

# TOWN OF CONCORD, MASSACHUSETTS

## Comprehensive Annual Financial Report



For the Year Ended June 30, 2018

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# **TOWN OF CONCORD, MASSACHUSETTS**

## **Comprehensive Annual Financial Report**

**For the Year Ended  
June 30, 2018**



**Prepared by:  
The Concord Finance Department**

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Town of Concord, Massachusetts  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

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## **INTRODUCTORY SECTION**

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TOWN OF CONCORD

TOWN MANAGER'S OFFICE  
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CONCORD, MASSACHUSETTS 01742

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FAX (978) 318-3002

CHRISTOPHER WHELAN, TOWN MANAGER

December 27, 2018

To the Honorable Select Board and Citizens of the Town of Concord, Massachusetts:

I am pleased to transmit to you the Town of Concord's (the Town) Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018. The report was prepared by the Town's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in compliance with GAAP. Because the cost of internal control should not exceed anticipated benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Melanson Heath, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the fiscal year ended June 30, 2018, and, further, that they

are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Town**

The Town, founded in 1635, is located in Middlesex County approximately 17 miles northwest of Boston. It is approximately 26 square miles in area and is bordered by the Towns of Sudbury, Lincoln, Acton, Maynard, Carlisle, and Bedford. The Town has received national and international recognition as the birthplace of the American Revolution and home of such noted authors as Louisa May Alcott, Ralph Waldo Emerson, Nathaniel Hawthorne, and Henry David Thoreau. It has been estimated that approximately one million tourists visit the Town each year.

For its residents, businesses, and visitors, the Town provides the following general governmental services: police and fire protection; water and sewer services; electricity distribution services provided through the Concord Municipal Light Plant; trash collection; public works operations; park maintenance; recreation programs that are augmented with a swim and exercise facility; senior services that are located at a senior center; and library services provided by staff at two libraries. The public school system, which includes a new regional high school and three relatively new elementary schools, has an excellent reputation. In addition, the Massachusetts Bay Transportation Authority provides passenger rail service from two Concord train stations to Boston.

Local legislative decisions are made by a Town Meeting open to all voters registered in Concord. Subject to Town Meeting decisions, and pursuant to the town charter adopted in 1956, the Town Manager is responsible for the daily operations of the Town and of the Municipal Light Plant. Executive decisions are made by the Town's five-person Select Board, whose members are elected at-large and serve for a three-year term on a staggered basis.

Property taxes are assessed by a five-person Board of Assessors whose members are appointed for staggered three-year terms by the Town Manager with approval of the Select Board.

Policies for the Concord Municipal Light Plant are established by a five-person board appointed by the Town Manager and those for the Water & Sewer Division are set by the five-person Public Works Commission also appointed by the Town Manager.

For the schools, oversight of kindergarten through eighth grade is provided by a five-person Concord Public School (CPS) Committee, whose members are elected for a staggered three-year term on an at-large basis. The high school, grades nine through twelve, is comprised of students from the Towns of Concord and Carlisle and is organized as its own regional district distinct from the Town of Concord. The Concord-Carlisle Regional School Committee includes the five CPS Committee members and two Carlisle members.

### **Factors Affecting Financial Condition**

The Town has long recognized the importance of balanced community development. In 1928, the Town adopted one of the first zoning bylaws in the United States, which included districts for residential, business, and industrial uses (following the pattern of existing development). In 1948, the Town adopted a comprehensive planning report that stated, “the present diversified land use pattern of farming, light industry, business and residences should be preserved since it lays the basis for varied local employment and stimulates a more eventful community life than can exist in an exclusively residential suburb.”

Concord’s proximity to Boston, Hanscom Air Field, Route 128, Route 2, and Route 495, have attracted companies to locate in the Town. The West Concord industrial areas, which have provided low-cost, start-up space for many small businesses in the past, are the focus of redevelopment, renovation, and restoration. There is a diversity of services and products provided by the companies within the Town.

Nevertheless, Concord remains primarily a residential community. Property taxes account for eighty-six percent of general fund revenues and approximately ninety percent of these taxes are derived from residential properties. By offering attractive neighborhoods and high-quality schools in a historic town situated close to Boston, Concord is able to maintain its standing as a desirable place for individuals and families to live.

### **Relevant Financial Policies**

Concord has traditionally taken a conservative approach to budgeting. Town expenditures are by law limited to the appropriation amount but tend to be less than budgeted. Revenues often exceed the budget amount. For state aid and local receipts, the actual amount received is generally higher than the amount projected. In addition,

estimates for the additional property tax to be received from new construction are based only on known development activity for which there is high likelihood of completion in the upcoming fiscal year.

Maintaining the Town's infrastructure and other physical assets is a priority. Concord dedicates seven to eight percent of annual general fund resources for capital improvements. A five-year capital improvement plan schedule is carefully followed. Most capital items that are over \$100,000 are funded through borrowing, and the Town has a policy to retire sixty-five percent of this debt within five years and ninety percent within ten years.

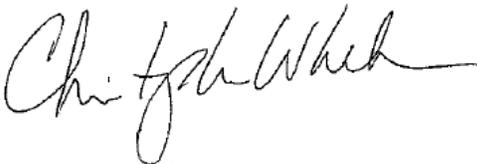
Fund balance as determined by the Free Cash amount certified by the State is maintained at a level of approximately 10% of the subsequent year's general fund budget, with amounts over that level commonly allocated to augment specific stabilization accounts or fund special Town Meeting warrant articles.

As a result of establishing these financial policies as well as following sound fiscal management, the Town has maintained a credit rating of Aaa with Moody's Investors Service since 1987. The most recent credit report was issued on June 4, 2018.

### **Acknowledgements**

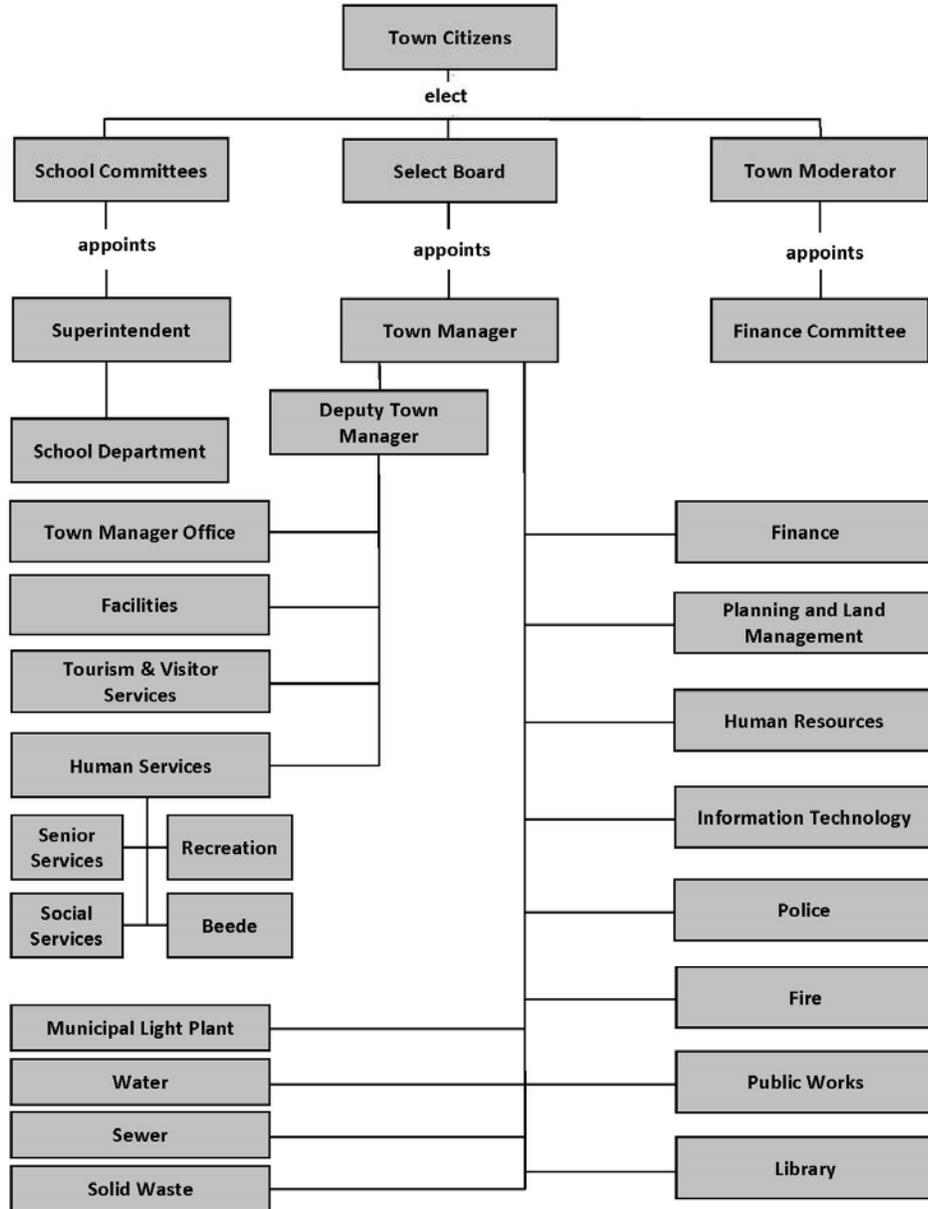
This report represents the fourth year in which the Town has compiled the necessary information for a Comprehensive Annual Financial Report. Our fiscal year 2017 Comprehensive Annual Financial Report was awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting. It is a further step that the Town is taking to make relevant and accurate financial information available to the public. For the work throughout the year and specifically for preparing the CAFR, I would like to especially thank the Town's Finance Department as well as the audit firm, Melanson Heath, for their efforts to strive to attain the highest standards in financial and reporting practices.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Whalen". The signature is fluid and cursive, written over a white background.

Christopher Whalen  
Town Manager

Organization Chart for the Town of Concord, Massachusetts

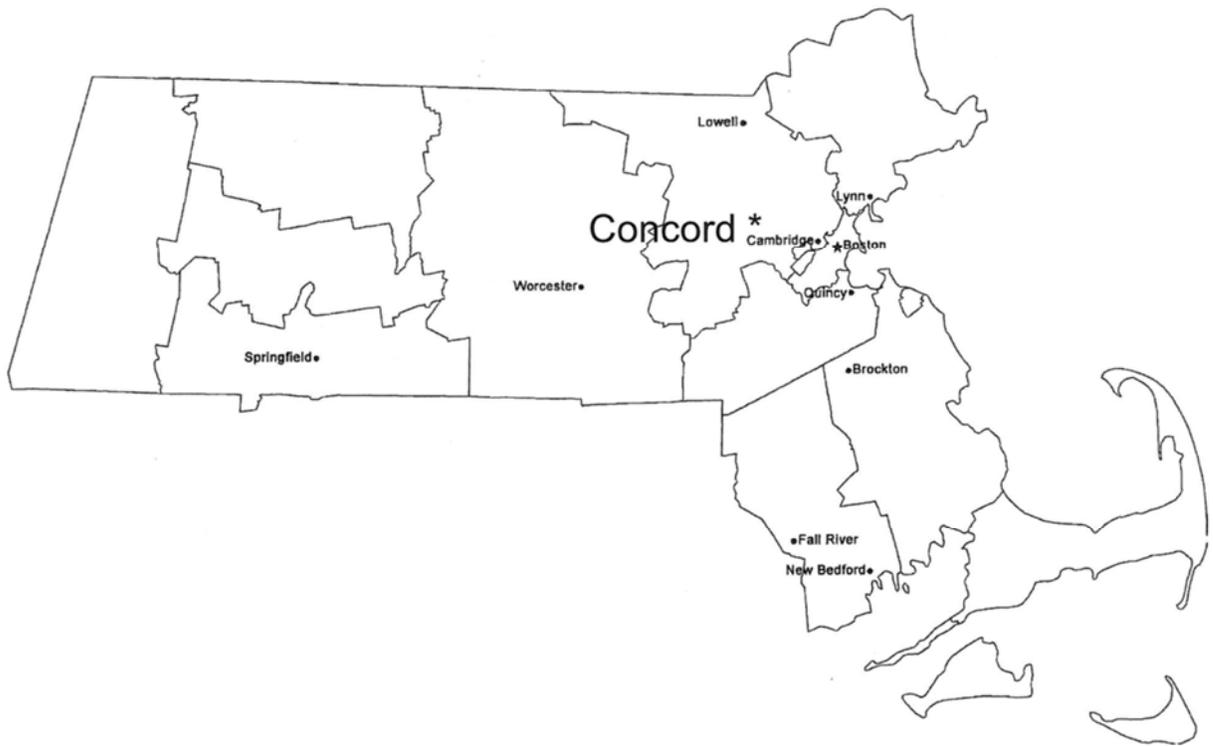


## Principal Town Officials

Office	Name	Term and Manner of Selection	Term Expires
Select Board	Tom McKean, Chair	Elected for staggered 3-year terms	2019
	Michael Lawson, Clerk		2020
	Alice Kaufman		2019
	Jane Hotchkiss		2021
	Linda Escobedo		2021
Town Manager and Manager of Municipal Light Plant	Christopher Whelan	Appointed by Select Board for 3-year term	2019
Clerk	Kaari Tari	Appointed annually by Town Manager with approval of Select Board	2018
Finance Director, Treasurer and Collector	Kerry Lafleur	Appointed annually by Town Manager with approval of Select Board	2018
Accountant	Mary Barrett	Appointed by Select Board	2020

# Town of Concord, Massachusetts

## Geographic Location





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Concord  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Select Board  
Town of Concord, Massachusetts

**Additional Offices:**

Nashua, NH  
Manchester, NH  
Greenfield, MA  
Ellsworth, ME

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of and for the year ended June 30, 2018, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of and for the year ending December 31, 2017) and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and

fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of June 30, 2018, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of and for the year ending December 31, 2017) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules appearing on pages 96 to 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

### *Other Information*

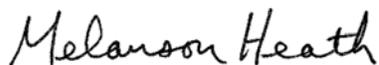
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules appearing on pages 104 through 120 are presented for purposes of additional analysis and are not

a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



December 27, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Concord, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. This section should be read in conjunction with the Letter of Transmittal.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and debt service interest. The business-type activities include water, sewer, electric, and swim & fitness activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single aggregated presentation.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water, sewer, electric, and swim & fitness operations, which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are

not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$242,041,449 (i.e., net position), a change of \$9,654,082 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$57,596,287, a change of \$4,520,775 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,011,996, a change of \$1,375,837 in comparison to the prior year.
- Total bonds payable as of June 30, 2018 was \$55,544,057 (including unamortized bond premiums) a change of \$(1,578,067) in comparison to the prior year. Total Governmental Activities bonds payable of \$38,898,140 changed by \$682,274 during the fiscal year. Total Business-Type Activities bonds payable of \$16,645,917 changed by \$(2,260,341). For additional insight into bonds payable activity and related components, please refer to Note 22 of the Notes to Financial Statements.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide statement of net position financial data for the current and prior fiscal years:

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 65,051,747	\$ 62,329,016	\$ 50,726,926	\$ 49,645,551	\$ 115,778,673	\$ 111,974,567
Capital assets	160,069,782	157,665,239	85,859,950	88,077,025	245,929,732	245,742,264
Total assets	225,121,529	219,994,255	136,586,876	137,722,576	361,708,405	357,716,831
Deferred outflows of resources	6,862,925	9,091,520	1,573,906	1,545,788	8,436,831	10,637,308
Long-term liabilities	83,783,465	73,285,510	20,956,890	22,952,224	104,740,355	96,237,734
Other liabilities	5,520,202	7,118,867	4,825,775	11,096,465	10,345,977	18,215,332
Total liabilities	89,303,667	80,404,377	25,782,665	34,048,689	115,086,332	114,453,066
Deferred inflows of resources	7,877,242	1,192,348	5,140,213	60,162	13,017,455	1,252,510
Net position:						
Net investment in capital assets	126,824,881	123,049,358	69,942,929	70,773,189	196,767,810	193,822,547
Restricted	31,485,750	28,813,943	9,194,497	8,210,931	40,680,247	37,024,874
Unrestricted	(23,507,086)	(4,374,251)	28,100,478	26,175,393	4,593,392	21,801,142
Total net position	\$ 134,803,545	\$ 147,489,050	\$ 107,237,904	\$ 105,159,513	\$ 242,041,449	\$ 252,648,563

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$242,041,449, a change of \$9,654,082 from the prior year.

The largest portion of net position, \$196,767,810, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$40,680,247, represents resources that are subject to external restrictions on how they may be used. Components include:

- Restricted grant assets and other statutory restrictions, \$34,131,813.
- Expendable and nonexpendable permanent fund assets \$6,548,434.

The remaining balance of unrestricted net position, \$4,593,392, may be used to meet the government's ongoing obligations to citizens and creditors. Of this total:

- A deficit of \$(23,507,086) is in governmental activities funds, a change of \$(19,132,835) from the prior year. Virtually all of this change results from the implementation of GASB Statement 75. Fiscal year 2017 amounts were not restated as the Town applied Statement 75 prospectively.

- \$28,100,478 is in business-type activities funds, a change of \$1,925,085 from the prior year. This change results from positive operating results softened by the aforementioned implementation of GASB Statement 75.

The following is a summary of condensed government-wide statement of changes in net position financial data for the current and prior fiscal years:

	CHANGE IN NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,589,206	\$ 8,302,227	\$ 38,952,059	\$ 36,897,240	\$ 47,541,265	\$ 45,199,467
Operating grants and contributions	14,818,523	14,192,343	-	-	14,818,523	14,192,343
Capital grants and contributions	122,765	409,548	-	-	122,765	409,548
General revenues:						
Property taxes	88,647,131	85,197,537	-	-	88,647,131	85,197,537
Excises	4,368,793	3,989,592	-	-	4,368,793	3,989,592
Penalties, interest, and other taxes	557,462	185,145	-	-	557,462	185,145
Grants and contributions not restricted to specific	1,790,059	1,701,809	-	-	1,790,059	1,701,809
Investment income	1,938,082	2,115,562	373,020	284,876	2,311,102	2,400,438
Other income	115,656	553,155	-	-	115,656	553,155
<b>Total revenues</b>	<b>120,947,677</b>	<b>116,646,918</b>	<b>39,325,079</b>	<b>37,182,116</b>	<b>160,272,756</b>	<b>153,829,034</b>
<b>Expenses</b>						
General government	10,707,175	9,728,064	-	-	10,707,175	9,728,064
Public safety	13,743,500	13,812,804	-	-	13,743,500	13,812,804
Education	74,095,597	73,486,773	-	-	74,095,597	73,486,773
Public works	8,540,608	8,299,744	-	-	8,540,608	8,299,744
Health and human services	1,386,178	1,128,053	-	-	1,386,178	1,128,053
Culture and recreation	5,476,490	5,356,872	-	-	5,476,490	5,356,872
Debt service interest	1,085,432	1,151,003	-	-	1,085,432	1,151,003
Water services	-	-	3,893,747	3,742,710	3,893,747	3,742,710
Sewer services	-	-	3,204,450	3,179,970	3,204,450	3,179,970
Electric services	-	-	26,636,787	24,374,169	26,636,787	24,374,169
Swim services	-	-	2,196,064	2,519,792	2,196,064	2,519,792
<b>Total expenses</b>	<b>115,034,980</b>	<b>112,963,313</b>	<b>35,931,048</b>	<b>33,816,641</b>	<b>150,966,028</b>	<b>146,779,954</b>
Change in net position before transfers	5,912,697	3,683,605	3,394,031	3,365,475	9,306,728	7,049,080
Transfers in (out)	863,842	999,456	(516,488)	(576,361)	347,354	423,095
Change in net position	6,776,539	4,683,061	2,877,543	2,789,114	9,654,082	7,472,175
Net position - beginning of year, as restated	128,027,006	142,805,989	104,360,361	102,370,399	232,387,367	245,176,388
Net position - end of year	\$ 134,803,545	\$ 147,489,050	\$ 107,237,904	\$ 105,159,513	\$ 242,041,449	\$ 252,648,563

Fiscal year 2017 amounts were not restated as the Town applied GASB 75 prospectively.

**Governmental activities:** Governmental activities for the year resulted in a change in net position of \$6,776,539. Key elements of this change are as follows:

Capital assets acquired with current year resources	\$ 5,191,167
General fund change in fund balance	987,870
Favorable return on permanent fund investments	349,929
Other	247,573
<b>Total change in net position</b>	<b>\$ 6,776,539</b>

**Business-type activities:** Business-type activities for the year resulted in a change in net position of \$2,877,543. This positive change can be attributed to the enterprise funds having program revenues greater than expenses, combined with the Town's informal policy of partially funding capital expenditures through operations in an effort to manage the Town's debt burden.

