 FTEs	\$503,212	7.15 FTEs	\$467,022
5115	Limited Status				
	Recreation	170 hrs.	\$2,998	170 hrs.	\$47,000
	General Recreation Programs	170 hrs.	\$2,998	170 hrs.	\$11,579
	Summer Camp	0 hrs.	\$0	0 hrs.	\$0
	School Year	0 hrs.	\$0	0 hrs.	\$0
	Fitness	1020 hrs.	\$48,450	1020 hrs.	\$70,000
	Sports Clinics	0 hrs.	\$0	0 hrs.	\$0
	Special Programs	0 hrs.	\$0	0 hrs.	\$0
	Subtotal	1360 hrs.	\$54,446	1360 hrs.	\$128,579
5120	Temporary Status				
	Recreation Programs	0 hrs.	\$0	0 hrs.	\$0
	General Recreation Programs	837 hrs.	\$12,825	837 hrs.	\$34,000
	Summer Camp	10912 hrs.	\$149,304	10912 hrs.	\$195,459
	School Year	10817 hrs.	\$182,847	10817 hrs.	\$243,026
	Fitness	515 hrs.	\$24,462	0 hrs.	\$0
	Sports Clinics	150 hrs.	\$6,905	150 hrs.	\$20,000
	Special Programs	0 hrs.	\$0	0 hrs.	\$0
	Visitors Center			1552 hrs.	\$17,075
	Subtotal	23231 hrs.	\$376,343	22716 hrs.	\$509,560
5130	Overtime				
	Recreation Programs				\$6,748
	General Recreation Programs				\$78
	Summer Camp				\$2,500
	School Year				\$100
	Fitness				\$0
	Sports Clinics				\$0
	Special Programs				\$0
	Subtotal		\$6,000		\$9,426

**Recreation Fund**

**Fund Balance**

**Personnel Services Detail (continued)**

Benefits					
5158	Cell Phone Allowance	N/A	\$1,200	N/A	\$600
5160	Sports Clinics Incentive Pay	N/A	\$0	N/A	\$40,000
5172	Unemployment Comp.	N/A	\$0	N/A	\$30,000
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	\$13,006
5180	Social Security	N/A	\$62,000	N/A	\$67,000
<b>Subtotal</b>		11.78 FTEs	\$563,629	11.53 FTEs	\$850,171
<b>Total</b>		18.83 FTEs	\$1,066,841	18.68 FTEs	\$1,317,193

**Detail of General Fund Services**

	FY15 Actual	FY16 Actual	FY17 Budget	FY18 Estimate
Town Manager	\$ -	\$ -	\$ 21,466	\$ 21,455
Human Resources	\$ 6,499	\$ 7,103	\$ 7,408	\$ 14,150
Parks and Trees	15,000	15,000	15,000	15,000
Hunt Gym	19,507	20,186	26,045	21,150
	41,006	42,289	69,919	71,755

**Net Income and Fund Balance**

	FY15 Actual	FY16 Actual	FY17 Budgeted	FY18 Estimate
<b>Operating Income:</b>				
Operating Revenues	\$ 1,896,544	\$ 1,774,351	\$ 1,815,843	\$ 1,922,058
Less Operating Expenses	(1,732,133)	(1,679,254)	(1,655,521)	(1,919,745)
<b>Operating Income</b>	\$ 164,411	\$ 95,097	\$ 160,322	\$ 2,313
<b>Fund Balance:</b>				
Beginning Fund Balance	\$ 602,341	\$ 766,752	\$ 861,849	\$ 1,022,171
Net Income	164,411	95,097	160,322	2,313
<b>Ending Fund Balance</b>	\$ 766,752	\$ 861,849	\$ 1,022,171	\$ 1,024,484

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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 Select Board-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 Select Board 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. 53F½, 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 CY17/FY18 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 CY17/FY18 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

### FY18 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 Select Board and requiring appropriation by the Town Meeting. The School Superintendent and School Committees carry out similar steps.*