The primary factors for the positive change in net position of the water, sewer, and swim & fitness funds result from a 7% increase in revenues and a 1% increase in expenses. The 1% increase in expenses is driven by the reduction in net pension and OPEB liabilities.

**D. FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$57,596,287, a change of \$4,520,775 in comparison to the prior year. Key elements of this change are as follows:

General fund expenditures in excess of revenues	\$ (90,031)
Net general fund transfer from enterprise funds	863,842
Permanent fund revenues in excess of expenditures	349,929
CPA fund revenues in excess of expenditures	590,787
Capital project fund expenditures, net of bond proceeds and premiums	2,639,836
Other	<u>166,412</u>
Total	<u><u>\$ 4,520,775</u></u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,011,996, while total fund balance was \$36,434,423. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Refer to the table below:

<u>Fund Balance Components</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
Restricted fund balance	\$ 10,323,885	\$ 10,025,132	\$ 298,753
Committed fund balance	5,218,845	7,170,438	(1,951,593)
Assigned fund balance	7,879,697	6,614,824	1,264,873
Unassigned fund balance	<u>13,011,996</u>	<u>11,636,159</u>	<u>1,375,837</u>
Total fund balance	<u>\$ 36,434,423</u>	<u>\$ 35,446,553</u>	<u>\$ 987,870</u>
Unassigned fund balance as a percentage of total general fund expenditures	12.3%	11.1%	1.2%
Total fund balance as a percentage of total general fund expenditures	34.4%	33.8%	0.6%

Our Committed Fund Balance decreased because amounts appropriated for the acquisition of 55 Church Street and technology improvements were spent during fiscal 2018. Our Assigned Fund Balance increased as additional funds were encumbered for fiscal year 2019. Unassigned fund balance in the general fund changed by \$1,375,837 driven primarily from revenues in excess of the budget. The Town's policy is to maintain free cash reserves at a level between 5% and 10% of the ensuing general fund budget.

The total fund balance of the general fund changed by \$987,870 during the current fiscal year. Key factors in this change are as follows:

<u>General Fund Highlights</u>	<u>For the year ended June 30, 2018</u>			<u>Total General Fund</u>
	<u>Operating</u>	<u>Stabilization</u>	<u>Pension</u>	
Use of fund balance - tax levy	\$ (1,000,000)	\$ -	\$ -	\$ (1,000,000)
Use of fund balance - property acquisition	(1,200,000)	-	-	(1,200,000)
Use of fund balance - capital articles	(2,500,000)	-	-	(2,500,000)
Use of School capital stabilization account	-	(785,000)	-	(785,000)
Revenues greater than budget	1,977,017	-	-	1,977,017
Expenditures less than budget	99,431	-	-	99,431
Current year encumbrances in excess of expenditures of prior year encumbrances	3,906,861	-	-	3,906,861
Pension reserve fund activity, net	-	-	298,753	298,753
Other	<u>216,667</u>	<u>(25,859)</u>	<u>-</u>	<u>190,808</u>
Total	<u>\$ 1,499,976</u>	<u>\$ (810,859)</u>	<u>\$ 298,753</u>	<u>\$ 987,870</u>

Included in the total general fund balance is the Town's stabilization accounts, insurance reserve fund and pension reserve fund with the following balances:

	<u>7/1/17</u>	<u>Revenue</u>	<u>Expenditures</u>	Transfers <u>In</u>	Transfers <u>Out</u>	<u>6/30/18</u>
High School debt stabilization	\$ 1,055,687	\$ 5,600	\$ (785,000)	\$ -	\$ -	\$ 276,287
Emergency response stabilization	664,934	10,549	-	-	-	675,483
School capital stabilization	42,657	677	-	-	-	43,334
General stabilization	4,241	67	-	-	-	4,308
Insurance reserve fund	1,706,460	-	(42,763)	-	-	1,663,697
Pension reserve fund	10,025,132	844,769	(1,067,054)	521,038	-	10,323,885
Technology stabilization	700	11	-	-	-	711
Total	<u>\$ 13,499,811</u>	<u>\$ 861,673</u>	<u>\$ (1,894,817)</u>	<u>\$ 521,038</u>	<u>\$ -</u>	<u>\$ 12,987,705</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$28,100,478. Total net position of the enterprise funds at the end of the year amounted to \$107,237,904, a change of \$2,877,543 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final reflect budgeted interfund charges through which other funds (primarily the business-type enterprise funds) reimburse the general fund for services provided for \$1,830,924.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$245,929,732 (see Note 15) (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, construction in progress, infrastructure and intangible assets.

Major capital asset events during the current fiscal year included the following:

**Governmental activities**

- \$ 2,323,144 Various road and sidewalk improvements
- \$ 1,060,000 Purchase of 55 Church Street
- \$ 780,829 Construction of school bus transportation and maintenance center
- \$ 568,186 Purchase of fire truck
- \$ 257,567 Purchase of ambulance
- \$ 184,250 Purchase of school buses
- \$ 452,932 Purchase of public works vehicles
- \$ 481,651 Rideout/Emerson playground improvements

**Business-type activities**

- \$ 783,047 Water related infrastructure
- \$ 180,633 Sewer related infrastructure
- \$ 4,104,310 Electric related infrastructure
- \$ 19,956 Swim & Fitness facility building improvements

Additional information on capital assets can be found in Note 15 of the Notes to the Financial Statements.

**Long-term debt.** As of June 30, 2018, total bonded debt outstanding was \$55,544,057, all of which was backed by the full faith and credit of the Town.

**Credit rating.** During the fiscal year, the Town's Aaa credit rating remained unchanged by Moody's.

Additional information on long-term debt can be found in Note 22 of the Notes to Financial Statements.

**G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The April 2018 Annual Town Meeting and the October 2018 Special Town Meeting adopted a fiscal year 2019 general fund budget of \$106,457,032, a \$3,247,474 increase or 3.1% over the prior year. This increase includes the following:

- An increase of \$1,071,888 (or 4.6%) in the operating budget of the Town Government;
- An increase of \$1,436,784 (or 3.9%) in the operating budget of the Concord Public Schools (K-8);

- An increase of \$1,329,956 (or 6.2%) for Concord’s assessed share of the Concord – Carlisle Regional School District budget;
- An increase of \$143,500 (or 23.9%) for Concord’s assessed share of the Minuteman Regional Technical School District budget;
- An increase of \$733,769 (or 3.5%) in the Town’s miscellaneous accounts (e.g., group insurance, retirement, debt, etc.).

It is anticipated that 85.8% of the resources to fund the general fund budget will be generated by property taxes. Additional funding includes state aid (4.9%), local receipts (7.6%), and other available funds (1.7%).

The property tax levy for fiscal year 2019 (\$91,291,586) represents a 4.0% increase over the prior year. This rise reflects a decrease of 0.9% in the property tax rate from \$14.29 per thousand to \$14.19 per thousand and an increase 4.9% in taxable assessed value from \$6.144 billion to \$6.447 billion. The assessment date for valuing the Town’s fiscal year 2019 real estate and personal property is January 1, 2018. The table below presents a comparison between fiscal year 2018 and fiscal year 2019.

	<u>FY2018</u>	<u>FY2019</u>	<u>% Change</u>
Taxable Assessed Value	\$6,144,650,600	\$6,447,033,517	4.9%
Tax Rate (per \$1,000)	\$14.29	\$14.19	-0.9%
Property Tax Levy	\$87,807,060	\$91,291,586	4.0%

Increases in the property tax levy for municipalities in Massachusetts are governed by statutory regulations referred to as Proposition 2 ½. The total property tax levy is constrained by a ceiling which cannot be more than 2 ½ percent of the previous year’s levy limit plus any new growth resulting from property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation. The Town has made an effort to remain well under this ceiling or levy limit. Excess levy capacity, the difference between the property tax levy and the levy limit, totaled \$4,067,957 in fiscal year 2018 and \$4,016,678 projected in fiscal year 2019.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy the amount required to pay debt service on any specific bonds and note issued pursuant to a majority vote of the voters. The fiscal year 2019 tax levy includes \$6,443,013 levied for such authorized purpose.

### **PENSION FUNDING STATUS**

The Concord Retirement Board’s most recent actuarial valuation is as of January 1, 2017. The following is a table of the actuarial data from 2012 to 2014 prior to the implementation of Government Accounting Standards Board (GASB) Statements No. 67 and 68.

	<u>12/31/12</u>	<u>12/31/14</u>
Actuarial Accrued Liability (AAL)	\$123,798,875	\$142,405,644
Actuarial Value of Assets (AVA)	\$94,996,144	\$115,340,593
Unfunded Accrued Liability (UAAL)	\$28,802,731	\$27,065,051
Funding Ratio (AVA / AAL)	76.73%	80.99%
Assumed Discount Rate	7.50%	7.50%
Funding Schedule Term	2030	2030
	18 Years	16 Years

The following is a table summarizing key pension liability data as of December 31 of each year with the implementation of Government Accounting Standards Board (GASB) Statements No. 67 and 68.

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>% Change 2016 to 2017</u>
Total Pension Liability (TPL)	\$165,699,237	\$177,566,121	\$183,717,899	3.4%
Plan Fiduciary Net Position (FNP)	\$133,766,764	\$145,339,033	\$166,415,841	14.5%
Net Pension Liability (NPL)	\$31,932,473	\$32,227,088	\$17,302,058	-46.3%
Funding Ratio (FNP / TPL)	80.7%	81.5%	90.6%	
Assumed Discount Rate	7.00%	7.00%	7.00%	
Funding Schedule Term	2030	2030	2030	
	14 Years	13 Years	12 Years	

The Concord Retirement Board's current funding policy is to maintain the funding schedule limit at no further than 2030, with an amortization rate on the Net Pension Liability of no greater than 2% and charges made to the participation employers based on the actuarially determined contribution.

The Town's current policy in meeting its share of the actuarially determined contribution payment is: (1) increasing the general fund appropriation by \$110,000 for the fiscal year 2019 appropriation; (2) utilizing the Town's pension reserve fund for supplemental funding of the required general fund share of the annual employer cost as necessary; and (3) allocating and fully funding the Town's enterprise portion (currently approximately 12% of the total Town's share).

## **OPEB FUNDING STATUS**

The Town's most recent actuarial valuation of its non-pension, post-employment benefit liability is as of June 30, 2018. The following is a table of the actuarial data from 2012 to 2016 prior to the implementation of Government Accounting Standards Board (GASB) Statements No. 74 and 75 (all funds):

	<u>12/31/2011</u>	<u>6/30/2014</u>	<u>6/30/2016</u>
Actuarial Accrued Liability (AAL)	\$29,985,597	\$33,452,285	\$39,185,555
Actuarial Value of Assets (AVA)	\$1,885,241	\$6,577,046	\$8,395,780
Unfunded Actuarial Accrued Liability (UAAL)	\$28,100,356	\$26,875,239	\$30,789,775
Funded Ratio (AVA / AAL)	6.28%	19.66%	21.42%
Assumed Discount Rate:			
General Fund	6.50%	7.50%	7.25%
Enterprise Funds	7.50%	7.50%	7.25%
Funded Schedule Term	2039	2039	2039
	27 Years	25 Years	23 Years

The following is a table of the actuarial data from 2017 to 2018 with the implementation of Government Accounting Standards Board (GASB) Statements No. 74 and 75:

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>% Change FY17 to FY18</u>
Total OPEB Liability (TOL)	\$44,218,912	\$50,712,859	14.6%
Plan Fiduciary Net Position (FNP)	\$13,452,252	\$16,199,612	20.4%
Net OPEB Liability (NOL)	\$30,766,660	\$34,593,247	12.4%
Funded Ratio (FNP / TOL)	30.42%	31.94%	4.9%
Assumed Discount Rate:			
General Fund	7.25%	7.25%	
Enterprise Funds	7.25%	7.25%	
Funded Schedule Term	2039	2039	
	22 Years	21 Years	

The Town as of fiscal year 2010 commenced to fully fund the actuarially determined contribution of its business-type activities (Water, Sewer, Light, and Swim & Fitness Center) and since fiscal year 2014 has funded the actuarially determined contribution for general fund activities. In addition to premium and implicit subsidy payments, total fiscal year 2018 cash contribution to the OPEB trust was \$1.61 million. The funding schedule is based on a 30-year closed term commencing in fiscal year 2009.

## **BUSINESS-TYPE ACTIVITIES**

The Town's business-type activities include the Water, Sewer, Light, and Swim & Fitness enterprises funds.

- The light fund for calendar year 2018 and Water Fund for fiscal year 2019 are budgeted to report positive net income.

- The sewer fund is budgeted to report a fiscal year 2019 negative net income of approximately \$122,000 which will be covered by the \$5.0 million unrestricted fund balance as of June 30, 2018. Rate adjustments are planned to continue over a multi-year period to ensure the long-term fiscal health of the sewer fund.
- The swim & fitness fund is budgeted to report a fiscal year 2019 negative net income of approximately \$245,000 which will be covered by the \$2.5 million unrestricted fund balance as of June 30, 2018.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Concord's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director  
Town of Concord, Massachusetts  
22 Monument Square  
Concord, Massachusetts 01742

## TOWN OF CONCORD, MASSACHUSETTS

## STATEMENT OF NET POSITION

JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is as of December 31, 2017)

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 28,140,658	\$ 31,095,455	\$ 59,236,113
Investments	34,246,428	-	34,246,428
Receivables, net of allowance for uncollectibles:			
Property taxes	581,143	-	581,143
Excises	98,160	-	98,160
User fees	-	6,371,660	6,371,660
Betterments	-	48,000	48,000
Departmental and other	347,125	-	347,125
Intergovernmental	1,103,165	-	1,103,165
Inventory	-	1,226,596	1,226,596
Prepaid expenses	-	2,314,013	2,314,013
Other assets	36,206	8,330	44,536
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	498,862	-	498,862
Betterments	-	429,387	429,387
Restricted cash	-	8,879,719	8,879,719
Investment in associated companies	-	353,766	353,766
Capital assets being depreciated, net	105,803,798	79,396,880	185,200,678
Capital assets not being depreciated	54,265,984	6,463,070	60,729,054
<b>Deferred Outflows of Resources</b>			
Related to pensions	5,085,269	1,512,906	6,598,175
Related to OPEB	1,470,000	61,000	1,531,000
Other	307,656	-	307,656
<b>Total Assets and Deferred Outflows of Resources</b>	<b>231,984,454</b>	<b>138,160,782</b>	<b>370,145,236</b>
<b>Liabilities</b>			
Current:			
Warrants payable	1,055,332	3,070,602	4,125,934
Accrued liabilities	439,607	318,401	758,008
Accrued payroll	2,872,697	62,823	2,935,520
Customer deposits	-	610,340	610,340
Customer advances for construction	-	129,281	129,281
Notes payable	515,489	400,000	915,489
Other current liabilities	637,077	234,328	871,405
Current portion of long-term liabilities:			
Bonds payable	6,098,194	2,126,259	8,224,453
Accrued employee benefits	340,872	24,397	365,269
Estimated landfill closure and postclosure care costs	10,000	-	10,000
Capital leases	35,587	-	35,587
Noncurrent:			
Bonds payable, net of current portion	32,799,946	14,519,658	47,319,604
Net pension liability	13,214,364	3,192,616	16,406,980
Net OPEB liability	27,976,124	726,093	28,702,217
Net OPEB obligation	-	80,981	80,981
Accrued employee benefits, net of current portion	3,067,850	286,886	3,354,736
Estimated landfill closure and postclosure care costs, net of current portion	130,000	-	130,000
Capital leases, net of current portion	110,528	-	110,528
<b>Deferred Inflows of Resources</b>			
Related to pensions	7,371,470	547,167	7,918,637
Related to OPEB	505,772	13,126	518,898
Other	-	4,579,920	4,579,920
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>97,180,909</b>	<b>30,922,878</b>	<b>128,103,787</b>
<b>Net Position</b>			
Net investment in capital assets	126,824,881	69,942,929	196,767,810
Restricted for:			
Grants and other statutory restrictions	24,937,316	9,194,497	34,131,813
Permanent funds:			
Nonexpendable	3,397,005	-	3,397,005
Expendable	3,151,429	-	3,151,429
Unrestricted	(23,507,086)	28,100,478	4,593,392
<b>Total Net Position</b>	<b>\$ 134,803,545</b>	<b>\$ 107,237,904</b>	<b>\$ 242,041,449</b>

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

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is as of December 31, 2017)

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>					
General government	\$ 10,707,175	\$ 1,574,191	\$ 908,596	\$ -	\$ (8,224,388)
Public safety	13,743,500	2,706,311	70,618	-	(10,966,571)
Education	74,095,597	619,649	12,633,236	-	(60,842,712)
Public works	8,540,608	1,623,571	1,081,017	122,765	(5,713,255)
Health and human services	1,386,178	48,188	100,009	-	(1,237,981)
Culture and recreation	5,476,490	2,017,296	25,047	-	(3,434,147)
Debt service interest	1,085,432	-	-	-	(1,085,432)
Total Governmental Activities	115,034,980	8,589,206	14,818,523	122,765	(91,504,486)
<b>Business-Type Activities</b>					
Water services	3,893,747	6,027,556	-	-	2,133,809
Sewer services	3,204,450	3,128,492	-	-	(75,958)
Electric services	26,636,787	27,507,990	-	-	871,203
Swim & fitness services	2,196,064	2,288,021	-	-	91,957
Total Business-Type Activities	35,931,048	38,952,059	-	-	3,021,011
Total	\$ 150,966,028	\$ 47,541,265	\$ 14,818,523	\$ 122,765	\$ (88,483,475)

(continued)

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

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is for the year ended December 31, 2017)

(continued)	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
Changes in Net Position:			
Net (Expenses) revenue from previous page	\$ (91,504,486)	\$ 3,021,011	\$ (88,483,475)
General Revenues and Transfers:			
Property taxes	88,647,131	-	88,647,131
Excises	4,368,793	-	4,368,793
Penalties, interest, and other taxes	557,462	-	557,462
Grants and contributions not restricted to specific programs	1,790,059	-	1,790,059
Investment income	1,938,082	373,020	2,311,102
Other income	115,656	-	115,656
Transfers, net	<u>863,842</u>	<u>(516,488)</u>	<u>347,354</u>
Total general revenues and transfers	<u>98,281,025</u>	<u>(143,468)</u>	<u>98,137,557</u>
Change in Net Position	6,776,539	2,877,543	9,654,082
<b>Net Position</b>			
Beginning of year, as restated	<u>128,027,006</u>	<u>104,360,361</u>	<u>232,387,367</u>
End of year	<u>\$ 134,803,545</u>	<u>\$ 107,237,904</u>	<u>\$ 242,041,449</u>
			(concluded)

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

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>			
Cash and short-term investments	\$ 13,104,070	\$ 15,036,588	\$ 28,140,658
Investments	27,697,995	6,548,433	34,246,428
Receivables:			
Property taxes	1,476,364	10,462	1,486,826
Excises	144,018	-	144,018
Departmental	48,423	298,702	347,125
Intergovernmental	44,903	1,058,262	1,103,165
Other assets	<u>36,206</u>	<u>-</u>	<u>36,206</u>
Total Assets	<u>\$ 42,551,979</u>	<u>\$ 22,952,447</u>	<u>\$ 65,504,426</u>
<b>Liabilities</b>			
Warrants payable	\$ 526,009	\$ 529,323	\$ 1,055,332
Accrued liabilities	855,521	82,544	938,065
Accrued payroll	2,793,397	79,300	2,872,697
Notes payable	-	515,489	515,489
Other liabilities	<u>362,314</u>	<u>274,763</u>	<u>637,077</u>
Total Liabilities	4,537,241	1,481,419	6,018,660
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	1,580,315	309,164	1,889,479
<b>Fund Balances</b>			
Nonspendable	-	3,397,005	3,397,005
Restricted	10,323,885	17,752,252	28,076,137
Committed	5,218,845	12,607	5,231,452
Assigned	7,879,697	-	7,879,697
Unassigned	<u>13,011,996</u>	<u>-</u>	<u>13,011,996</u>
<b>Total Fund Balances</b>	<u>36,434,423</u>	<u>21,161,864</u>	<u>57,596,287</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,551,979</u>	<u>\$ 22,952,447</u>	<u>\$ 65,504,426</u>

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

TOWN OF CONCORD, MASSACHUSETTS  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2018

<b>Total governmental fund balances</b>	\$	57,596,287
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		160,069,782
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.		1,436,800
• Deferred outflows of resources to be recognized as an increase to pension, OPEB and debt expenses in future periods:		
Related to pensions		5,085,269
Related to OPEB		1,470,000
Related to loss on refunding bonds		307,656
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable		(38,898,140)
Net pension liability		(13,214,364)
Net OPEB liability		(27,976,124)
Other (compensated absences, landfill closure liability, etc.)		(2,859,333)
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(337,046)
• Deferred inflows of resources to be recognized as a decrease to pension and OPEB expense in future periods:		
Related to pensions		(7,371,470)
Related to OPEB		(505,772)
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>134,803,545</u></b>

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

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 87,784,383	\$ 1,182,483	\$ 88,966,866
Excises	4,373,063	-	4,373,063
Penalties, interest and other taxes	268,010	-	268,010
Departmental	1,437,976	5,517,065	6,955,041
Licenses and permits	1,602,574	-	1,602,574
Fines and forfeitures	89,696	-	89,696
Intergovernmental	8,853,181	3,992,825	12,846,006
Investment income	1,512,011	426,071	1,938,082
Contributions	-	288,046	288,046
Other	46,966	160,957	207,923
	<u>105,967,860</u>	<u>11,567,447</u>	<u>117,535,307</u>
<b>Expenditures</b>			
Current:			
General government	7,462,671	3,728,774	11,191,445
Public safety	9,320,391	1,395,164	10,715,555
Education	61,994,123	3,078,737	65,072,860
Public works	3,518,096	3,925,478	7,443,574
Snow and Ice	1,051,875	-	1,051,875
Health and human services	690,498	357,757	1,048,255
Culture and recreation	2,224,648	2,112,139	4,336,787
Employee benefits	12,357,121	-	12,357,121
Debt service	6,958,825	163,024	7,121,849
Intergovernmental	479,643	-	479,643
	<u>106,057,891</u>	<u>14,761,073</u>	<u>120,818,964</u>
Excess (Deficiency) of Revenues Over Expenditures	(90,031)	(3,193,626)	(3,283,657)
<b>Other Financing Sources (Uses)</b>			
Issuance of bonds	-	6,035,000	6,035,000
Premium on issuance of bonds	-	759,475	759,475
Issuance of capital lease	146,115	-	146,115
Transfers in	1,030,982	15,000	1,045,982
Transfers out	(99,196)	(82,944)	(182,140)
	<u>1,077,901</u>	<u>6,726,531</u>	<u>7,804,432</u>
Total Other Financing Sources (Uses)	<u>1,077,901</u>	<u>6,726,531</u>	<u>7,804,432</u>
Change in Fund Balance	987,870	3,532,905	4,520,775
Fund Balance, at Beginning of Year, as reclassified	<u>35,446,553</u>	<u>17,628,959</u>	<u>53,075,512</u>
Fund Balance, at End of Year	<u>\$ 36,434,423</u>	<u>\$ 21,161,864</u>	<u>\$ 57,596,287</u>

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

TOWN OF CONCORD, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

<b>Net changes in fund balances - Total governmental funds</b>	<b>\$ 4,520,775</b>																										
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">8,413,425</td> </tr> <tr> <td>Loss on disposal</td> <td style="text-align: right;">(38,038)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(5,970,844)</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <span style="float: right;">(113,550)</span></li> <li>• The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of general obligation bonds</td> <td style="text-align: right;">(6,035,000)</td> </tr> <tr> <td>Premiums received on issuance of general obligation bonds</td> <td style="text-align: right;">(759,475)</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(146,115)</td> </tr> <tr> <td>Repayments of general obligation and refunding bonds</td> <td style="text-align: right;">5,953,023</td> </tr> </table> </li> <li>• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">(47,815)</span></li> <li>• Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds: <table border="0" style="margin-left: 40px;"> <tr> <td>Change in unfunded compensated absences</td> <td style="text-align: right;">112,937</td> </tr> <tr> <td>Change in landfill liability</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Change in net pension liability, net of deferrals</td> <td style="text-align: right;">885,944</td> </tr> <tr> <td>Change in net OPEB liability, net of deferrals</td> <td style="text-align: right;">(139,937)</td> </tr> <tr> <td>Amortize bond premiums</td> <td style="text-align: right;">159,178</td> </tr> <tr> <td>Amortize loss on refunding bonds</td> <td style="text-align: right;">(27,969)</td> </tr> </table> </li> </ul>		Capital outlay	8,413,425	Loss on disposal	(38,038)	Depreciation	(5,970,844)	Issuance of general obligation bonds	(6,035,000)	Premiums received on issuance of general obligation bonds	(759,475)	Issuance of capital leases	(146,115)	Repayments of general obligation and refunding bonds	5,953,023	Change in unfunded compensated absences	112,937	Change in landfill liability	10,000	Change in net pension liability, net of deferrals	885,944	Change in net OPEB liability, net of deferrals	(139,937)	Amortize bond premiums	159,178	Amortize loss on refunding bonds	(27,969)
Capital outlay	8,413,425																										
Loss on disposal	(38,038)																										
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Amortize bond premiums	159,178																										
Amortize loss on refunding bonds	(27,969)																										
<b>Change in net position of governmental activities</b>	<b>\$ <u>6,776,539</u></b>																										

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

TOWN OF CONCORD, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES, TRANSFERS IN AND OTHER SOURCES, AND EXPENDITURES,  
TRANSFERS OUT AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues and Transfers</b>				
Property taxes	\$ 87,242,040	\$ 87,242,040	\$ 87,784,383	\$ 542,343
Excise taxes	3,943,586	3,943,586	4,373,063	429,477
Penalties, interest and other taxes	135,000	135,000	268,010	133,010
Departmental	1,465,000	1,465,000	1,437,976	(27,024)
Licenses and permits	1,105,000	1,105,000	1,602,574	497,574
Fines and forfeitures	85,000	85,000	89,696	4,696
Intergovernmental	4,898,536	4,898,536	5,075,254	176,718
Investment income	361,272	361,272	650,337	289,065
Other	125,000	125,000	46,966	(78,034)
Transfers in	459,072	2,289,996	2,299,188	9,192
Total Revenues and Transfers	99,819,506	101,650,430	103,627,447	1,977,017
<b>Expenditures and Transfers</b>				
General government	6,785,019	7,676,988	7,640,845	36,143
Finance and administration	2,453,175	3,137,706	3,118,750	18,956
Public safety	9,308,443	9,520,329	9,518,205	2,124
Education	36,810,111	36,810,111	36,808,387	1,724
Regional school assessments	22,198,251	22,198,251	22,198,251	-
Public works and facilities	3,613,670	4,236,269	4,222,684	13,585
Snow and ice	610,000	1,098,696	1,098,696	-
Human services	3,044,855	2,933,791	2,932,013	1,778
Unclassified	1,133,923	354,235	353,534	701
Employee benefits	11,197,000	11,257,208	11,257,041	167
Debt service	6,682,507	6,444,294	6,444,294	-
Intergovernmental	503,896	503,896	479,643	24,253
Total Expenditures and Transfers	104,340,850	106,171,774	106,072,343	99,431
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	(4,521,344)	(4,521,344)	(2,444,896)	2,076,448
<b>Other Financing Sources (Uses)</b>				
Use of fund balance:				
To reduce the tax levy	1,000,000	1,000,000	-	(1,000,000)
For property acquisition	1,200,000	1,200,000	1,200,000	-
For other capital articles	2,500,000	2,500,000	2,500,000	-
Raise prior year deficits	(178,656)	(178,656)	-	178,656
Excess of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	\$ 1,255,104	\$ 1,255,104

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

## TOWN OF CONCORD, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is as of December 31, 2017)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
<b>Assets</b>					
Current:					
Cash and short-term investments	\$ 9,544,443	\$ 11,031,484	\$ 6,899,156	\$ 3,620,372	\$ 31,095,455
User fees, net of allowance for uncollectibles	1,573,139	529,861	4,268,660	-	6,371,660
Betterment receivables	-	48,000	-	-	48,000
Inventory	110,598	-	1,115,998	-	1,226,596
Prepaid expenses	-	-	2,314,013	-	2,314,013
Other assets	-	-	8,330	-	8,330
Total Current Assets	11,228,180	11,609,345	14,606,157	3,620,372	41,064,054
Noncurrent:					
Betterment receivables, net of current portion	-	429,387	-	-	429,387
Restricted cash	-	-	8,879,719	-	8,879,719
Investment in associated companies	-	-	353,766	-	353,766
Capital assets being depreciated, net	17,609,386	15,561,405	37,980,521	8,245,568	79,396,880
Capital assets not being depreciated	4,070,467	512,492	1,880,111	-	6,463,070
Total Noncurrent Assets	21,679,853	16,503,284	49,094,117	8,245,568	95,522,822
<b>Deferred Outflows of Resources</b>					
Related to pensions	101,229	25,308	1,307,207	79,162	1,512,906
Related to OPEB	25,000	6,000	-	30,000	61,000
<b>Total Assets and Deferred Outflow of Resources</b>	33,034,262	28,143,937	65,007,481	11,975,102	138,160,782
<b>Liabilities</b>					
Current:					
Warrants payable	84,968	98,941	2,830,578	56,115	3,070,602
Accrued liabilities	27,199	173,384	117,818	-	318,401
Accrued payroll	28,873	6,777	-	27,173	62,823
Customer deposits	-	-	610,340	-	610,340
Customer advances for construction	-	-	129,281	-	129,281
Notes payable	-	-	400,000	-	400,000
Other current liabilities	-	-	-	234,328	234,328
Current portion of long-term liabilities:					
Bonds payable	500,242	838,517	787,500	-	2,126,259
Accrued employee benefits	11,948	2,987	6,732	2,730	24,397
Total Current Liabilities	653,230	1,120,606	4,882,249	320,346	6,976,431
Noncurrent:					
Bonds payable, net of current portion	2,512,183	6,692,139	5,315,336	-	14,519,658
Net pension liability	259,472	64,868	2,643,809	224,467	3,192,616
Net OPEB liability	218,443	55,380	-	452,270	726,093
Net OPEB obligation	-	-	80,981	-	80,981
Accrued employee benefits, net of current portion	107,529	26,882	127,904	24,571	286,886
Total Noncurrent Liabilities	3,097,627	6,839,269	8,168,030	701,308	18,806,234
<b>Deferred Inflows of Resources</b>					
Related to pensions	175,506	43,877	131,621	196,163	547,167
Related to OPEB	3,949	1,001	-	8,176	13,126
Other	-	-	4,579,920	-	4,579,920
<b>Total Liabilities and Deferred Inflows of Resources</b>	3,930,312	8,004,753	17,761,820	1,225,993	30,922,878
<b>Net Position</b>					
Net investment in capital assets	18,819,853	9,501,350	33,376,158	8,245,568	69,942,929
Restricted for debt service	-	1,149,126	-	-	1,149,126
Restricted for capital improvements	-	4,483,765	3,561,606	-	8,045,371
Unrestricted	10,284,097	5,004,943	10,307,897	2,503,541	28,100,478
Total Net Position	\$ 29,103,950	\$ 20,139,184	\$ 47,245,661	\$ 10,749,109	\$ 107,237,904

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

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2017)

	Business-Type Activities				Total
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
<b>Operating Revenues</b>					
Charges for services	\$ 6,027,556	\$ 2,978,631	\$ 27,507,990	\$ 2,288,021	\$ 38,802,198
Improvement fees	-	149,861	-	-	149,861
Total Operating Revenues	6,027,556	3,128,492	27,507,990	2,288,021	38,952,059
<b>Operating Expenses</b>					
Salaries and benefits	1,781,237	547,251	-	850,920	3,179,408
Other operating expenses	1,071,825	1,100,105	-	973,368	3,145,298
Depreciation	947,385	1,408,551	1,838,224	371,776	4,565,936
Electric operations	-	-	24,443,244	-	24,443,244
Total Operating Expenses	3,800,447	3,055,907	26,281,468	2,196,064	35,333,886
Operating Income	2,227,109	72,585	1,226,522	91,957	3,618,173
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	130,256	137,588	56,106	49,070	373,020
Interest expense	(93,300)	(148,543)	(204,335)	-	(446,178)
Loss on disposal of capital assets	-	-	(150,984)	-	(150,984)
Total Nonoperating Revenues (Expenses), Net	36,956	(10,955)	(299,213)	49,070	(224,142)
Income Before Transfers	2,264,065	61,630	927,309	141,027	3,394,031
Transfers in	47,000	84,196	-	-	131,196
Transfers out	(82,117)	(20,529)	(474,000)	(71,038)	(647,684)
Change in Net Position	2,228,948	125,297	453,309	69,989	2,877,543
Net Position at Beginning of Year, as restated	26,875,002	20,013,887	46,792,352	10,679,120	104,360,361
Net Position at End of Year	\$ 29,103,950	\$ 20,139,184	\$ 47,245,661	\$ 10,749,109	\$ 107,237,904

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

## TOWN OF CONCORD, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

(Except for the Electric Enterprise Fund, which is for the year-ended December 31, 2017)

	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	\$ 5,482,962	\$ 3,187,489	\$ 27,612,585	\$ 1,966,924	\$ 38,249,960
Payments to employees for salaries and benefits	(1,837,815)	(561,149)	(23,921,079)	(897,502)	(27,217,545)
Payments to suppliers and service providers	<u>(1,208,083)</u>	<u>(947,007)</u>	<u>(1,750,007)</u>	<u>(984,842)</u>	<u>(4,889,939)</u>
Net Cash Provided By Operating Activities	2,437,064	1,679,333	1,941,499	84,580	6,142,476
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfers in	47,000	84,196	-	-	131,196
Transfers out	<u>(82,117)</u>	<u>(20,529)</u>	<u>(474,000)</u>	<u>(71,038)</u>	<u>(647,684)</u>
Net Cash Provided By (Used for) Noncapital Financing Activities	(35,117)	63,667	(474,000)	(71,038)	(516,488)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets, net of disposals	(720,212)	(183,233)	(1,615,894)	(19,956)	(2,539,295)
Contributions in aid of construction	-	-	25,795	-	25,795
Proceeds from issuance of bonds and notes	-	-	400,000	-	400,000
Principal payments on bonds	(565,000)	(823,150)	(817,500)	-	(2,205,650)
Interest expense	<u>(108,542)</u>	<u>(148,543)</u>	<u>(204,335)</u>	<u>-</u>	<u>(461,420)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,393,754)	(1,154,926)	(2,211,934)	(19,956)	(4,780,570)
<b>Cash Flows From Investing Activities</b>					
Investment income	130,256	137,588	56,106	49,070	373,020
(Increase) in restricted cash and investments	<u>-</u>	<u>-</u>	<u>(29,025)</u>	<u>-</u>	<u>(29,025)</u>
Net Cash Provided By Investing Activities	<u>130,256</u>	<u>137,588</u>	<u>27,081</u>	<u>49,070</u>	<u>343,995</u>
Net Change in Cash and Short-Term Investments	1,138,449	725,662	(717,354)	42,656	1,189,413
Cash and Short-Term Investments, Beginning of Year	<u>8,405,994</u>	<u>10,305,822</u>	<u>16,496,229</u>	<u>3,577,716</u>	<u>38,785,761</u>
Cash and Short-Term Investments, End of Year	<u>\$ 9,544,443</u>	<u>\$ 11,031,484</u>	<u>\$ 15,778,875</u>	<u>\$ 3,620,372</u>	<u>\$ 39,975,174</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income	\$ 2,227,109	\$ 72,585	\$ 1,226,522	\$ 91,957	\$ 3,618,173
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	947,385	1,408,551	1,838,224	371,776	4,565,936
Changes in assets, liabilities, and deferred outflows/inflows:					
User fees receivables	(544,594)	(22,475)	(150,472)	-	(717,541)
Betterments	-	81,472	-	-	81,472
Inventory	12,779	-	(13,789)	-	(1,010)
Prepaid and other assets	-	-	666,546	-	666,546
Deferred outflows - related to pensions	94,282	23,570	(200,155)	115,185	32,882
Deferred outflows - related to OPEB	(5,000)	(1,000)	-	(5,000)	(11,000)
Net pension liability	(279,038)	(69,761)	156,267	(310,837)	(503,369)
Net OPEB liability	(4,652)	(1,179)	-	(9,632)	(15,463)
Net OPEB obligation	-	-	75,743	-	75,743
Accounts payable and accrued liabilities	(71,505)	72,124	(1,049,970)	(14,486)	(1,063,837)
Accrued expenses	(77,532)	80,974	(14,978)	3,012	(8,524)
Deferred inflows - related to pensions	148,696	37,175	131,621	169,513	487,005
Deferred inflows - related to OPEB	3,949	1,001	-	8,176	13,126
Other liabilities	(14,815)	(3,704)	255,597	(335,084)	(98,006)
Provisions	-	-	(979,657)	-	(979,657)
Net Cash Provided By Operating Activities	<u>\$ 2,437,064</u>	<u>\$ 1,679,333</u>	<u>\$ 1,941,499</u>	<u>\$ 84,580</u>	<u>\$ 6,142,476</u>

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

TOWN OF CONCORD, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and OPEB <u>Trust Funds</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Fund</u>
<b>Assets</b>			
Cash and short-term investments	\$ 4,416,532	\$ -	\$ 432,590
Investments:			
Mutual funds	16,119,612	-	-
Fixed income	33,588,616	1,369,668	-
Pooled domestic equity	52,239,716	-	-
Pooled international equity	4,339,963	-	-
Pooled alternative investments	1,724,974	-	-
Pooled real estate	7,980,863	-	-
PRIT fund	61,954,860	-	-
Accounts receivable	<u>310,576</u>	<u>-</u>	<u>65,444</u>
Total Assets	<u>182,675,712</u>	<u>1,369,668</u>	<u>498,034</u>
 <b>Liabilities</b>			
Warrants and accounts payable	140,259	-	10,033
Accrued payroll	-	-	18,755
Other liabilities	<u>-</u>	<u>-</u>	<u>469,246</u>
Total Liabilities	<u>140,259</u>	<u>-</u>	<u>498,034</u>
 <b>Net Position</b>			
Restricted for pension purposes	166,415,841	-	-
Restricted for OPEB purposes	16,119,612	-	-
Restricted for other purposes	<u>-</u>	<u>1,369,668</u>	<u>-</u>
Total Net Position	<u>\$ 182,535,453</u>	<u>\$ 1,369,668</u>	<u>\$ -</u>

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

TOWN OF CONCORD, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Pension and OPEB <u>Trust Funds</u>	Private Purpose <u>Trust Funds</u>
<b>Additions</b>		
Contributions:		
Employers	\$ 8,998,070	\$ -
Plan members	<u>3,262,210</u>	<u>-</u>
Total contributions	12,260,280	-
Investment Income:		
Appreciation in fair value of investments	22,829,576	97,286
Less: management fees	<u>(684,658)</u>	<u>-</u>
Net investment gain	<u>22,144,918</u>	<u>97,286</u>
Total additions	34,405,198	97,286
<b>Deductions</b>		
Benefit payments to plan members and beneficiaries	10,398,452	24,095
Administrative expenses	<u>262,578</u>	<u>-</u>
Total deductions	<u>10,661,030</u>	<u>24,095</u>
Net change	23,744,168	73,191
<b>Net position restricted for pensions, OPEB and other purposes</b>		
Beginning of year	<u>158,791,285</u>	<u>1,296,477</u>
End of year	<u>\$ 182,535,453</u>	<u>\$ 1,369,668</u>

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

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# TOWN OF CONCORD, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Concord (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The Town is a municipal corporation governed by an elected Select Board. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable.

The Concord Contributory Retirement System (the System) was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at 55 Church Street, West Concord, Massachusetts 01742.

The Town of Concord Municipal Light Plant (the Light Plant) was established to purchase electricity which it distributes to consumers within the Town of Concord, Massachusetts. The Light Plant is presented using the accrual basis of accounting and is reported as an enterprise fund of the Town. Additional financial information of the Light Plant can be obtained by contacting the Light Plant located at 1175 Elm Street, Concord, Massachusetts 01742.

The Town has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified service recipients. The following is a list of the Town's joint ventures, their purpose, the address where the joint venture financial statements are available, and the annual assessment paid by the Town in 2018:

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2018 Assessment</u>
Concord-Carlisle Regional School District 120 Meriam Road Concord, MA 01742	To provide education services	\$ 21,599,072
Minuteman Regional Vocational Technical School District 758 Marrett Road Lexington, MA 02421	To provide education services	\$ 599,179

## B. Government-wide and Fund Financial Statements

### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

### Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating

grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

#### Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, compensated absences, claims and judgments, OPEB and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* accounts for user charges collected to finance costs associated with water operations and maintenance within the Town.