#### **2016**

June 7	Capital Improvement Program Instructions issued (FY2018-22)
June 27	Capital Improvement Program (FY2018-22) requests due
September 9	Budget Instructions issued to all departments, boards and committees
September 22	Joint Meeting on FY2018 fiscal and budgetary plan
October 14	FY2018 General Fund Operating Budget Requests due
October 31 – November 10	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 10	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2017 property tax rate or rates)
November 14	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2017 (based on FY2017 appropriations voted at April 2016 Town Meeting)
November 17	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 2	Preliminary FY2018 Operating and FY2018-22 Capital Budget recommendations compiled by Budget Review Team for Town Manager's review and adjustment
December 3 (Sat)	Selectmen/Committees Coordination Meeting; planning session for 2017 Annual Town Meeting
December 3	Warrant opened for 2017 Annual Town Meeting
December 12	Presentation of Preliminary FY2018 Operating and FY2018-22 Capital Budget recommendations by Town Manager to Select Board
June 7	Capital Improvement Program Instructions issued (FY2018-22)

**Continued on next page**

## Appendix: Budget Process

### 2017

January 3	Warrant for Town Meeting closes at 4:00 PM
January 13	Completed PowerPoint Narratives for General Fund Departments due
January 24	90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2018 (General Fund operations and proposed appropriations) is set and submitted to Select Board. (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 2	Town Manager's Proposed FY2018 General Fund Budget is published
February 10	Proposed FY2018 Enterprise Budget Requests due
February 16	Public Hearings advertised (for FY2018 General Fund operations)
February 17	Legal deadline for mailing of Town Meeting Warrant to residents (10 days prior to Public Hearing)
February 20 – 24	Enterprise Budget Requests review: meetings with Enterprise Directors and Budget Review Team
February 27	Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2018 and other non-school and non-CPA financial articles on the Town Meeting Warrant
February 28	Finance Committee's Public Hearing on Education budget proposals for FY2018 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act article
March 13	Town Manager's Proposed FY2018 Enterprise Budget published
March 20	Public Hearing on Enterprise Fund budgets and articles
March 20	Finance Committee completes its recommendations for Town Meeting
April 3	Finance Committee Report to printer
April 14	Finance Committee Report mailed (10 days prior to Town Meeting)
April 24	Town Meeting begins

# Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2016

(DECEMBER 31, 2015 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
<b>ASSETS</b>					
Current:					
Cash and short-term investments	\$ 7,656,721	\$ 9,645,732	\$ 7,821,170	\$ 3,687,104	\$ 28,810,727
User fees, net of allowance for uncollectibles	1,250,551	508,353	4,354,391	-	6,113,295
Betterment receivables	-	55,000	-	-	55,000
Inventory	77,588	-	1,173,294	-	1,250,882
Prepaid expenses	-	-	3,060,984	-	3,060,984
Other assets	-	-	164,751	-	164,751
<b>Total Current Assets</b>	<b>8,984,860</b>	<b>10,209,085</b>	<b>16,574,590</b>	<b>3,687,104</b>	<b>39,455,639</b>
Noncurrent:					
Betterment receivables, net of current portion	-	600,814	-	-	600,814
Restricted cash	-	-	7,787,308	-	7,787,308
Net OPEB asset	36,582	11,862	60,065	38,390	146,899
Capital assets being depreciated, net	17,246,523	18,082,718	35,039,211	8,873,780	79,242,232
Capital assets not being depreciated	3,343,702	512,492	4,152,014	-	8,008,208
<b>Total Noncurrent Assets</b>	<b>20,626,807</b>	<b>19,207,886</b>	<b>47,038,598</b>	<b>8,912,170</b>	<b>95,785,461</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions	278,794	69,468	196,240	148,348	692,850
<b>Total Deferred Outflows of Resources</b>	<b>278,794</b>	<b>69,468</b>	<b>196,240</b>	<b>148,348</b>	<b>692,850</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCE</b>	<b>29,890,461</b>	<b>29,486,439</b>	<b>63,809,428</b>	<b>12,747,622</b>	<b>135,933,950</b>
<b>LIABILITIES</b>					
Current:					
Warrants payable	157,103	116,404	3,586,128	141,343	4,000,978
Accrued liabilities	14,043	83,957	111,081	-	209,081
Customer deposits	-	-	320,226	-	320,226
Provision for rate stabilization	-	-	4,498,788	-	4,498,788
Notes payable	-	-	400,000	-	400,000
Other current liabilities	-	-	384,920	823,610	1,208,530
Current portion of long-term liabilities:					
Bonds payable	456,442	820,588	792,500	-	2,069,530
Accrued employee benefits	13,109	3,277	7,047	4,443	27,876
<b>Total Current Liabilities</b>	<b>640,697</b>	<b>1,024,226</b>	<b>10,100,690</b>	<b>969,396</b>	<b>12,735,009</b>
Noncurrent:					
Bonds payable, net of current portion	2,839,667	8,353,806	6,478,840	-	17,672,313
Accrued employee benefits, net of current portion	117,977	29,494	133,886	39,987	321,344
Net pension liability	598,812	149,700	1,639,399	318,597	2,706,508
<b>Total Noncurrent Liabilities</b>	<b>3,556,456</b>	<b>8,533,000</b>	<b>8,252,125</b>	<b>358,584</b>	<b>20,700,165</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions	-	4,826	123,551	-	128,377
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>4,826</b>	<b>123,551</b>	<b>-</b>	<b>128,377</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>4,197,153</b>	<b>9,562,052</b>	<b>18,476,366</b>	<b>1,327,980</b>	<b>33,563,551</b>
<b>NET POSITION</b>					
Net investment in capital assets	17,477,025	10,671,036	32,243,725	8,873,780	69,265,566
Restricted - debt service	-	1,408,809	-	-	1,408,809
Restricted - capital improvements	-	3,982,417	2,657,066	-	6,639,483
Unrestricted	8,216,283	3,862,125	10,432,271	2,545,862	25,056,541
<b>TOTAL NET POSITION</b>	<b>\$ 25,693,308</b>	<b>\$ 19,924,387</b>	<b>\$ 45,333,062</b>	<b>\$ 11,419,642</b>	<b>\$ 102,370,399</b>

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, 2016

(DECEMBER 31, 2015 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
<b>Operating Revenues:</b>					
Charges for services	\$ 5,986,690	\$ 2,893,952	\$ 26,216,645	\$ 2,318,465	\$ 37,415,752
Other	-	1,187,623	-	-	1,187,623
Total Operating Revenues	5,986,690	4,081,575	26,216,645	2,318,465	38,603,375
<b>Operating Expenses:</b>					
Personnel services	1,500,923	512,496	-	1,127,467	3,140,886
Non-personnel services	1,042,950	976,704	-	725,873	2,745,527
Depreciation	884,146	1,421,384	1,766,403	404,121	4,476,054
Electric operations	-	-	22,220,319	-	22,220,319
Total Operating Expenses	3,428,019	2,910,584	23,986,722	2,257,461	32,582,786
Operating Income	2,558,671	1,170,991	2,229,923	61,004	6,020,589
<b>Nonoperating Revenues (Expenses):</b>					
Investment income	31,175	34,717	37,816	14,108	117,816
Interest expense	(188,907)	(183,493)	(237,234)	-	(609,634)
Other nonoperating income, net	-	1,065	30,673	-	31,738
Other nonoperating expense, net	-	-	(145,877)	-	(145,877)
Total Nonoperating Revenues (Expenses), Net	(157,732)	(147,711)	(314,622)	14,108	(605,957)
Income Before Transfers	2,400,939	1,023,280	1,915,301	75,112	5,414,632
Transfers in	-	80,895	-	-	80,895
Transfers out	(72,280)	(18,070)	(472,400)	(77,106)	(639,856)
Change in Net Position	2,328,659	1,086,105	1,442,901	(1,994)	4,855,671
Net Position at Beginning of Year, as restated <sup>(1)</sup>	23,364,649	18,838,282	43,890,161	11,421,636	97,514,728
Net Position at End of Year	\$ 25,693,308	\$ 19,924,387	\$ 45,333,062	\$ 11,419,642	\$ 102,370,399