- The *Sewer Fund* accounts for user charges collected to finance costs associated with sewer operations and maintenance within the Town.
- The *Electric Fund* accounts for the operation of the Town's Municipal Light Plant which purchases electricity then distributes the electricity to consumers within the Town of Concord.
- The *Swim & Fitness Fund* accounts for the operation of the Beede Swim and Fitness Center which includes four pools and a fitness center. The fund is funded by memberships and program fees.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Pension and OPEB Trust Funds* accounts for the activities of the Employees Contributory Retirement System, which includes individuals employed by the Town, Concord-Carlisle Regional School District and the Concord Housing Authority. The fund accumulates resources for pension benefit payments to qualified employees along with reserves set aside by the Town to fund future OPEB costs.
- The *Private-Purpose Trust Funds* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency Fund* accounts for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. This fund primarily is used for student activity funds, developer escrow funds, and employee details. Agency funds report only assets and liabilities, and thus have no measurement focus.

#### D. Municipal Light Plant Business Activity

The Light Plant operates under the provisions of Chapter 164 of the Massachusetts General Laws, with a Municipal Light Board appointed by the Town Manager. The Town Manager appoints the CMLP Director who has full charge of the day-to-day operations and management of the Light Plant, under the general direction of the Town Manager.

#### E. Municipal Light Plant Regulation

Under Massachusetts General Laws, the Light Plant's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge,

cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general authority over the Plant, the Plant's rates are not subject to DPU approval. The Light Plant's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

*F. Municipal Light Plant Concentrations*

The Light Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation enacted by the Commonwealth of Massachusetts in 1998 introduced competition and provided consumers with additional power supply choices while assuring continued reliable service. However, municipal electric utilities are not currently subject to this legislation.

*G. Municipal Light Plant Revenues*

Light Plant revenues are based on rates established by the Light Plant and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.

A key component of Light Plant operating revenues is the Purchased Power & Fuel Cost Adjustment (PP&FCA). This adjustment allows the Light Plant to recover fluctuating power supply and fuel costs from customers by increasing or decreasing their energy charges per kilowatt hour by the amount that actual power supply and fuel costs exceed their standard base rate.

*H. Cash, Cash Equivalents, and Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments." The interest earnings attributable to each fund type are included under investment income.

The Town considers investments with original maturities of three months or less to be short-term investments. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the

date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase. During the fiscal year the Town did not enter into any repurchase agreements.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels with the financial institution. The Town's investments consist of U.S. Government and agency securities, equities, mutual funds, and long-term certificates of deposit. Investments are carried at fair value except non-negotiable certificates of deposit which are reported at cost.

For the purposes of the Statement of Cash flows, the Light Plant considers all restricted and unrestricted cash on deposit with the Town Treasurer as cash and short-term investments. For the purposes of the Statement of Net Position, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*I. Property Tax Limitations*

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2018 tax levy reflected an excess capacity of \$4,067,957.

*J. Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

Water fund inventory consists of water meters, chemicals, pipes, hydrants, and valves on hand.

Light Plant inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and are stated at average cost. Meters and transformers are capitalized when purchased.

*K. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such

assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Massachusetts General Laws require utility plants in service to be depreciated at an annual rate of three percent. Temporary increases in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion and are subject to DPU notification and review.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Machinery, equipment and furnishings	3 - 15
Infrastructure	20 - 50

*L. Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*M. Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The general fund and applicable enterprise funds typically repay these obligations.

N. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

O. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

P. Municipal Light Plant Rate of Return

The Light Plant’s rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of the plant. In 2017, the Light Plant’s earnings did not exceed this threshold.

## 2. Stewardship, Compliance, and Accountability

### A. Budgetary Information

At the annual Town Meeting, the Select Board and School Committee present an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the reserve fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the appropriation as voted. Line items within each department may exceed the line item budget without being in violation of Massachusetts General Laws. Certain departments may exceed their appropriation if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

### B. Budgetary Basis

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

### C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting:

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 105,967,860	\$ 106,057,891
Other financing sources/uses (GAAP Basis)	<u>1,177,097</u>	<u>99,196</u>
Subtotal (GAAP Basis)	107,144,957	106,157,087
To record use of free cash as a funding source	3,700,000	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(2,909,832)
Add end-of-year appropriation carryforwards from expenditures	-	6,816,693
Reverse MTRS payments made on behalf of Town	(3,777,927)	(3,777,927)
Reverse non-budgeted capital lease activity	(146,115)	(146,115)
Reclass indirect costs reimbursements to respective enterprise fund	1,830,924	1,830,924
To reflect non-budgeted activity (primarily stabilization)	<u>(1,424,392)</u>	<u>(1,898,487)</u>
Budgetary Basis	<u>\$ 107,327,447</u>	<u>\$ 106,072,343</u>

### **3. Cash and Short-Term Investments**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company."

The Town and System do not have deposit policies for custodial credit risk.

As of June 30, 2018 and December 31, 2017, \$64,521,252 and \$4,558,797 of the Town's and System's bank balances of \$69,409,811 and \$4,808,797, respectively, was exposed to custodial credit risk as uninsured or uncollateralized. However, of the uncollateralized bank balance, \$64,181,385 and \$3,627,563 was invested in Commonwealth Local Government Investment Pools (LGIP) Funds.

#### 4. Investments

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits, and LGIP funds. The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investments of funds of savings banks under the laws of the Commonwealth.

##### A. Investment Summary

The Town's investments at June 30, 2018 are presented below, with the exception of the System, which are as of December 31, 2017:

<u>Investment Type</u>	<u>Fair Value</u>
Governmental Funds:	
Corporate equities	\$ 13,409,434
Market linked CDs	8,994,202
Long-term CDs	5,036,206
Bond mutual funds	1,471,597
Federal agency securities	<u>5,334,989</u>
Total governmental funds investments	<u>\$ 34,246,428</u>
Fiduciary Funds:	
Mutual funds	\$ 16,119,612
Bond mutual funds	1,369,668
U.S. Treasury bonds and notes	9,881,128
Federal agency securities	976,286
Mortgage backed securities	564,622
Collateralized MTG obligations	2,016,565
Asset-backed securities	5,614,668
Municipal bonds	835,800
Corporate bonds	11,617,551
Foreign bonds and notes	1,766,812
Private placements	315,185
State Investment Pool (PRIT)	71,660,010
Pooled investments	28,382,012
Corporate equities	<u>28,198,353</u>
Total fiduciary funds investments	<u>\$ 179,318,272</u>

**B. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year-end for each investment of the Town:

<u>Investment Type</u>	<u>Amount</u>	<u>Average Rating as of Year-end</u>	
		<u>A1</u>	<u>Unrated</u>
Corporate equities	\$ 13,409,434	\$ -	\$ 13,409,434
Market linked CDs	8,994,202	-	8,994,202
Long-term CDs	5,036,206	-	5,036,206
Bond mutual funds	2,841,265	2,841,265	-
Mutual funds	16,119,612	-	16,119,612
Total investments	<u>\$ 46,400,719</u>	<u>\$ 2,841,265</u>	<u>\$ 43,559,454</u>

Massachusetts General Law, Chapter 32, Section 23, limits the investment of System funds, to the extent not required for current disbursements, in the PRIT (Pension Reserves Investment Trust) Fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets is invested in any one security.

Presented below is the actual rating as of year-end of the System:

<u>Investment Type</u>	<u>Amount</u>	<u>Average Rating as of Year-end</u>			
		<u>Aaa</u>	<u>Aa1</u>	<u>Baa1</u>	<u>Unrated</u>
Mortgage backed securities	\$ 564,622	\$ 256,042	\$ -	\$ -	\$ 308,580
Collateralized MTG obligations	2,016,565	-	1,664,222	-	352,343
Asset-backed securities	5,614,668	1,687,640	-	-	3,927,028
Municipal bonds	835,800	-	-	-	23,140
Corporate bonds	11,617,551	-	-	10,975,491	642,060
Foreign bonds and notes	1,766,812	-	-	1,766,812	-
Private placements	315,185	-	-	315,185	-
State Investment Pool (PRIT)*	71,660,010	-	-	-	71,660,010
Pooled investments	28,382,012	-	-	-	28,382,012
Corporate equities	28,198,353	-	-	-	28,198,353
Total investments	<u>\$ 150,971,578</u>	<u>\$ 1,943,682</u>	<u>\$ 1,664,222</u>	<u>\$ 13,057,488</u>	<u>\$ 133,493,526</u>

\*Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust (PRIT) is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based in criteria adopted under Massachusetts General Law, Chapter 30B.

### C. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town and System do not have policies for custodial credit risk.

The Town's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk by investing in counterparty's that participate in the Securities Investor Protection Corporation (SIPC) and excess SIPC coverages.

The System's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the System's brokerage firm, which is also the Counterparty to these securities. The System manages this custodial credit risk with SIPC, excess SIPC and by holding the assets in separately identifiable trust accounts. Investments in the External Investment Pool (PRIT) and open-ended mutual funds are not subject to custodial credit risk as these investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

### D. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. The Town was not invested in any one issuer (other than U.S. treasuries, government agency securities, and mutual funds) that represent 5% or more of total investments at the end of fiscal year 2018.

Massachusetts General Law Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT Fund. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments includes RITC Equity external investment pool funds of \$24,042,049.

### E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
Market linked CDs	\$ 8,994,202	\$ 2,538,618	\$ 6,455,584	\$ -
Bond mutual funds	2,841,265	-	1,588,506	1,252,759
Federal agency securities	<u>5,334,989</u>	<u>5,334,989</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,170,456</u>	<u>\$ 7,873,607</u>	<u>\$ 8,044,090</u>	<u>\$ 1,252,759</u>

Information about the sensitivity of the fair values of the System's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Treasury bonds and notes	\$ 9,881,128	\$ -	\$ 6,379,002	\$ 1,191,054	\$ 2,311,072
Federal agency securities	976,286	-	-	-	976,286
Mortgage backed securities	564,622	-	1,652	1,090	561,880
Collateralized MTG obligations	2,016,565	-	457,637	431,330	1,127,598
Asset-backed securities	5,614,668	-	2,909,033	1,154,535	1,551,100
Municipal bonds	835,800	26,016	99,572	-	710,212
Corporate bonds	11,617,551	442,928	2,101,954	4,315,882	4,756,787
Foreign bonds and notes	1,766,812	99,747	678,256	499,537	489,272
Private placements	315,185	65,163	225,182	-	24,840
State Investment Pool (PRIT)	71,660,010	71,660,010	-	-	-
Pooled investments	<u>28,382,012</u>	<u>28,382,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 133,630,639</u>	<u>\$ 100,675,876</u>	<u>\$ 12,852,288</u>	<u>\$ 7,593,428</u>	<u>\$ 12,509,047</u>

#### F. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The policy of the Town and System is to not invest in foreign currencies.

#### G. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB 72)*.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the fund has the ability to access at the measurement date.

- Level 2 – Inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as level 2.
- Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

The net asset value (NAV) per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period. Investments measured at the NAV for fair value are not subject to level classification.

The Town has the following fair value measurements as of June 30, 2018:

Description	Fair Value Measurements Using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:			
Town of Concord			
Mutual Funds:			
BNY Mellon Intermediate Bond Fund	\$ 826,922	\$ -	\$ 826,922
BNY Mellon Short-Term U.S Government Fund	761,584	-	761,584
BNY Mellon Bond Fund	969,326	-	969,326
Dreyfus Floating Rate Income Fund	174,689	-	174,689
Dreyfus High Yield Fund	108,744	-	108,744
Vantagepoint Milestone 2030	16,119,612	-	16,119,612
Federal Farm Credit Banks Funding Corporation	896,839	-	896,839
Federal Home Loan Banks	1,504,262	-	1,504,262
Federal National Mortgage Association	2,933,888	-	2,933,888
Market linked certificates of deposit	8,994,202	-	8,994,202
Equity securities	<u>13,409,434</u>	13,409,434	-
Total	\$ <u>46,699,502</u>		

The System has the following fair value measurements as of December 31, 2017:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:			
Debt securities:			
U.S. Treasury bonds and notes	\$ 9,881,128	\$ -	\$ 9,881,128
Federal agency securities	976,286	-	976,286
Mortgage backed securities	564,622	-	564,622
Collateralized MTG obligations	2,016,565	-	2,016,565
Asset-backed securities	5,614,668	-	5,614,668
Municipal bonds	11,617,551	-	11,617,551
Corporate bonds	1,766,812	-	1,766,812
Foreign bonds and notes	835,800	-	835,800
Private placements	315,185	-	315,185
Corporate equities	28,198,353	28,198,353	-
Investments measured at the net asset value (NAV):			
External investment pool	<u>100,042,022</u>		
Total	<u>\$ 161,828,992</u>		

<u>Description</u>	<u>Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
State Investment Pool (PRIT)	\$ 71,660,010	\$ -	Monthly	30 days
RITC Equity I Fund	24,042,049	-	Monthly	30 days
RITC International Fund	<u>4,339,963</u>	-	Monthly	30 days
Total investments measured at the net asset value (NAV)	\$ 100,042,022			

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

## 5. Property Taxes and Excises Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

The day after the final tax bill is due, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2018 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
Property taxes	\$ 921,808	\$ (351,127)	\$ 570,681
Tax title	554,556	(55,694)	498,862
CPA	10,462	-	10,462
	<u>1,486,826</u>	<u>(406,821)</u>	<u>1,080,005</u>
Total property taxes	\$ <u>1,486,826</u>	\$ <u>(406,821)</u>	\$ <u>1,080,005</u>
Less current portion			<u>(581,143)</u>
Noncurrent taxes receivable			\$ <u>498,862</u>
Motor vehicle excise	\$ 143,192	\$ (45,032)	\$ 98,160
Other excise	826	(826)	-
Total excises	\$ <u>144,018</u>	\$ <u>(45,858)</u>	\$ <u>98,160</u>

## 6. User Fee Receivable

The Town provides water and sewer services for its residents. Bills are issued based on usage and are sent out either bi-monthly or monthly.

Sewer betterments are assessed to properties for the cost of “bettering” by expanding the sewer capacity. The property owner may pay the betterments within 30 days after the assessments are committed to the collector without interest. Alternatively, the property owner can pay some or none of the assessment and request an apportionment of the unpaid amount into a maximum of 20 equal portions.

Receivables for water user charges, sewer user charges, and betterments at June 30, 2018 consist of the following, net of an estimated allowance for doubtful accounts:

<u>Receivables</u>	Gross <u>Amount</u>	Allowance for Doubtful <u>Accounts</u>	Net <u>Amount</u>
Water user charges	\$ 1,747,932	\$ (174,793)	\$ 1,573,139
Sewer user charges	588,735	(58,874)	529,861
Sewer betterments - current	48,000	-	48,000
Sewer betterments - noncurrent	<u>429,387</u>	<u>-</u>	<u>429,387</u>
Total	<u>\$ 2,814,054</u>	<u>\$ (233,667)</u>	<u>\$ 2,580,387</u>

## 7. Municipal Light Plant Receivables

Light Plant receivables consist of the following at December 31, 2017:

Customer Accounts:		
Billed	\$ 2,460,138	
Less allowances:		
Uncollectible accounts	<u>(30,000)</u>	
Total billed		2,430,138
Unbilled, net		<u>1,507,090</u>
Total customer accounts		3,937,228
Other Accounts:		
Merchandise sales	270,580	
Liens and other	<u>60,852</u>	
Total other accounts		<u>331,432</u>
Total net receivables		<u>\$ 4,268,660</u>

## 8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2018.

**9. Municipal Light Plant Prepaid Expenses**

Prepaid expenses of the Light Plant primarily consist of advance payments for purchased power.

Purchased power	\$ 2,013,283
NYPA prepayment fund	85,884
Fuel inventory	137,684
Insurance and other	<u>77,162</u>
Total	<u>\$ 2,314,013</u>

**10. Municipal Light Plant Inventory**

Light Plant inventory is comprised of supplies and materials at December 31, 2017 and is valued using the average cost method.

**11. Interfund Transfers In and (Out)**

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers in the fund financial statements. Although the total of interfund transfers balance throughout the year, the Electric Light Plant Enterprise Fund is presented at December 31, 2017, not June 30, 2018. Therefore, a timing difference of \$347,354 exists in the accompanying Statement of Activities and Statements of Revenues, Expenses, and Changes in Fund Net Position.

The following is an analysis of interfund transfers made in fiscal year 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>	
General Fund	\$ 1,030,982	\$ 99,196	
Nonmajor Governmental Funds:			
Receipts reserved for appropriation	-	335,750	(2), (5)
Land Acquisition	15,000	-	(6)
State grants	-	24,194	(3)
Capital project funds	277,000	-	(2)
Major Enterprise Funds:			
Water	47,000	82,117	(2), (4)
Sewer - debt service	84,196	-	(7)
Sewer - operations	-	20,529	(4)
Electric	-	474,000	(1)
Swim & Fitness	-	71,038	(4)
Total	<u>\$ 1,454,178</u>	<u>\$ 1,106,824</u>	

- (1) Light Plant payment-in-lieu of taxes (PILOT) to general fund
- (2) From premiums reserved for appropriation to support bonded projects
- (3) Transfer to library non-resident circulation in general fund
- (4) Transfer to pension reserve fund
- (5) \$11,000 to Library Committee for purchase of books and \$500 from dog inoculation fees reserve to Board of Health rabies clinic.
- (6) Appropriation to land acquisition fund for future purchases
- (7) Debt service subsidy to the sewer fund

## 12. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with *GASB Statements No. 68 and 75*, are more fully discussed in the corresponding pension and OPEB notes.

Other deferred outflows of resources consist of \$307,656, as of June 30, 2018, which represent the deferred outflow related to the loss on previously refunded debt.

**13. Municipal Light Plant Restricted Cash**

Restricted cash of the Light Plant consists of the following at December 31, 2017:

	<u>Cash</u>
Bond fund 2011-2026	\$ 200,000
Bond fund 2014-2027	175,000
Bond fund 2015-2021	20,833
Bond interest fund	30,828
Broadband bond fund 2014-2018	14,583
Broadband bond fund 2016-2021	29,167
Customer advances for construction fund	129,281
Customer deposits fund	610,340
Depreciation fund	3,561,606
Emergency repairs fund	1,130,000
Rate stabilization fund	1,613,865
Underground fund	1,180,229
Worker's compensation insurance fund	<u>183,987</u>
Total restricted cash	<u>\$ 8,879,719</u>

The Light Plant maintains the following restricted cash and investment accounts:

Bond funds: These funds consist of current bond principal and interest payable being set aside monthly for interest and bond payments due within twelve months per the Massachusetts Department of Public Utilities.

Bond interest fund: This fund consists of current bond interest payable being set aside monthly for bond interest payments due within twelve months per the Massachusetts Department of Public Utilities.

Customer advances for construction fund: This represents customer deposits held for special construction projects.

Customer deposits fund: This represents residential and commercial customer service deposits that are held in escrow.

Depreciation fund: The Light Plant reserves 3.0% of depreciable utility plant assets each year to fund current and future capital improvements.

Emergency repairs fund: This fund was established to be used in the event of a major equipment failure.

Rate stabilization fund: This account is used to stabilize customer rates and reflects the accumulated difference between estimated and actual purchase power costs.

Underground fund: This fund was established in 1987 for the purpose of placing existing overhead lines underground. Currently a 1.5% charge on all electric bills is used to replenish this fund.

Worker's compensation insurance fund: The Light Plant maintains a self-insurance fund for payment of workers compensation claims and for injury and damage claims.

#### **14. Investment in Associated Companies**

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Plant has made advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The plant is carrying its investment at cost, reduced by shares repurchased. As of December 31, 2017, the market value of these investments cannot be readily determined.

The Plant also purchased a five percent interest in Energy New England, LLC for \$150,000 in 2007. Energy New England is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility market and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England functions as an autonomous, entrepreneurial business that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at cost, was \$314,920 as of December 31, 2017.

Other investment in associated companies, at December 31, 2017 consist of a \$38,846 investment in Hydro-Quebec.

## 15. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 111,632,911	\$ 5,943,717	\$ -	\$ 117,576,628
Machinery, equipment, and furnishings	21,721,718	2,651,512	(263,440)	24,109,790
Infrastructure	39,302,358	1,844,140	-	41,146,498
	<u>172,656,987</u>	<u>10,439,369</u>	<u>(263,440)</u>	<u>182,832,916</u>
Total capital assets, being depreciated	172,656,987	10,439,369	(263,440)	182,832,916
Less accumulated depreciation for:				
Buildings and improvements	(35,476,146)	(3,272,969)	-	(38,749,115)
Machinery, equipment, and furnishings	(16,609,820)	(1,198,622)	225,402	(17,583,040)
Infrastructure	(19,197,710)	(1,499,253)	-	(20,696,963)
	<u>(71,283,676)</u>	<u>(5,970,844)</u>	<u>225,402</u>	<u>(77,029,118)</u>
Total accumulated depreciation	(71,283,676)	(5,970,844)	225,402	(77,029,118)
Total capital assets, being depreciated, net	101,373,311	4,468,525	(38,038)	105,803,798
Capital assets, not being depreciated:				
Land	52,432,694	-	-	52,432,694
Construction in progress	3,859,234	1,520,798	(3,546,742)	1,833,290
	<u>56,291,928</u>	<u>1,520,798</u>	<u>(3,546,742)</u>	<u>54,265,984</u>
Total capital assets, not being depreciated	56,291,928	1,520,798	(3,546,742)	54,265,984
Governmental activities capital assets, net	<u>\$ 157,665,239</u>	<u>\$ 5,989,323</u>	<u>\$ (3,584,780)</u>	<u>\$ 160,069,782</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-Type Activities - Total</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,952,210	\$ 27,764	\$ (1,171)	\$ 19,978,803
Machinery, equipment, and furnishings	19,314,284	279,281	(2,529)	19,591,036
Infrastructure	94,634,111	5,067,990	(591,346)	99,110,755
Intangible	2,086,402	-	-	2,086,402
	<u>135,987,007</u>	<u>5,375,035</u>	<u>(595,046)</u>	<u>140,766,996</u>
Total capital assets, being depreciated	135,987,007	5,375,035	(595,046)	140,766,996
Less accumulated depreciation for:				
Buildings and improvements	(6,621,956)	(615,475)	878	(7,236,553)
Machinery, equipment, and furnishings	(9,595,450)	(656,825)	1,897	(10,250,378)
Infrastructure	(40,281,221)	(3,231,044)	443,510	(43,068,755)
Intangible	(751,838)	(62,592)	-	(814,430)
	<u>(57,250,465)</u>	<u>(4,565,936)</u>	<u>446,285</u>	<u>(61,370,116)</u>
Total accumulated depreciation	(57,250,465)	(4,565,936)	446,285	(61,370,116)
Total capital assets, being depreciated, net	78,736,542	809,099	(148,761)	79,396,880
Capital assets, not being depreciated:				
Land	5,770,382	64,886	-	5,835,268
Construction in progress	3,570,101	123,025	(3,065,324)	627,802
	<u>9,340,483</u>	<u>187,911</u>	<u>(3,065,324)</u>	<u>6,463,070</u>
Total capital assets, not being depreciated	9,340,483	187,911	(3,065,324)	6,463,070
Business-type activities capital assets, net	<u>\$ 88,077,025</u>	<u>\$ 997,010</u>	<u>\$ (3,214,085)</u>	<u>\$ 85,859,950</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-Type Activities - Water</b>				
Capital assets, being depreciated:				
Machinery, equipment, and furnishings	\$ 3,265,173	\$ 10,400	\$ -	\$ 3,275,573
Infrastructure	<u>26,329,381</u>	<u>783,047</u>	<u>-</u>	<u>27,112,428</u>
Total capital assets, being depreciated	29,594,554	793,447	-	30,388,001
Less accumulated depreciation for:				
Machinery, equipment, and furnishings	(2,510,630)	(144,105)	-	(2,654,735)
Infrastructure	<u>(9,320,600)</u>	<u>(803,280)</u>	<u>-</u>	<u>(10,123,880)</u>
Total accumulated depreciation	<u>(11,831,230)</u>	<u>(947,385)</u>	<u>-</u>	<u>(12,778,615)</u>
Total capital assets, being depreciated, net	17,763,324	(153,938)	-	17,609,386
Capital assets, not being depreciated:				
Land	4,070,467	-	-	4,070,467
Construction in progress	<u>73,235</u>	<u>-</u>	<u>(73,235)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>4,143,702</u>	<u>-</u>	<u>(73,235)</u>	<u>4,070,467</u>
Business-type activities capital assets, net	<u>\$ 21,907,026</u>	<u>\$ (153,938)</u>	<u>\$ (73,235)</u>	<u>\$ 21,679,853</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-Type Activities - Sewer</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 59,892	\$ -	\$ -	\$ 59,892
Machinery, equipment, and furnishings	1,756,882	2,600	-	1,759,482
Infrastructure	<u>31,204,663</u>	<u>180,633</u>	<u>-</u>	<u>31,385,296</u>
Total capital assets, being depreciated	33,021,437	183,233	-	33,204,670
Less accumulated depreciation for:				
Buildings and improvements	(27,528)	(6,813)	-	(34,341)
Machinery, equipment, and furnishings	(1,346,829)	(86,976)	-	(1,433,805)
Infrastructure	<u>(14,860,357)</u>	<u>(1,314,762)</u>	<u>-</u>	<u>(16,175,119)</u>
Total accumulated depreciation	<u>(16,234,714)</u>	<u>(1,408,551)</u>	<u>-</u>	<u>(17,643,265)</u>
Total capital assets, being depreciated, net	16,786,723	(1,225,318)	-	15,561,405
Capital assets, not being depreciated:				
Land	<u>512,492</u>	<u>-</u>	<u>-</u>	<u>512,492</u>
Total capital assets, not being depreciated	<u>512,492</u>	<u>-</u>	<u>-</u>	<u>512,492</u>
Business-type activities capital assets, net	<u>\$ 17,299,215</u>	<u>\$ (1,225,318)</u>	<u>\$ -</u>	<u>\$ 16,073,897</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities - Electric</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,702,696	\$ 7,808	\$ (1,171)	\$ 8,709,333
Machinery, equipment, and furnishings	13,623,840	266,281	(2,529)	13,887,592
Infrastructure	37,100,067	4,104,310	(591,346)	40,613,031
Intangible	<u>2,086,402</u>	<u>-</u>	<u>-</u>	<u>2,086,402</u>
Total capital assets, being depreciated	61,513,005	4,378,399	(595,046)	65,296,358
Less accumulated depreciation for:				
Buildings and improvements	(3,884,564)	(261,081)	878	(4,144,767)
Machinery, equipment, and furnishings	(5,187,232)	(401,549)	1,897	(5,586,884)
Infrastructure	(16,100,264)	(1,113,002)	443,510	(16,769,756)
Intangible	<u>(751,838)</u>	<u>(62,592)</u>	<u>-</u>	<u>(814,430)</u>
Total accumulated depreciation	<u>(25,923,898)</u>	<u>(1,838,224)</u>	<u>446,285</u>	<u>(27,315,837)</u>
Total capital assets, being depreciated, net	35,589,107	2,540,175	(148,761)	37,980,521
Capital assets, not being depreciated:				
Land	1,187,423	64,886	-	1,252,309
Construction in progress	<u>3,496,866</u>	<u>123,025</u>	<u>(2,992,089)</u>	<u>627,802</u>
Total capital assets, not being depreciated	<u>4,684,289</u>	<u>187,911</u>	<u>(2,992,089)</u>	<u>1,880,111</u>
Business-type activities capital assets, net	<u>\$ 40,273,396</u>	<u>\$ 2,728,086</u>	<u>\$ (3,140,850)</u>	<u>\$ 39,860,632</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities - Swim &amp; Fitness</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,189,622	\$ 19,956	\$ -	\$ 11,209,578
Machinery, equipment, and furnishings	<u>668,389</u>	<u>-</u>	<u>-</u>	<u>668,389</u>
Total capital assets, being depreciated	11,858,011	19,956	-	11,877,967
Less accumulated depreciation for:				
Buildings and improvements	(2,709,864)	(347,581)	-	(3,057,445)
Machinery, equipment, and furnishings	<u>(550,759)</u>	<u>(24,195)</u>	<u>-</u>	<u>(574,954)</u>
Total accumulated depreciation	<u>(3,260,623)</u>	<u>(371,776)</u>	<u>-</u>	<u>(3,632,399)</u>
Total capital assets, being depreciated, net	8,597,388	(351,820)	-	8,245,568
Capital assets, not being depreciated:				
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 8,597,388</u>	<u>\$ (351,820)</u>	<u>\$ -</u>	<u>\$ 8,245,568</u>

Depreciation expense was charged to functions of the Town as follows:

**Governmental Activities**

General government	\$ 606,162
Public safety	698,466
Education	2,328,623
Public works	1,916,705
Health and human services	97,305
Culture and recreation	<u>323,583</u>
Total depreciation expense - governmental activities	\$ <u>5,970,844</u>

**Business-Type Activities**

Water	\$ 947,385
Sewer	1,408,551
Electric	1,838,224
Swim & Fitness	<u>371,776</u>
Total depreciation expense - business-type activities	\$ <u>4,565,936</u>

**16. Warrants Payable**

Warrants payable represents fiscal year 2018 expenditures paid by July 15, 2018 as permitted by law.

**17. Accrued Liabilities**

This balance primarily represents accrued interest and other expenditures related to fiscal year 2018 paid subsequent to July 15, 2018.

**18. Accrued Payroll**

Accrued payroll represents payroll related to fiscal year 2018 due to employees at year end. Of the aggregate balance, \$2,374,603 is attributable to amounts payable to teachers per contractual obligations.

**19. Customer Deposits**

This balance represents deposits received from residential and commercial customers that are held in escrow. Earned interest is applied to customer accounts at year-end or when the deposit is applied to their closed accounts.

**20. Notes Payable**

The following summarizes activity in notes payable during fiscal year 2018:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
<u>Governmental</u>							
MWPAT interim note	0.00%	04/09/15	Ongoing	\$ 365,489	\$ 150,000	\$ -	\$ 515,489
School Transportation Facility	2.00%	06/22/17	06/22/18	2,250,000	-	(2,250,000)	-
Total				<u>\$ 2,615,489</u>	<u>\$ 150,000</u>	<u>\$ (2,250,000)</u>	<u>\$ 515,489</u>
<u>Business Type</u>							
Broadband expansion	2.00%	06/22/17	06/22/18	\$ -	\$ 400,000	\$ -	\$ 400,000 *
Total				<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>

\* = Electric Fund is as of December 31, 2017

**21. Capital Lease Obligations**

The Town is the lessee of certain equipment under capital leases expiring in various years through 2022. Future minimum lease payments under the capital leases consisted of the following as of June 30, 2018:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,587	\$ 2,548	\$ 38,135
2020	36,208	1,927	38,135
2021	36,839	1,296	38,135
2022	37,481	654	38,135
Total	<u>\$ 146,115</u>	<u>\$ 6,425</u>	<u>\$ 152,540</u>

**22. Long-Term Debt**

**A. Long-Term Debt Supporting Governmental Activities**

General obligation bonds, issued by the Town for various municipal projects, are approved by voters and repaid primarily with property taxes recorded in the general fund, or user fees recorded in enterprise funds. Other debt issued to support governmental activities is repaid from the general fund.

**B. General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/18
Fire Equipment (Ladder Truck)	2019	3.00	\$ 100,000
Road Improvements	2019	3.00	100,000
Title V Loans	2019	0.00	70,317
Police/Fire radio systems	2019	3.00 - 4.00	90,000
Municipal Building Renovations	2019	3.00	50,000
Title V Loans	2020	0.00	32,708
Police/Fire Station Improvements	2020	2.00	200,000
School Remodeling	2020	2.00	145,000
Town House Renovations	2020	3.00 - 4.00	145,000
Recreation Improvements	2020	3.00	30,000
School Building Renovations	2020	3.00	120,000
Building Renovations	2020	3.00	110,000
Knox Trail Site Planning	2020	3.00	25,000
Police Department Renovations	2020	3.00 - 4.00	51,500
Harvey Wheeler Renovations	2020	3.00 - 4.00	32,500
Road Improvements	2021	2.00	310,000
Land Acquisition	2021	3.00 - 4.00	200,000
Keyes Road Building Improvements	2021	4.00	55,000
Parking Management Plan	2021	4.00	90,000
Title V Loans	2022	0.00	148,972
Road Improvements	2022	3.00	595,000
Knox Trail Land Acquisition	2022	3.00	360,000
Alcott School Refunding	2022	4.00	581,000
West Concord Infrastructure Improvements	2022	2.00 - 4.00	74,500
Rideout & Emerson Playground Improvement	2022	2.00 - 4.00	450,000
Parking Management Plan Implementation	2022	2.00 - 4.00	74,500
Town House Interior Improvements	2022	2.00 - 4.00	259,500
CPS Building Renovations	2022	2.00 - 4.00	426,700
Land Acquisition (Ball's Hill)	2022	2.00 - 4.00	598,000
Cemetery Improvements	2022	2.00 - 4.00	37,500
Rail Trail Design & Engineering	2022	2.00 - 4.00	186,000
Title V Loans	2023	0.00	162,355
School Building Renovations	2023	3.00 - 4.00	375,000
Roads	2023	3.00 - 4.00	500,000
Public School Renovations	2023	3.00 - 4.00	435,000
Municipal Building Renovations	2023	3.00 - 5.00	141,000
Municipal Needs Study	2023	3.00 - 5.00	235,000
Public Safety Communication Equipment	2023	3.00 - 5.00	211,200
Keyes Road Facility	2023	3.00 - 5.00	140,875
Building Renovation and Site Work	2024	4.00	150,000
Fire Engine Replacement	2024	4.00	360,000
Alcott School Refunding	2025	3.00	1,908,000
Alcott School Refunding	2025	3.00	395,500
Thoreau School Refunding	2025	3.00	861,500
Title V Loans	2025	0.00	138,220
Town House Interior Improvements	2025	2.00 - 4.00	245,000
Cemetery Roads and Infrastructure	2025	3.00 - 5.00	94,100
School Building Renovations	2026	2.00 - 4.00	455,000
Thoreau School Refunding	2026	2.00 - 4.00	2,757,000
Road Improvements	2027	2.00 - 4.00	1,121,300
Willard School	2028	3.25 - 4.375	625,000
Road Improvements	2028	2.00 - 4.00	915,000
School Bus Depot	2028	2.00 - 4.00	760,000
Willard School Refunding	2028	2.00 - 4.00	5,364,000
Bus Depot	2028	3.00 - 5.00	268,200
Municipal Building Renovations	2028	3.00 - 5.00	312,600
Fire Engine Replacement	2028	3.00 - 5.00	512,700
Ambulance Replacement	2028	3.00 - 5.00	232,700
CPS Renovations	2028	3.00 - 5.00	757,030
2017 Roads Program	2028	3.00 - 5.00	1,259,970
CPS Bus Depot	2028	3.00 - 5.00	1,735,625
Willard School Remodeling	2029	2.50 - 4.00	7,460,000
Total Governmental Activities			<u>\$ 36,637,572</u>

<u>Business-Type Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/18</u>
Water:			
Water	2021	2.00	\$ 150,000
Land Acquisition (Ball's Hill ) (Water)	2022	2.00 - 4.00	598,000
Water	2026	3.00 - 4.00	660,000
Water Refunding	2027	2.00 - 4.00	<u>1,452,000</u>
Total Water			2,860,000
Sewer:			
Sewer Land Acquisition	2022	3.00	212,500
Sewer MWPAT	2026	2.00	1,886,907
Sewer MWPAT	2027	2.00	<u>5,431,249</u>
Total Sewer			7,530,656
Electric:			
Telecom	2018	3.00	25,000
Land Acquisition (W.R Grace)	2021	3.00	212,500
Telecom	2021	4.00	375,000
Smart Grid	2026	2.00 - 4.00	2,200,000
Light Plant Expansion	2027	2.07	<u>3,000,000</u>
Total Electric			<u>5,812,500</u>
Total Business-Type Activities			<u>\$ 16,203,156</u>

### C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2018 (except for the light plant which is as of December 31, 2017) are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,863,068	\$ 1,273,588	\$ 7,136,656
2020	5,317,796	1,100,321	6,418,117
2021	4,698,060	912,070	5,610,130
2022	4,354,055	740,494	5,094,549
2023	3,482,102	581,987	4,064,089
2024	2,999,746	454,871	3,454,617
2025	2,902,745	340,031	3,242,776
2026	2,440,000	253,927	2,693,927
2027	2,035,000	172,611	2,207,611
2028	1,870,000	96,850	1,966,850
2029	<u>675,000</u>	<u>27,000</u>	<u>702,000</u>
Total	<u>\$ 36,637,572</u>	<u>\$ 5,953,750</u>	<u>\$ 42,591,322</u>

<u>Water</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 485,000	\$ 94,435	\$ 579,435
2020	485,000	78,735	563,735
2021	485,000	61,535	546,535
2022	373,000	44,335	417,335
2023	225,000	30,015	255,015
2024	220,000	21,715	241,715
2025	217,000	14,995	231,995
2026	215,000	8,300	223,300
2027	155,000	1,550	156,550
Total	\$ <u>2,860,000</u>	\$ <u>355,615</u>	\$ <u>3,215,615</u>

<u>Sewer</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 838,517	\$ 154,436	\$ 992,953
2020	841,694	135,895	977,589
2021	857,688	117,202	974,890
2022	874,005	98,161	972,166
2023	840,652	79,516	920,168
2024	857,635	61,260	918,895
2025	874,962	42,634	917,596
2026	892,637	23,632	916,269
2027	652,866	7,018	659,884
Total	\$ <u>7,530,656</u>	\$ <u>719,754</u>	\$ <u>8,250,410</u>

<u>Electric</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 787,500	\$ 178,876	\$ 966,376
2019	750,000	151,624	901,624
2020	750,000	125,126	875,126
2021	725,000	98,624	823,624
2022	500,000	74,626	574,626
2023	500,000	58,126	558,126
2024	500,000	42,874	542,874
2025	500,000	28,376	528,376
2026	500,000	14,562	514,562
2027	300,000	3,750	303,750
Total	\$ <u>5,812,500</u>	\$ <u>776,564</u>	\$ <u>6,589,064</u>

*D. Bond Authorizations*

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2018 are as follows:

<u>Purpose</u>	<u>Amount</u>
Water System Improvements	\$ 16,500,000
Smart Grid Improvements	3,000,000
Concord Public Schools Renovations	900,000
Road Improvements	1,400,000
Telecommunications Services	1,400,000
Fire Engine Replacement	365,000
Municipal Building Renovations	510,000
Keyes Road Building Improvements	400,000
Land Acquisition	2,875,000
Cemetery Improvements	50,000
Public Safety Equipment Rehabilitation	150,000
Trail Improvements	75,000
Library Energy Efficient Systems	150,000
Parking Lot Improvements	100,000
Total	<u>\$ 27,875,000</u>

*E. Overlapping Debt*

The Town is a member community of other governmental agencies which are authorized to issue debt. The Town is not directly responsible for the payment or guarantee of these debts; however, annual debt service costs are included in the operating budgets of these agencies, and are funded through user charges and/or assessments to the Town. The following summarizes the debt of these other agencies and the Town's related participation percentages as of June 30, 2018:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
Concord-Carlisle Regional School District	\$ 54,420,000	73.51%	\$ 40,004,142

This liability is appropriately not reported in the accompanying financial statements.

*F. Changes in General Long-Term Liabilities*

During the year ended June 30, 2018, with the exception of the Light Plant which is as of December 31, 2017, the following changes occurred in long-term liabilities:

	Total Balance 7/1/17	Additions	Reductions	Total Balance 6/30/18	Less Current Portion	Equals Long-Term Portion 6/30/18
<b>Governmental Activities</b>						
Bonds payable	\$ 36,555,595	\$ 6,035,000	\$ (5,953,023)	\$ 36,637,572	\$ (5,863,068)	\$ 30,774,504
Unamortized bond premium	1,660,271	759,475	(159,178)	2,260,568	(235,126)	2,025,442
Subtotal	38,215,866	6,794,475	(6,112,201)	38,898,140	(6,098,194)	32,799,946
Net pension liability	23,950,056	-	(10,735,692)	13,214,364	-	13,214,364
Net OPEB liability	28,571,959	-	(595,835)	27,976,124	-	27,976,124
Accrued employee benefits	3,559,673	355,967	(506,918)	3,408,722	(340,872)	3,067,850
Landfill closure	150,000	-	(10,000)	140,000	(10,000)	130,000
Capital leases	-	146,115	-	146,115	(35,587)	110,528
Total Governmental Activities	\$ 94,447,554	\$ 7,296,557	\$ (17,960,646)	\$ 83,783,465	\$ (6,484,653)	\$ 77,298,812
<b>Business-Type Activities</b>						
<b>Water</b>						
Bonds payable	\$ 3,425,000	\$ -	\$ (565,000)	\$ 2,860,000	\$ (485,000)	\$ 2,375,000
Unamortized bond premium	167,667	-	(15,242)	152,425	(15,242)	137,183
Subtotal	3,592,667	-	(580,242)	3,012,425	(500,242)	2,512,183
Net pension liability	538,510	-	(279,038)	259,472	-	259,472
Net OPEB liability	223,095	-	(4,652)	218,443	-	218,443
Accrued employee benefits	134,292	13,429	(28,244)	119,477	(11,948)	107,529
Total Water	4,488,564	13,429	(892,176)	3,609,817	(512,190)	3,097,627
<b>Sewer</b>						
Bonds payable	8,353,806	-	(823,150)	7,530,656	(838,517)	6,692,139
Net pension liability	134,629	-	(69,761)	64,868	-	64,868
Net OPEB liability	56,559	-	(1,179)	55,380	-	55,380
Accrued employee benefits	33,573	3,357	(7,061)	29,869	(2,987)	26,882
Total Sewer	8,578,567	3,357	(901,151)	7,680,773	(841,504)	6,839,269
<b>Electric</b>						
Bonds payable	6,630,000	-	(817,500)	5,812,500	(787,500)	5,025,000
Unamortized bond premium	329,785	-	(39,449)	290,336	-	290,336
Subtotal	6,959,785	-	(856,949)	6,102,836	(787,500)	5,315,336
Net pension liability	2,487,542	156,267	-	2,643,809	-	2,643,809
Net OPEB obligation	5,239	75,742	-	80,981	-	80,981
Accrued employee benefits	135,411	-	(775)	134,636	(6,732)	127,904
Total Electric	9,587,977	232,009	(857,724)	8,962,262	(794,232)	8,168,030
<b>Swim &amp; Fitness</b>						
Net pension liability	535,304	-	(310,837)	224,467	-	224,467
Net OPEB liability	461,902	-	(9,632)	452,270	-	452,270
Accrued employee benefits	41,466	4,147	(18,312)	27,301	(2,730)	24,571
Total Swim & Fitness	1,038,672	4,147	(338,781)	704,038	(2,730)	701,308
Business-Type Activities	\$ 23,693,780	\$ 252,942	\$ (2,989,832)	\$ 20,956,890	\$ (2,150,656)	\$ 18,806,234

The governmental activities liabilities will be liquidated primarily by the general fund. The business-type activities will be liquidated by the individual funds noted above.