<sup>(1)</sup> Electric fund only

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, 2018  
 (DECEMBER 31, 2015 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 5,780,922	\$ 4,060,323	\$ 27,709,120	\$ 2,294,267	\$ 39,824,632
Payments to vendors and employees	(2,737,286)	(1,800,653)	(21,509,034)	(2,015,212)	(27,862,185)
Net Cash Provided By Operating Activities	3,023,636	2,459,670	6,200,086	279,055	11,962,447
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers in	-	80,895	-	-	80,895
Transfers out	(72,280)	(18,070)	(472,400)	(77,108)	(639,858)
Net Cash Provided By (Used for) Noncapital Financing Activities	(72,280)	62,825	(472,400)	(77,108)	(558,961)
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets, net of disposals	(1,424,516)	(656,434)	(1,980,223)	(54,626)	(4,095,799)
Contributions in aid of construction	-	-	139,100	-	139,100
Proceeds from issuance of bonds and notes	1,838,200	12,500	800,000	-	2,450,700
Principal payments on bonds and notes	(2,270,000)	(893,324)	(847,500)	-	(4,010,824)
Interest expense	(188,907)	(183,463)	(221,026)	-	(593,426)
Premium from sale of bonds	-	1,065	-	-	1,065
Net Cash (Used For) Capital and Related Financing Activities	(2,245,223)	(1,719,686)	(2,089,649)	(54,626)	(6,109,184)
<b>Cash Flows From Investing Activities:</b>					
Investment income	31,175	34,717	37,816	14,108	117,816
(Increase) in restricted cash and investments	-	-	(1,763,949)	-	(1,763,949)
Net Cash Provided By (Used for) Investing Activities	31,175	34,717	(1,726,133)	14,108	(1,646,133)
Net Change in Cash and Short-Term Investments	737,308	837,526	1,911,904	181,431	3,648,169
Cash and Short-Term Investments, Beginning of Year	6,919,413	8,808,206	5,909,266	3,525,673	25,162,558
Cash and Short-Term Investments, End of Year	<u>\$ 7,656,721</u>	<u>\$ 9,645,732</u>	<u>\$ 7,821,170</u>	<u>\$ 3,687,104</u>	<u>\$ 28,810,727</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating income	\$ 2,558,671	\$ 1,170,991	\$ 2,229,923	\$ 61,004	\$ 6,020,589
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	894,146	1,421,384	1,766,403	404,121	4,476,054
Changes in assets and liabilities:					
User fees receivables	(225,768)	(128,842)	101,736	-	(252,874)
Betterments	-	107,590	-	-	107,590
Inventory	9,691	-	(212,004)	-	(202,313)
Prepaid and other assets	-	-	109,859	-	109,859
Net OPEB asset	5,327	178	-	(8,344)	(2,839)
Deferred outflows	(278,794)	(69,468)	-	(148,348)	(496,610)
Net pension liability	204,778	46,673	(77,592)	108,927	282,786
Accounts payable and accrued liabilities	(222,808)	(61,519)	805,063	(70,961)	449,775
Accrued expenses	(63,275)	(23,992)	(37,592)	(2,338)	(127,197)
Deferred inflows	(29,696)	(2,938)	-	(15,801)	(48,435)
Other liabilities	181,364	(387)	195,213	(49,241)	326,949
Provisions	-	-	1,319,077	36	1,319,113
Net Cash Provided By Operating Activities	<u>\$ 3,023,636</u>	<u>\$ 2,459,670</u>	<u>\$ 6,200,086</u>	<u>\$ 279,055</u>	<u>\$ 11,962,447</u>

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, <b>Property Tax Levy:</b></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**.