### G. Current and Advance Refunding

#### Prior Year

In the prior year, the Town defeased various bond issues by creating separate irrevocable trust funds. The proceeds from the new issuance of general obligation bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature on

March 15, 2019. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's balance sheet. As of June 30, 2018, the amount of defeased debt outstanding but removed from the governmental activities was \$5,625,000.

### **23. Landfill Closure and Postclosure Care Costs**

The Town stopped accepting waste and permanently capped its landfill in fiscal 2003. State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Since the Town's landfill has stopped accepting waste, the Town reports these closure and postclosure care costs as a liability in the government-wide financial statements.

The \$140,000 reported as landfill postclosure care liability at June 30, 2018 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in fiscal year 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

### **24. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Other deferred inflows of resources consist of regulatory resources which will be used in future years' Light Plant customer rates. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

### **25. Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2018:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund balances for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes restricted funds for pensions in the general fund, while nonmajor funds are comprised of capital project funds, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. A similar action is needed to modify or rescind a commitment. This fund balance classification includes the Town's insurance reserve fund, special capital articles, as well as stabilization funds set aside by Town Meeting vote for future capital acquisitions and improvements. The Town's stabilization accounts are authorized in accordance with Massachusetts General Law Chapter 40, section 5B. The creation of, appropriation into, and appropriation out of the stabilization account requires two-thirds approval at Town Meeting.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. By Charter, the Town Manager is authorized to assign fund balance amounts to a specific purpose, although fund balance to be applied against a subsequent year's budget is voted by Town Meeting.

Unassigned – Represents amounts that are available to be spend in future periods, the Town's general stabilization funds, and deficit balances in nonmajor governmental funds. The Town's stabilization accounts are authorized in accordance with Massachusetts General Law Chapter 40, section 5B. The creation of, appropriation into, and appropriation out of the stabilization account requires two-thirds approval at Town Meeting.

Following is a breakdown of the Town's fund balances at June 30, 2018:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Nonspendable</b>			
Permanent funds	\$ -	\$ 3,397,005	\$ 3,397,005
Total Nonspendable	-	3,397,005	3,397,005
<b>Restricted</b>			
Pension fund	10,323,885	-	10,323,885
Community preservation	-	2,532,867	2,532,867
Parking	-	298,458	298,458
Cemetery	-	358,332	358,332
PEG Access	-	1,111,637	1,111,637
Receipts reserved for appropriation	-	300,165	300,165
53G Review	-	9,647	9,647
Miscellaneous grants and contributions	-	75,224	75,224
School lunch	-	212,192	212,192
Gifts	-	1,228,209	1,228,209
Recreation	-	1,117,159	1,117,159
Other revolving	-	687,473	687,473
Federal grants	-	11,357	11,357
State grants	-	617,864	617,864
Solid waste	-	539,398	539,398
Sawyer gift fund	-	134,289	134,289
Capital project funds	-	5,246,782	5,246,782
Permanent funds	-	3,151,428	3,151,428
Other special revenue funds	-	119,771	119,771
Total Restricted	10,323,885	17,752,252	28,076,137
<b>Committed</b>			
55 Church St. property acquisition	9,970	-	9,970
Affordable housing units at Junction Village	1,000,000	-	1,000,000
Information technology improvements	1,491,300	-	1,491,300
2229 Main Street	1,500	-	1,500
Redevelopment plan for 2229 Main Street	25,000	-	25,000
Concord public schools buses	31,563	-	31,563
High school debt stabilization	276,287	-	276,287
Emergency response stabilization	675,482	-	675,482
Insurance reserve fund	1,663,697	-	1,663,697
School capital stabilization	43,334	-	43,334
School technology stabilization	712	-	712
Receipts reserved for appropriation	-	12,607	12,607
Total Committed	5,218,845	12,607	5,231,452

(continued)

(continued)

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assigned</b>			
For encumbrances			
Computer capital improvements	277,063	-	277,063
Salary reserve	347,950	-	347,950
Resource sustainability	223,025	-	223,025
Human resources	100,093	-	100,093
Finance	394,984	-	394,984
Planning and land management	221,883	-	221,883
Other general government	608,107	-	608,107
Vehicles and equipment	154,623	-	154,623
Building and capital improvements	111,417	-	111,417
Emergency management	48,446	-	48,446
Other public safety	183,263	-	183,263
Education	1,497,651	-	1,497,651
Building and capital improvements	119,407	-	119,407
Engineering services	260,113	-	260,113
Public shade trees	408,430	-	408,430
Highway maintenance	380,599	-	380,599
Sidewalk improvements	297,898	-	297,898
Drainage improvements	233,184	-	233,184
Other public works	145,123	-	145,123
Senior services	99,570	-	99,570
Other health and human services	42,522	-	42,522
Library books	230,879	-	230,879
Other culture and recreation	9,028	-	9,028
Fringe benefits	245,714	-	245,714
Other employee benefits	52,451	-	52,451
Exempt debt	186,274	-	186,274
For next year's expenditures	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Assigned	7,879,697	-	7,879,697
<b>Unassigned</b>			
General fund	13,007,688	-	13,007,688
General stabilization	<u>4,308</u>	<u>-</u>	<u>4,308</u>
Total Unassigned	<u>13,011,996</u>	<u>-</u>	<u>13,011,996</u>
Total Fund Balance	<u>\$ 36,434,423</u>	<u>\$ 21,161,864</u>	<u>\$ 57,596,287</u>

## 26. Employee Benefit Trust Funds

The Concord Contributory Retirement System and the Concord OPEB Trust Fund are presented in a single column on pages 38 and 39 because separate financial reports on both trusts were not issued. Details of the financial position and changes in net position are as follows:

	Pension Trust Fund (As of December 31, 2017)	Other Post Employment Benefits Trust Fund	Post-Employment Benefits and OPEB Trust Funds
<b>Assets</b>			
Cash and short-term investments	\$ 4,416,532	\$ -	\$ 4,416,532
Investments:			
Mutual funds	-	16,119,612	16,119,612
Fixed income	33,588,616	-	33,588,616
Pooled domestic equity	52,239,716	-	52,239,716
Pooled international equity	4,339,963	-	4,339,963
Pooled alternative investments	1,724,974	-	1,724,974
Pooled real estate	7,980,863	-	7,980,863
PRIT fund	61,954,860	-	61,954,860
Accounts receivable	310,576	-	310,576
Total Assets	<u>166,556,100</u>	<u>16,119,612</u>	<u>182,675,712</u>
<b>Liabilities</b>			
Warrants and accounts payable	140,259	-	140,259
Total Liabilities	<u>140,259</u>	<u>-</u>	<u>140,259</u>
<b>Net Position</b>			
Restricted for pension purposes	166,415,841	-	166,415,841
Restricted for OPEB purposes	-	16,119,612	16,119,612
Total Net Position	<u>\$ 166,415,841</u>	<u>\$ 16,119,612</u>	<u>\$ 182,535,453</u>

#### Combining Schedule of Changes in Plan Net Position

	Pension Trust Fund (As of December 31, 2017)	Other Post Employment Benefits Trust Fund	Post-Employment Benefits and OPEB Trust Funds
<b>Additions</b>			
Contributions			
Employers	\$ 5,475,693	\$ 3,522,377	\$ 8,998,070
Plan members	3,262,210	-	3,262,210
Total contributions	8,737,903	3,522,377	12,260,280
Investment Income			
Appreciation in fair value of investments	21,773,216	1,056,360	22,829,576
Less: management fees	(684,658)	-	(684,658)
Net investment gain	21,088,558	1,056,360	22,144,918
Total additions	29,826,461	4,578,737	34,405,198
<b>Deductions</b>			
Benefit payments to plan members and beneficiaries	8,487,075	1,911,377	10,398,452
Administrative expenses	262,578	-	262,578
Total deductions	<u>8,749,653</u>	<u>1,911,377</u>	<u>10,661,030</u>
Net change	21,076,808	2,667,360	23,744,168
<b>Net position restricted for pension and OPEB</b>			
Beginning of year	145,339,033	13,452,252	158,791,285
End of year	<u>\$ 166,415,841</u>	<u>\$ 16,119,612</u>	<u>\$ 182,535,453</u>

## 27. Concord, Massachusetts Contributory Retirement System

The Town follows the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68), with respect to the employees' retirement funds.

### A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's standalone audited financial statements that are publicly available from the System located at 55 Church Street, West Concord, MA 01742.

### Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55.

Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

#### Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

#### Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

## Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2018 was \$4,703,073, which was equal to its annual required contribution.

### *B. Summary of Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

### *C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the Town reported a liability of \$16,406,980 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and rolled forward to December 31, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date, the Town's proportion was 85.89%.

For the year ended June 30, 2018, the Town recognized pension expense of \$3,649,122. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 657,647	\$ (2,161,729)
Changes of assumptions	4,805,575	(713,051)
Net difference between projected and actual earnings on pension plan investments*	308,389	(4,934,455)
Changes in proportion and differences between contributions and proportionate share of contributions	479,212	(109,402)
Contributions subsequent to the measurement date	<u>347,352</u>	<u>-</u>
Total	<u>\$ 6,598,175</u>	<u>\$ (7,918,637)</u>

\* - Amounts not reported net due to the timing difference of reporting the Town as of June 30, 2018 and the Light Plant as of December 31, 2017.

The \$347,352 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ 376,574
2020	647,468
2021	(886,701)
2022	(1,718,960)
2023	<u>(86,195)</u>
Total	<u>\$ (1,667,814)</u>

*D. Actuarial Assumptions*

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not Explicitly Assumed
Salary increases:	4.00% Ultimate, lowered to 3.50%
General employees	4.30% for 7 years
Fire	4.70% for 3 years
Police	5.20% in year 1, 5.60% in year 2, 7.30% in year 3, 5.00% in year 4, and 4.80% in year 5
Investment rate of return	7.00%

Mortality rates were based on the following:

Pre-retirement and beneficiary mortality:	RP-2014 Healthy Employee Mortality table projected generationally from 2006 using MP-2016 (sex-distinct)
Mortality for retired members:	RP-2014 Healthy Annuitant table projected generationally from 2006 using MP-2016 (sex-distinct)
Mortality for disabled members:	RP-2014 Healthy Annuitant table projected generationally from 2006 using MP-2016 set forward by 2 years (sex-distinct)

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period January 1, 2016 through December 31, 2016.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	37.92%	4.47%
International Equities	8.38%	4.66%
Emerging Equities	2.23%	6.12%
Core Bonds	22.04%	0.73%
20+ Yr. Treasury STRIPS	0.74%	0.49%
TIPS	1.86%	0.73%
Value-Added Fixed Income	3.72%	3.50%
Private Equity	5.50%	6.31%
Real Estate	8.52%	3.59%
Timberland	1.49%	3.16%
Portfolio Completion (PCS)	<u>7.60%</u>	3.44%
Total	<u>100.00%</u>	

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 37,893,216	\$ 16,406,980	\$ 464,489

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

**28. Massachusetts Teachers' Retirement System (MTRS)**

A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in *Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25 (GASB 67)*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten

years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

*C. Contributions*

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

*D. Actuarial Assumptions*

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

- (a) 7.50% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.
- Mortality rates were as follows:
  - Pre-retirement – reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).
  - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).

- Disability – assumed to be in accordance with the RP-2014 Health Annuitant Table projected generationally with Scale BB and a base year 2014 set forward 4 years

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	40.00%	5.00%
Portfolio completion strategies	13.00%	3.60%
Core fixed income	12.00%	1.10%
Private equity	11.00%	6.60%
Value added fixed income	10.00%	3.80%
Real estate	10.00%	3.60%
Timber/natural resources	4.00%	3.20%
Hedge funds	0.00%	3.60%
Total	<u>100.00%</u>	

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*F. Sensitivity Analysis*

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single

discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (in thousands):

1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
\$ 28,424,300	\$ 22,885,391	\$ 18,193,400

**G. Special Funding Situation**

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

**H. Town Proportions**

In fiscal year 2017 (the most recent measurement period), the Commonwealth’s proportionate share of the MTRS’ collective net pension liability and pension expense that is associated with the Town was \$69,978,374 and \$7,303,847, respectively, based on a proportionate share of 0.305777%. As required by GASB 68, the Town has recognized its portion of the Commonwealth’s contribution as both a revenue and expenditure in the general fund, and its portion of the collective pension expense as both a revenue and expense in the governmental activities.

**29. Other Post-Employment Benefits (GASB 75)**

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The OPEB disclosures noted below are inclusive of the entire Town with a reporting date of June 30, 2018. However, the Light Plant is reported as of December 31, 2017 and therefore a timing difference exists at June 30, 2018.

All the following OPEB disclosures are based on a measurement date of June 30, 2017.

A. General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through a variety of commercially available plans. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Plan Membership

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	884
Active employees	<u>676</u>
Total	<u><u>1,560</u></u>

B. Investments

The OPEB trust fund assets consist of a balanced asset allocation fund.

*Rate of return.* For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Salary increases	4.00%, average, reduced to 3.50% while receiving steps
Investment rate of return	7.25%, net of OPEB plan investment expense
Healthcare cost trend rates	8.50% for 2017, fluctuating 0.50% to an ultimate rate of 5.00% as of 2024 and later years
Retirees' share of benefit-related costs	Range of 37.00% to 50.00%

Mortality rates were based on:

- Actives: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for employees projected using generational mortality and scale MP-2016.
- Retirees: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
- Disabled: The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Low Duration Bonds	6.54%	2.80%
Core Bond Index	14.29%	2.60%
Inflation Focused Funds	0.91%	2.80%
US High Yield Bonds	4.05%	4.90%
Diversified Strategies	13.00%	4.88%
Equity Income	14.04%	6.40%
Growth and Income	12.29%	6.40%
Growth	10.49%	6.40%
Select Value	0.70%	7.90%
Mid/Small Index	5.29%	7.50%
Aggressive Opportunities	0.70%	7.90%
Discovery	0.70%	7.50%
International Equity	14.24%	7.20%
EM MTFs	2.76%	9.70%
Total	<u>100.00%</u>	

*D. Discount Rate*

The discount rate used to measure the net OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*E. Net OPEB Liability*

The components of the net OPEB liability, measured as of June 30, 2017, were as follows:

Total OPEB liability	\$	44,218,912
Plan fiduciary net position		<u>13,452,252</u>
Net OPEB liability	\$	<u><u>30,766,660</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		30.42%

*F. Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 41,596,706	\$ 10,174,780	\$ 31,421,926
Changes for the year:			
Service cost	1,265,303	-	1,265,303
Interest	3,047,291	-	3,047,291
Contributions - employer	-	3,470,388	(3,470,388)
Net investment income	-	1,497,472	(1,497,472)
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	-	-	-
Benefit payments	<u>(1,690,388)</u>	<u>(1,690,388)</u>	<u>-</u>
Net Changes	<u>2,622,206</u>	<u>3,277,472</u>	<u>(655,266)</u>
Balances, end of year	\$ <u><u>44,218,912</u></u>	\$ <u><u>13,452,252</u></u>	\$ <u><u>30,766,660</u></u>

Update procedures were used to roll the amounts from the June 30, 2017 valuation date. Accordingly, there are no changes of benefit, assumptions or experience.

**G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 36,694,698	\$ 30,766,660	\$ 25,899,319

**H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it as calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 25,309,002	\$ 30,766,660	\$ 37,535,841

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Town recognized an OPEB expense of \$3,371,343. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources described below. The amounts below and the related amortization on the subsequent page will not match our Statement of Net Position as the Electric Fund is reported as of December 31, 2017.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 1,531,000	\$ -
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>(556,220)</u>
Total	<u>\$ 1,531,000</u>	<u>\$ (556,220)</u>

The \$1,531,000 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included in OPEB expense in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ (139,055)
2020	(139,055)
2021	(139,055)
2022	<u>(139,055)</u>
Total	\$ <u>(556,220)</u>

**30. Other Post-Employment Benefits (GASB 74)**

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2010, the Town established an OPEB Trust Fund to provide funding for future employee health care costs.

All the following OPEB disclosures are based on a measurement date of June 30, 2018.

**A. Investments**

The OPEB trust fund assets consist of a balanced asset allocation fund.

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**B. Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in this valuation (including mortality rates, the long-term expected rate of return and discount rate) are the same assumptions outlined in the previous note except for the initial health care cost trend rate which is 9.50%.

C. Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2018, were as follows:

Total OPEB liability	\$ 50,712,859
Plan fiduciary net position	<u>16,119,612</u>
Net OPEB liability	<u>\$ 34,593,247</u>

Plan fiduciary net position as a percentage of the total OPEB liability 31.79%

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 41,197,939	\$ 34,593,247	\$ 29,147,202

E. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 28,572,975	\$ 34,593,247	\$ 42,009,145

31. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Concord, acting through its Light Plant, is a participant in the New York Power Administration Niagara Project (NYPA) which is administered through the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities.

The Power Purchase Agreement with MMWEC for NYPA requires that each Project Participant pay its pro rata share of MMWEC's costs related to the Project in addition to its share of capacity, energy, transmission and working capital funding.

The Light Plant is a 2.130% entitlement holder in the Massachusetts allocation of the NYPA firm and peaking energy. The contracts are for the life of the units and the 2017 average energy price for the NYPA is \$0.0491/kWh.

### **32. Payment in Lieu of Taxes**

The language "payment in lieu of taxes" (PILOT) is used with reference to the interfund transfer within the municipal corporate entity because it is the language used in the statute authorizing the establishment and operation of municipal light plants (MGL Ch. 164). The Light Plant PILOT is a transfer from the electric light fund to the general fund.

The particular method in arriving at an appropriate amount of this transfer is not prescribed by statute, but rather Concord's specific amount has been derived from a formula worked out jointly by the Finance Department and the Light Plant and approved by the Town Manager. The formula applies the current property tax rate to the net book value of the Light Plant as of June 30, 2016.

### **33. Commitments and Contingencies**

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements - There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cases at the present time is indeterminable.

### 34. Beginning Net Position Restatement/Fund Balance Reclassification

The beginning (July 1, 2017) net position and fund balance of the Town has been restated and reclassified, respectively, as follows:

Government-Wide Financial Statements:

	Governmental Activities	Business-Type Activities				Total
		Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	
As previously reported	\$ 147,489,050	\$ 27,112,520	\$ 20,076,875	\$ 46,792,352	\$ 11,177,766	\$ 105,159,513
Implementation of GASB 75 (OPEB)	<u>(19,462,044)</u>	<u>(237,518)</u>	<u>(62,988)</u>	<u>-</u>	<u>(498,646)</u>	<u>(799,152)</u>
As restated	\$ <u>128,027,006</u>	\$ <u>26,875,002</u>	\$ <u>20,013,887</u>	\$ <u>46,792,352</u>	\$ <u>10,679,120</u>	\$ <u>104,360,361</u>

Fund Basis Financial Statements:

	Nonmajor Governmental Funds	Capital Project Major Fund
As previously reported	\$ 15,299,013	\$ 2,329,946
Reclassified from major fund	<u>2,329,946</u>	<u>(2,329,946)</u>
As reclassified	\$ <u>17,628,959</u>	\$ <u>-</u>

TOWN OF CONCORD, MASSACHUSETTS

SCHEDULE OF PROPORTIONATE SHARE (GASB 68)  
OF THE NET PENSION LIABILITY

JUNE 30, 2018  
(Unaudited)

Concord Contributory Retirement System - Town Portion (excluding Concord Municipal Light Plant)

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2018	December 31, 2017	85.89%	\$13,763,171	\$ 26,468,641	52.00%	90.60%
June 30, 2017	December 31, 2016	86.27%	\$25,158,499	\$ 24,561,225	102.43%	81.85%
June 30, 2016	December 31, 2015	86.19%	\$25,035,056	\$ 24,933,238	100.41%	80.73%
June 30, 2015	December 31, 2014	85.82%	\$13,872,529	\$ 23,546,350	58.92%	88.04%

Concord Contributory Retirement System - Concord Municipal Light Plant Portion

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
December 31, 2017	December 31, 2016	8.20%	\$2,643,809	\$ 2,583,283	102.34%	81.85%
December 31, 2016	December 31, 2015	9.04%	\$2,487,542	\$ 2,647,220	93.97%	80.73%
December 31, 2015	December 31, 2014	10.57%	\$1,639,399	\$ 2,783,014	58.91%	88.04%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2018	June 30, 2017	0.305777%	\$ -	\$ 69,978,374	\$ 69,978,374	\$ 20,763,689	-	54.25%
June 30, 2017	June 30, 2016	0.296945%	\$ -	\$ 66,390,702	\$ 66,390,702	\$ 19,532,018	-	52.73%
June 30, 2016	June 30, 2015	0.296429%	\$ -	\$ 60,737,174	\$ 60,737,174	\$ 18,790,302	-	55.38%
June 30, 2015	June 30, 2014	0.297613%	\$ -	\$ 47,309,570	\$ 47,309,570	\$ 18,248,123	-	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**TOWN OF CONCORD, MASSACHUSETTS**  
**SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)**

**JUNE 30, 2018**  
**(Unaudited)**

Concord Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	December 31, 2017	\$ 4,703,073	\$ (4,703,073)	\$ -	\$ 26,865,670	17.51%
June 30, 2017	December 31, 2016	\$ 4,449,269	\$ (4,449,269)	\$ -	\$ 24,929,643	17.85%
June 30, 2016	December 31, 2015	\$ 3,901,380	\$ (3,901,380)	\$ -	\$ 25,307,236	15.42%
June 30, 2015	December 31, 2014	\$ 3,467,672	\$ (3,467,672)	\$ -	\$ 23,899,545	14.51%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	June 30, 2017	\$ 7,303,847	\$ (7,303,847)	\$ -	\$ 20,763,689	35.18%
June 30, 2017	June 30, 2016	\$ 6,772,287	\$ (6,772,287)	\$ -	\$ 19,532,018	34.67%
June 30, 2016	June 30, 2015	\$ 4,926,325	\$ (4,926,325)	\$ -	\$ 18,790,302	26.22%
June 30, 2015	June 30, 2014	\$ 3,286,823	\$ (3,286,823)	\$ -	\$ 18,248,123	18.01%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*

See Independent Auditors' Report.

**TOWN OF CONCORD, MASSACHUSETTS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Schedule of Changes in the Net OPEB Liability (GASB 74 and 75)**

(Unaudited)

	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 1,315,915	\$ 1,265,303
Interest on unfunded liability - time value of \$	3,231,988	3,047,291
Changes of benefit terms	-	-
Differences between expected and actual experience	1,425,318	-
Changes of assumptions	2,432,103	-
Benefit payments, including refunds of member contributions	<u>(1,911,377)</u>	<u>(1,690,388)</u>
Net change in total OPEB liability	6,493,947	2,622,206
Total OPEB liability - beginning	<u>44,218,912</u>	<u>41,596,706</u>
<b>Total OPEB liability - ending (a)</b>	50,712,859	44,218,912
 <b>Plan fiduciary net position</b>		
Contributions - employer	3,522,377	3,470,388
Contributions - member	-	-
Net investment income	1,056,360	1,497,472
Benefit payments, including refunds of member contributions	<u>(1,911,377)</u>	<u>(1,690,388)</u>
Administrative expense	-	-
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	2,667,360	3,277,472
Plan fiduciary net position - beginning	<u>13,452,252</u>	<u>10,174,780</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>16,119,612</u>	<u>13,452,252</u>
 <b>Net OPEB liability (asset) - ending (a-b)</b>	<u><u>\$ 34,593,247</u></u>	<u><u>\$ 30,766,660</u></u>

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF CONCORD, MASSACHUSETTS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74 and 75)**

(Unaudited)  
(Amounts expressed in thousands)

**Schedule of Net OPEB Liability**

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 50,712,859	\$ 44,218,912
Plan fiduciary net position	<u>16,119,612</u>	<u>13,452,252</u>
Net OPEB liability (asset)	<u>\$ 34,593,247</u>	<u>\$ 30,766,660</u>
Plan fiduciary net position as a percentage of the total OPEB liability	31.8%	30.4%
Covered employee payroll	\$ Unavailable	\$ 47,902,000
Participating employer net OPEB liability (asset) as a percentage of covered employee payroll	Unavailable	64.2%

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,589,000	\$ 4,088,000
Contributions in relation to the actuarially determined contribution	<u>3,522,377</u>	<u>3,470,388</u>
Contribution deficiency (excess)	<u>\$ 66,623</u>	<u>\$ 617,612</u>
Covered employee payroll	\$ Unavailable	\$ 47,902,000
Contributions as a percentage of covered employee payroll	Unavailable	7.24%

**Schedule of Investment Returns**

	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	7.24%	13.07%

*Schedules are intended to show information for 10 years.  
Additional years will be displayed as they become available.*

See notes to Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

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**Combining and Individual Fund  
Financial Statements and Schedules**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

Community Preservation: To account for funds raised by a property tax surcharge that can be used for acquisition and preservation of open space, affordable housing, historic preservation, and recreation.

Parking: To account for funds raised by parking charges and fines, to be used for parking lot maintenance, traffic signalization and traffic and parking control projects.

Cemetery: To account for funds derived from the sale of burial lots and interment fees used to provide support to the Cemetery operating budget.

PEG Access: To account for funds derived from the cable television franchise agreement used to operate the Community Television program.

Receipts Reserved for Appropriation: To account for receipts, which according to Massachusetts General Laws, must be segregated in the treasury and appropriated to be spent for specific purposes.

53G Review: To account for funds associated with the Massachusetts General Law Chapter 44, Section 53G.

Miscellaneous Grants and Contributions: To account for various other funds of the Town restricted for particular purposes.

School Lunch: To account for operating revenues and expenses associated with the School Department student lunch program.

Gifts: To account for various gifts to the Town restricted by the donor for particular purposes.

Recreation: To account for funds associated with the Town recreation activities.

Other Revolving: To account for receipts (other than Recreation) which may be spent without appropriation for expenditures related to the source of the receipt.

Land Acquisition: To account for funds associated with the Town's land acquisition program.

Federal Grants: To account for various Federal grant programs.

State Grants: To account for various State grant programs other than Chapter 90.

Highway Grants: To account for the Town's Chapter 90 state grant program.

Solid Waste: To account for funds for use in the operation of the curbside and recycling program.

Sawyer Gift Fund: To account for funds distributed by the Trustees of Town Donations from the Sawyer Trust Gift to be used for specific projects to improve the energy efficiency of municipal buildings.

Other Special Revenue funds: To account for funds appropriated for purposes outside of the aforementioned categories.

## **CAPITAL PROJECT FUNDS**

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment other than those employed in the delivery of services accounted for in Enterprise Funds.

## **PERMANENT FUNDS**

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee. Funds are used to report resources that are legally restricted to the extent that only the earning, and not principal, may be used for purposes that benefit the Town or its citizenry.

Permanent Funds are established for the following purposes:

Hapgood Wright Trust Funds: To account for contributions earmarked for the benefit and improvement of the Town or citizens of Concord as well as for the semi-centennial celebration of the incorporation of the Town.

Cemetery Trust Funds: To account for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Other Trust Funds: To account for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with Hapgood Wright and cemetery activities.

TOWN OF CONCORD, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Special Revenue Funds				
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>PEG Access</u>	<u>Receipts Reserved for Appropriation</u>
<b>Assets</b>					
Cash and short-term investments	\$ 2,541,212	\$ 330,158	\$ 358,332	\$ 1,111,637	\$ 828,261
Investments	-	-	-	-	-
Receivables:					
Property taxes	10,462	-	-	-	-
Departmental	-	-	-	-	298,702
Intergovernmental	-	-	-	-	-
Total Assets	<u>\$ 2,551,674</u>	<u>\$ 330,158</u>	<u>\$ 358,332</u>	<u>\$ 1,111,637</u>	<u>\$ 1,126,963</u>
<b>Liabilities</b>					
Warrants payable	\$ 7,408	\$ 28,872	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Accrued payroll	937	2,828	-	-	-
Notes payable	-	-	-	-	515,489
Other liabilities	-	-	-	-	-
Total Liabilities	<u>8,345</u>	<u>31,700</u>	<u>-</u>	<u>-</u>	<u>515,489</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	10,462	-	-	-	298,702
<b>Fund Balance</b>					
Nonspendable	-	-	-	-	-
Restricted	2,532,867	298,458	358,332	1,111,637	300,165
Committed	-	-	-	-	12,607
Total Fund Balance	<u>2,532,867</u>	<u>298,458</u>	<u>358,332</u>	<u>1,111,637</u>	<u>312,772</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,551,674</u>	<u>\$ 330,158</u>	<u>\$ 358,332</u>	<u>\$ 1,111,637</u>	<u>\$ 1,126,963</u>

See Independent Auditors' Report.

Special Revenue Funds

<u>53 G Review</u>	<u>Miscellaneous Grants and Contributions</u>	<u>School Lunch</u>	<u>Gifts</u>	<u>Recreation</u>	<u>Other Revolving</u>
\$ 12,306	\$ 79,335	\$ 205,566	\$ 1,240,629	\$ 1,238,441	\$ 690,650
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,882	-	-	-
<u>\$ 12,306</u>	<u>\$ 79,335</u>	<u>\$ 213,448</u>	<u>\$ 1,240,629</u>	<u>\$ 1,238,441</u>	<u>\$ 690,650</u>
\$ 2,659	\$ 4,111	\$ -	\$ 8,035	\$ 72,467	\$ 15,676
-	-	-	-	-	-
-	-	1,256	4,385	48,815	108
-	-	-	-	-	-
<u>2,659</u>	<u>4,111</u>	<u>1,256</u>	<u>12,420</u>	<u>121,282</u>	<u>15,784</u>
-	-	-	-	-	-
-	-	-	-	-	-
9,647	75,224	212,192	1,228,209	1,117,159	674,866
-	-	-	-	-	-
<u>9,647</u>	<u>75,224</u>	<u>212,192</u>	<u>1,228,209</u>	<u>1,117,159</u>	<u>674,866</u>
<u>\$ 12,306</u>	<u>\$ 79,335</u>	<u>\$ 213,448</u>	<u>\$ 1,240,629</u>	<u>\$ 1,238,441</u>	<u>\$ 690,650</u>

(continued)

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	Special Revenue Funds			
	Land Acquisition	Federal Grants	State Grants	Highway Grants
<b>Assets</b>				
Cash and short-term investments	\$ 12,607	\$ (514,285)	\$ 191,057	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Departmental	-	-	-	-
Intergovernmental	-	545,878	504,502	-
Total Assets	<u>\$ 12,607</u>	<u>\$ 31,593</u>	<u>\$ 695,559</u>	<u>\$ -</u>
<b>Liabilities</b>				
Warrants payable	\$ -	\$ 13,188	\$ 63,772	\$ -
Accrued liabilities	-	-	-	-
Accrued payroll	-	7,048	13,923	-
Notes payable	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	-	20,236	77,695	-
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	-
<b>Fund Balance</b>				
Nonspendable	-	-	-	-
Restricted	12,607	11,357	617,864	-
Committed	-	-	-	-
Total Fund Balance	<u>12,607</u>	<u>11,357</u>	<u>617,864</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,607</u>	<u>\$ 31,593</u>	<u>\$ 695,559</u>	<u>\$ -</u>

See Independent Auditors' Report.

Special Revenue Funds				
<u>Solid Waste</u>	<u>Sawyer Gift Fund</u>	<u>Other Special Revenue Funds</u>	<u>Subtotals</u>	<u>Capital Project Funds</u>
\$ 993,874	\$ 134,289	\$ 119,771	\$ 9,573,840	\$ 5,462,748
-	-	-	-	-
-	-	-	10,462	-
-	-	-	298,702	-
-	-	-	1,058,262	-
<u>\$ 993,874</u>	<u>\$ 134,289</u>	<u>\$ 119,771</u>	<u>\$ 10,941,266</u>	<u>\$ 5,462,748</u>
\$ 97,169	\$ -	\$ -	\$ 313,357	\$ 215,966
82,544	-	-	82,544	-
-	-	-	79,300	-
-	-	-	515,489	-
<u>274,763</u>	<u>-</u>	<u>-</u>	<u>274,763</u>	<u>-</u>
454,476	-	-	1,265,453	215,966
-	-	-	309,164	-
-	-	-	-	-
539,398	134,289	119,771	9,354,042	5,246,782
-	-	-	12,607	-
<u>539,398</u>	<u>134,289</u>	<u>119,771</u>	<u>9,366,649</u>	<u>5,246,782</u>
<u>\$ 993,874</u>	<u>\$ 134,289</u>	<u>\$ 119,771</u>	<u>\$ 10,941,266</u>	<u>\$ 5,462,748</u>

(continued)

(continued)

	Permanent Funds			Subtotals	Total Nonmajor Governmental Funds
	Hapgood Wright Trust Funds	Cemetery Trust Funds	Other Trust Funds		
<b>Assets</b>					
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -	\$ 15,036,588
Investments	1,230,868	3,791,263	1,526,302	6,548,433	6,548,433
Receivables:					
Property taxes	-	-	-	-	10,462
Departmental	-	-	-	-	298,702
Intergovernmental	-	-	-	-	1,058,262
Total Assets	<u>\$ 1,230,868</u>	<u>\$ 3,791,263</u>	<u>\$ 1,526,302</u>	<u>\$ 6,548,433</u>	<u>\$ 22,952,447</u>
<b>Liabilities</b>					
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ 529,323
Accrued liabilities	-	-	-	-	82,544
Accrued payroll	-	-	-	-	79,300
Notes payable	-	-	-	-	515,489
Other liabilities	-	-	-	-	274,763
Total Liabilities	-	-	-	-	1,481,419
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	309,164
<b>Fund Balance</b>					
Nonspendable	1,068,306	1,738,645	590,054	3,397,005	3,397,005
Restricted	162,562	2,052,618	936,248	3,151,428	17,752,252
Committed	-	-	-	-	12,607
Total Fund Balance	<u>1,230,868</u>	<u>3,791,263</u>	<u>1,526,302</u>	<u>6,548,433</u>	<u>21,161,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,230,868</u>	<u>\$ 3,791,263</u>	<u>\$ 1,526,302</u>	<u>\$ 6,548,433</u>	<u>\$ 22,952,447</u>

See Independent Auditors' Report.

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TOWN OF CONCORD, MASSACHUSETTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Community Preservation	Parking	Cemetery	PEG Access	Receipts Reserved for Appropriation
<b>Revenues</b>					
Property taxes	\$ 1,182,483	\$ -	\$ -	\$ -	\$ -
Departmental	-	404,643	120,725	387,892	118,906
Intergovernmental	193,105	-	-	-	19,891
Investment income	34,248	11	-	-	-
Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>1,409,836</u>	<u>404,654</u>	<u>120,725</u>	<u>387,892</u>	<u>138,797</u>
<b>Expenditures</b>					
Current:					
General government	819,049	-	-	277,252	-
Public safety	-	373,702	-	-	-
Education	-	-	-	-	-
Public works	-	-	125,173	-	85,294
Health and human services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	-	-	163,024
Total Expenditures	<u>819,049</u>	<u>373,702</u>	<u>125,173</u>	<u>277,252</u>	<u>248,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	590,787	30,952	(4,448)	110,640	(109,521)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(335,750)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,750)</u>
Change in Fund Balance	590,787	30,952	(4,448)	110,640	(445,271)
Fund Balances at Beginning of Year	<u>1,942,080</u>	<u>267,506</u>	<u>362,780</u>	<u>1,000,997</u>	<u>758,043</u>
Fund Balances at End of Year	<u>\$ 2,532,867</u>	<u>\$ 298,458</u>	<u>\$ 358,332</u>	<u>\$ 1,111,637</u>	<u>\$ 312,772</u>

See Independent Auditors' Report.

Special Revenue Funds

53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation	Other Revolving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8,558)	-	475,940	-	1,977,512	656,349
18,258	7,000	110,201	-	-	-
-	-	-	-	-	-
-	-	-	219,356	-	-
-	-	-	158,323	2,634	-
<u>9,700</u>	<u>7,000</u>	<u>586,141</u>	<u>377,679</u>	<u>1,980,146</u>	<u>656,349</u>
16,368	122,855	-	99,725	-	481,182
-	-	-	20,479	-	-
-	-	553,567	132,514	-	560
-	-	-	43,909	-	15,142
-	-	-	124,334	-	-
-	-	-	225,950	1,883,439	-
-	-	-	-	-	-
<u>16,368</u>	<u>122,855</u>	<u>553,567</u>	<u>646,911</u>	<u>1,883,439</u>	<u>496,884</u>
(6,668)	(115,855)	32,574	(269,232)	96,707	159,465
-	-	-	-	-	-
-	84,475	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>84,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(6,668)	(31,380)	32,574	(269,232)	96,707	159,465
<u>16,315</u>	<u>106,604</u>	<u>179,618</u>	<u>1,497,441</u>	<u>1,020,452</u>	<u>515,401</u>
<u>\$ 9,647</u>	<u>\$ 75,224</u>	<u>\$ 212,192</u>	<u>\$ 1,228,209</u>	<u>\$ 1,117,159</u>	<u>\$ 674,866</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>			
	<u>Land Acquisition</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Highway Grants</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Departmental	-	-	-	-
Intergovernmental	-	1,231,413	2,290,192	122,765
Investment income	312	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>312</u>	<u>1,231,413</u>	<u>2,290,192</u>	<u>122,765</u>
<b>Expenditures</b>				
Current:				
General government	10,001	3,134	325,634	-
Public safety	-	1,350	58,541	-
Education	-	683,789	1,349,034	-
Public works	-	536,803	525,214	122,765
Health and human services	-	-	45,260	-
Culture and recreation	-	2,750	-	-
Debt service	-	-	-	-
Total Expenditures	<u>10,001</u>	<u>1,227,826</u>	<u>2,303,683</u>	<u>122,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,689)	3,587	(13,491)	-
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Transfers in	15,000	-	-	-
Transfers out	-	-	(24,194)	-
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>-</u>	<u>(24,194)</u>	<u>-</u>
Change in Fund Balance	5,311	3,587	(37,685)	-
Fund Balances at Beginning of Year	<u>7,296</u>	<u>7,770</u>	<u>655,549</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 12,607</u>	<u>\$ 11,357</u>	<u>\$ 617,864</u>	<u>\$ -</u>

See Independent Auditors' Report.

Special Revenue Funds				
		Other		Capital
Solid	Sawyer Gift	Special Revenue	Subtotal	Project
Waste	Fund	Funds		Funds
\$ -	\$ -	\$ -	\$ 1,182,483	\$ -
1,383,656	-	-	5,517,065	-
-	-	-	3,992,825	-
-	2,330	6,100	43,001	-
-	-	-	219,356	-
-	-	-	160,957	-
<u>1,383,656</u>	<u>2,330</u>	<u>6,100</u>	<u>11,115,687</u>	-
-	82,605	-	2,237,805	1,490,969
-	-	-	454,072	941,092
-	-	-	2,719,464	359,273
1,278,680	-	-	2,732,980	1,090,667
-	-	-	169,594	188,163
-	-	-	2,112,139	-
-	-	-	163,024	-
<u>1,278,680</u>	<u>82,605</u>	<u>-</u>	<u>10,589,078</u>	<u>4,070,164</u>
104,976	(80,275)	6,100	526,609	(4,070,164)
-	-	-	-	6,035,000
-	-	-	84,475	675,000
-	-	-	15,000	277,000
-	-	-	(359,944)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(260,469)</u>	<u>6,987,000</u>
104,976	(80,275)	6,100	266,140	2,916,836
<u>434,422</u>	<u>214,564</u>	<u>113,671</u>	<u>9,100,509</u>	<u>2,329,946</u>
\$ <u>539,398</u>	\$ <u>134,289</u>	\$ <u>119,771</u>	\$ <u>9,366,649</u>	\$ <u>5,246,782</u>

(continued)

(continued)

	Permanent Funds				Interfund Activity	Total Nonmajor Governmental Funds
	Hapgood Wright Trust Funds	Cemetery Trust Funds	Other Trust Funds	Subtotal		
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,182,483
Departmental	-	-	-	-	-	5,517,065
Intergovernmental	-	-	-	-	-	3,992,825
Investment income	65,774	222,117	95,179	383,070	-	426,071
Contributions	-	68,690	-	68,690	-	288,046
Other	-	-	-	-	-	160,957
Total Revenues	65,774	290,807	95,179	451,760	-	11,567,447
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	3,728,774
Public safety	-	-	-	-	-	1,395,164
Education	-	-	-	-	-	3,078,737
Public works	-	83,881	17,950	101,831	-	3,925,478
Health and human services	-	-	-	-	-	357,757
Culture and recreation	-	-	-	-	-	2,112,139
Debt service	-	-	-	-	-	163,024
Total Expenditures	-	83,881	17,950	101,831	-	14,761,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,774	206,926	77,229	349,929	-	(3,193,626)
<b>Other Financing Sources (Uses)</b>						
Issuance of bonds	-	-	-	-	-	6,035,000
Premium on issuance of bonds	-	-	-	-	-	759,475
Transfers in	-	-	-	-	(277,000)	15,000
Transfers out	-	-	-	-	277,000	(82,944)
Total Other Financing Sources (Uses)	-	-	-	-	-	6,726,531
Change in Fund Balance	65,774	206,926	77,229	349,929	-	3,532,905
Fund Balances at Beginning of Year	1,165,094	3,584,337	1,449,073	6,198,504	-	17,628,959
Fund Balances at End of Year	\$ 1,230,868	\$ 3,791,263	\$ 1,526,302	\$ 6,548,433	\$ -	\$ 21,161,864

See Independent Auditors' Report.

(concluded)

TOWN OF CONCORD, MASSACHUSETTS

GENERAL FUND

DETAIL SCHEDULE OF REVENUES, TRANSFERS IN AND OTHER SOURCES,  
AND EXPENDITURES, TRANSFERS OUT AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues and Transfers</b>				
Taxes	\$ 87,242,040	\$ 87,242,040	\$ 87,784,383	\$ 542,343
Excise taxes	3,943,586	3,943,586	4,373,063	429,477
Penalties, interest and other taxes	135,000	135,000	268,010	133,010
Departmental	1,465,000	1,465,000	1,437,976	(27,024)
Licenses and permits	1,105,000	1,105,000	1,602,574	497,574
Fines and forfeitures	85,000	85,000	89,696	4,696
Intergovernmental	4,898,536	4,898,536	5,075,254	176,718
Investment income	361,272	361,272	650,337	289,065
Other	125,000	125,000	46,966	(78,034)
Transfers in	<u>459,072</u>	<u>2,289,996</u>	<u>2,299,188</u>	<u>9,192</u>
Total Revenues and Transfers	99,819,506	101,650,430	103,627,447	1,977,017
<b>Expenditures and Transfers</b>				
<b>General government</b>				
Town Manager's Office				
Town manager	384,873	648,355	644,866	3,489
Human resources	250,054	407,780	404,084	3,696
Town-wide building fund	290,000	290,000	290,000	-
Resource sustainability fund	126,000	126,000	125,967	33
37 Knox trail	17,762	17,762	17,644	118
Visitor's center	<u>44,028</u>	<u>44,028</u>	<u>43,882</u>	<u>146</u>
Total Town Manager's Office	1,112,717	1,533,925	1,526,443	7,482
Legal services	225,000	458,002	458,002	-
Elections and Registrars				
Elections	13,627	24,809	24,809	-
Registrars	<u>8,476</u>	<u>8,476</u>	<u>5,923</u>	<u>2,553</u>
Total Elections and Registrars	22,103	33,285	30,732	2,553
Town meeting and reports	44,900	44,900	44,786	114
Planning				
Planning administration	386,153	464,285	458,428	5,857
Natural resources	221,810	288,620	284,745	3,875
Inspections	486,187	491,255	484,644	6,611
Health	<u>315,122</u>	<u>391,689</u>	<u>383,205</u>	<u>8,484</u>
Total Planning	1,409,272	1,635,849	1,611,022	24,827
141 Keyes Road	71,027	71,027	70,373	654
Selectmen Articles	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,899,487</u>	<u>513</u>
Total General government	<b>6,785,019</b>	<b>7,676,988</b>	<b>7,640,845</b>	<b>36,143</b>
See Independent Auditors' Report.				(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Finance and administration</b>				
Finance committee	3,410	3,410	3,306	104
Finance				
Finance administration	291,073	538,065	538,065	-
Treasurer-Collector	294,275	512,074	506,946	5,128
Town Accountant	163,319	325,614	322,045	3,569
Assessors	422,176	439,328	434,827	4,501
Town Clerk	247,958	244,559	242,864	1,695
Total Finance	1,418,801	2,059,640	2,044,747	14,893
Information systems	921,919	940,718	936,763	3,955
Town House	109,045	133,938	133,934	4
Total Finance and administration	<b>2,453,175</b>	<b>3,137,706</b>	<b>3,118,750</b>	<b>18,956</b>
<b>Public safety</b>				
Police department	4,468,879	4,501,417	4,501,417	-
Fire department	4,471,397	4,650,745	4,650,745	-
West Concord fire station	39,664	39,664	39,270	394
Police-Fire station	284,816	284,816	284,655	161
Emergency management	16,937	16,937	16,638	299
Animal control officer	26,000	26,000	24,730	1,270
Dog inoculation	750	750	750	-
Total Public safety	<b>9,308,443</b>	<b>9,520,329</b>	<b>9,518,205</b>	<b>2,124</b>
<b>School department</b>	<b>36,810,111</b>	<b>36,810,111</b>	<b>36,808,387</b>	<b>1,724</b>
<b>Regional school assessments</b>				
Regional school assessment	21,599,072	21,599,072	21,599,072	-
Vocational school assessment	599,179	599,179	599,179	-
Total Regional school assessments	<b>22,198,251</b>	<b>22,198,251</b>	<b>22,198,251</b>	-
<b>Public works and facilities</b>				
Public works				
CPW administration	195,728	411,845	410,944	901
Engineering	393,000	522,964	522,926	38
Highway maintenance	1,404,032	1,442,445	1,437,430	5,015
Parks and trees	698,573	723,019	716,589	6,430
Cemetery	24,999	188,862	187,958	904
Total Public works	2,716,332	3,289,135	3,275,847	13,288
Snow and ice removal	610,000	1,098,696	1,098,696	-
Street lighting	73,463	54,032	54,032	-
CPW equipment	325,000	325,000	325,000	-
Drainage program	205,000	205,000	205,000	-
Sidewalk management	110,000	110,000	110,000	-
Road improvements	100,000	100,000	100,000	-
133/135 Keyes Road	83,875	153,102	152,805	297
Total Public works and facilities	<b>4,223,670</b>	<b>5,334,965</b>	<b>5,321,380</b>	<b>13,585</b>
<b>Human services</b>				
Library	2,168,218	2,021,801	2,021,801	-
Human services administration	38,353	39,152	38,191	961
Recreation administration	75,245	101,761	101,761	-
Hunt recreation center	109,831	132,901	132,901	-
Council on Aging	383,149	394,414	394,226	188
Harvey Wheeler community center	125,521	126,905	126,492	413
Veterans	125,310	97,629	97,629	-
Ceremonies and celebrations	19,228	19,228	19,012	216
Total Human services	<b>3,044,855</b>	<b>2,933,791</b>	<b>2,932,013</b>	<b>1,778</b>

See Independent Auditors' Report.

(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Unclassified</b>				
Town employee benefits				
Unused sick leave	90,000	90,000	92,000	(2,000)
Public safety disability	2,500	2,500	122	2,378
Employee assistance program	7,500	7,500	7,177	323
Total Town employee benefits	<u>100,000</u>	<u>100,000</u>	<u>99,299</u>	<u>701</u>
Reserve fund	225,000	-	-	-
Salary reserve	793,923	239,235	239,235	-
Land fund	15,000	15,000	15,000	-
Total Unclassified	<b>1,133,923</b>	<b>354,235</b>	<b>353,534</b>	<b>701</b>
<b>Employee benefits</b>				
Insurance				
Group insurance	4,800,000	4,919,157	4,997,464	(78,307)
OPEB	1,470,000	1,470,000	1,470,000	-
Property/liability	250,000	250,000	171,693	78,307
Total Insurance	<u>6,520,000</u>	<u>6,639,157</u>	<u>6,639,157</u>	<u>-</u>
Unemployment and workers compensation				
Unemployment compensation	100,000	100,000	56,946	43,054
Workers' compensation	100,000	100,000	143,054	(43,054)
Total Unemployment and workers compensation	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Retirement	3,667,000	3,667,000	3,667,000	-
Social Security and Medicare	810,000	751,051	750,884	167
Total Employee benefits	<b>11,197,000</b>	<b>11,257,208</b>	<b>11,257,041</b>	<b>167</b>
<b>Debt service</b>				
Debt within the levy limit				
Town principal and interest	3,015,800	3,015,800	3,090,666	(74,866)
CPS principal and interest	700,350	700,350	700,223	127
Interest on notes	135,000	135,000	53,000	82,000
Other debt expense	8,850	8,850	3,170	5,680
Total Debt within the levy limit	<u>3,860,000</u>	<u>3,860,000</u>	<u>3,847,059</u>	<u>12,941</u>
Excluded debt				
Town principal and interest	99,794	99,794	99,794	-
CPS principal and interest	2,722,713	2,484,500	2,497,441	(12,941)
Total Excluded debt	<u>2,822,507</u>	<u>2,584,294</u>	<u>2,597,235</u>	<u>(12,941)</u>
Total Debt service	<b>6,682,507</b>	<b>6,444,294</b>	<b>6,444,294</b>	<b>-</b>
<b>Intergovernmental</b>	<b>503,896</b>	<b>503,896</b>	<b>479,643</b>	<b>24,253</b>
Total Expenditures and Transfers	<u>104,340,850</u>	<u>106,171,774</u>	<u>106,072,343</u>	<u>99,431</u>
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	(4,521,344)	(4,521,344)	(2,444,896)	2,076,448
<b>Other Financing Sources (Uses):</b>				
Use of fund balance:				
To reduce the tax levy	1,000,000	1,000,000	-	(1,000,000)
For property acquisition	1,200,000	1,200,000	1,200,000	-
For other capital articles	2,500,000	2,500,000	2,500,000	-
Raise prior year deficits	(178,656)	(178,656)	-	178,656
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,104</u>	<u>\$ 1,255,104</u>
See Independent Auditors' Report.				(concluded)

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## **Fiduciary Funds**

### **Agency Fund**

The Agency Fund was established to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others.

The Agency Fund represents assets held for student activities, developer escrow deposits, group insurance trust, and employee details.

TOWN OF CONCORD, MASSACHUSETTS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<b>Assets</b>				
Cash and short-term investments	\$ 398,865	\$ 9,866,612	\$ (9,832,887)	\$ 432,590
Accounts receivable	<u>47,100</u>	<u>65,444</u>	<u>(47,100)</u>	<u>65,444</u>
Total Assets	<u>\$ 445,965</u>	<u>\$ 9,932,056</u>	<u>\$ (9,879,987)</u>	<u>\$ 498,034</u>
<b>Liabilities</b>				
Warrants payable	\$ -	\$ 10,033	\$ -	\$ 10,033
Accrued payroll	12,678	18,755	(12,678)	18,755
Other liabilities:				
Police detail	6,346	280,997	(278,720)	8,623
Fire off-duty detail	28,912	58,975	(69,424)	18,463
Middle school student activity	180,838	83,339	(111,243)	152,934
Group insurance trust	48,847	9,170,892	(9,167,349)	52,390
Other agency	<u>168,344</u>	<u>272,410</u>	<u>(203,918)</u>	<u>236,836</u>
Total Liabilities	<u>\$ 445,965</u>	<u>\$ 9,895,401</u>	<u>\$ (9,843,332)</u>	<u>\$ 498,034</u>

See Independent Auditors' Report.

## **STATISTICAL SECTION**

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# TOWN OF CONCORD, MASSACHUSETTS

## STATISTICAL SECTION

The Town of Concord, Massachusetts comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

### *Financial Trends*

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### *Revenue Capacity*

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

### *Debt Capacity*

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### *Demographic and Economic Information*

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

### *Operating Information*

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the service the Town provides and the activities it performs.

**Town of Concord, Massachusetts**  
**Net Position By Component**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets.....	\$ 94,349,032	\$ 97,386,783	\$ 100,788,002	\$ 104,111,001	\$ 106,166,057	\$ 109,255,510	\$ 115,573,285	\$ 119,465,307	\$ 123,049,358	\$ 126,824,881
Restricted.....	13,317,472	20,413,100	21,997,609	23,909,571	24,142,379	22,201,498	24,081,526	27,253,854	28,813,943	31,485,750
Unrestricted.....	15,814,177	14,829,606	12,334,942	10,773,638	10,563,077	15,792,659	(779,977)	(3,913,172)	(4,374,251)	(23,507,086)
Total governmental activities net position.....	<u>\$ 123,480,681</u>	<u>\$ 132,629,489</u>	<u>\$ 135,120,553</u>	<u>\$ 138,794,210</u>	<u>\$ 140,871,513</u>	<u>\$ 147,249,667</u>	<u>\$ 138,874,834</u>	<u>\$ 142,805,989</u>	<u>\$ 147,489,050</u>	<u>\$ 134,803,545</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets.....	\$ 65,053,376	\$ 65,308,646	\$ 61,420,167	\$ 65,318,550	\$ 66,337,551	\$ 69,273,602	\$ 67,974,268	\$ 69,265,566	\$ 70,773,189	\$ 69,942,929
Restricted.....	2,240,091	4,183,090	4,137,596	3,884,556	3,826,390	6,097,111	6,288,292	8,048,292	8,210,931	9,194,497
Unrestricted.....	18,068,531	16,462,704	21,909,226	19,871,002	22,244,148	22,209,233	24,969,157	25,056,541	26,175,393	28,100,478
Total business-type activities net position.....	<u>\$ 85,361,998</u>	<u>\$ 85,954,440</u>	<u>\$ 87,466,989</u>	<u>\$ 89,074,108</u>	<u>\$ 92,408,089</u>	<u>\$ 97,579,946</u>	<u>\$ 99,231,717</u>	<u>\$ 102,370,399</u>	<u>\$ 105,159,513</u>	<u>\$ 107,237,904</u>
<b>Primary Government</b>										
Net Investment in Capital Assets.....	\$ 159,402,408	\$ 162,695,429	\$ 162,208,169	\$ 169,429,551	\$ 172,503,608	\$ 178,529,112	\$ 183,547,553	\$ 188,730,873	\$ 193,822,547	\$ 196,767,810
Restricted.....	15,557,563	24,596,190	26,135,205	27,794,127	27,968,769	28,298,609	30,369,818	35,302,146	37,024,874	40,680,247
Unrestricted.....	33,882,708	31,292,310	34,244,168	30,644,640	32,807,225	38,001,892	24,189,180	21,143,369	21,801,142	4,593,392
Total primary government net position.....	<u>\$ 208,842,679</u>	<u>\$ 218,583,929</u>	<u>\$ 222,587,542</u>	<u>\$ 227,868,318</u>	<u>\$ 233,279,602</u>	<u>\$ 244,829,613</u>	<u>\$ 238,106,551</u>	<u>\$ 245,176,388</u>	<u>\$ 252,648,563</u>	<u>\$ 242,041,449</u>

Data source: Audited financial statements.

**Town of Concord, Massachusetts**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 8,510,717	\$ 8,413,892	\$ 8,404,895	\$ 9,305,383	\$ 9,832,347	\$ 9,031,843	\$ 8,924,883	\$ 10,287,666	\$ 9,728,064	\$ 10,707,175
Public safety.....	10,891,957	11,159,206	11,405,417	11,796,092	12,047,819	12,269,514	12,249,903	13,340,235	13,812,804	13,743,500
Education.....	51,015,323	52,981,052	55,280,989	55,737,840	57,046,303	60,479,426	59,706,056	67,292,487	73,486,773	74,095,597
Public works.....	6,892,561	7,064,011	7,706,245	7,266,727	8,945,193	8,347,235	7,909,352	7,403,929	8,299,744	8,540,608
Health and human services.....	642,124	678,387	756,580	722,644	742,479	817,470	1,115,805	1,002,832	1,128,053	1,386,178
Culture and recreation.....	4,856,597	4,822,723	4,827,635	4,623,967	5,020,450	5,173,470	5,261,485	5,158,002	5,356,872	5,476,490
Debt services interest.....	1,837,251	1,924,780	1,939,930	1,861,413	1,752,745	1,732,788	1,936,308	1,501,614	1,151,003	1,085,432
<b>Total governmental activities expenses.....</b>	<b>84,646,530</b>	<b>87,044,051</b>	<b>90,321,691</b>	<b>91,314,066</b>	<b>95,387,336</b>	<b>97,851,746</b>	<b>97,103,792</b>	<b>105,986,765</b>	<b>112,963,313</b>	<b>115,034,980</b>
Business-type activities:										
Water services.....	2,617,205	2,711,990	2,798,406	2,733,105	2,740,499	2,861,140	2,962,045	3,616,926	3,742,710	3,893,747
Sewer services.....	2,848,317	3,154,603	3,109,426	3,263,652	3,125,442	3,263,977	2,968,131	3,094,077	3,179,970	3,204,450
Electric services.....	15,807,354	18,426,381	26,687,510	25,954,481	26,450,705	23,276,147	24,901,305	24,369,833	24,374,169	26,636,787
Swim services.....	2,210,992	2,252,483	2,169,206	2,178,625	2,091,407	2,227,881	2,159,452	2,257,461	2,519,792	2,196,064
<b>Total business-type activities expenses.....</b>	<b>23,483,868</b>	<b>26,545,457</b>	<b>34,764,548</b>	<b>34,129,863</b>	<b>34,408,053</b>	<b>31,629,145</b>	<b>32,990,933</b>	<b>33,338,297</b>	<b>33,816,641</b>	<b>35,931,048</b>
<b>Total primary government expenses.....</b>	<b>\$ 108,130,398</b>	<b>\$ 113,589,508</b>	<b>\$ 125,086,239</b>	<b>\$ 125,443,929</b>	<b>\$ 129,795,389</b>	<b>\$ 129,480,891</b>	<b>\$ 130,094,725</b>	<b>\$ 139,325,062</b>	<b>\$ 146,779,954</b>	<b>\$ 150,966,028</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government.....	\$ 333,550	\$ 384,477	\$ 669,923	\$ 604,839	\$ 610,873	\$ 678,726	\$ 1,121,995	\$ 1,187,123	\$ 1,517,350	\$ 1,574,191
Public safety.....	1,505,918	1,430,738	2,014,970	2,266,546	1,929,053	2,339,235	2,205,210	2,776,059	2,270,532	2,706,311
Education.....	590,144	647,755	519,009	562,669	514,649	572,792	722,613	599,205	652,760	619,649
Public works.....	1,062,075	1,430,298	1,442,378	1,661,684	1,494,413	1,552,351	1,604,826	1,606,568	1,774,423	1,623,571
Health and human services.....	135,815	137,230	12,714	12,368	15,510	13,113	11,226	47,119	41,858	48,188
Culture and recreation.....	1,580,800	1,577,087	1,589,545	1,634,122	1,718,319	1,886,241	1,960,377	1,837,054	2,045,304	2,017,296
Operating grants and contributions.....	9,305,274	8,830,469	9,106,669	8,829,655	9,101,157	9,450,635	9,095,653	11,154,020	14,192,343	14,818,523
Capital grants and contributions.....	566,685	920,510	363,852	650,154	159,892	736,587	475,579	778,865	409,548	122,765
<b>Total government activities program revenues</b>	<b>15,080,261</b>	<b>15,358,564</b>	<b>15,719,060</b>	<b>16,222,037</b>	<b>15,543,866</b>	<b>17,229,680</b>	<b>17,197,479</b>	<b>19,986,013</b>	<b>22,904,118</b>	<b>23,530,494</b>
Business-type activities:										
Charges for services:										
Water operations.....	3,531,191	3,719,334	4,374,329	4,325,314	4,554,423	4,654,206	4,945,876	5,986,690	5,183,792	6,027,556
Sewer operations.....	2,648,839	2,447,770	2,648,063	2,409,318	2,586,879	3,048,386	2,934,142	4,081,575	3,200,834	3,128,492
Electric operations.....	17,032,870	19,590,144	28,048,826	27,703,175	28,473,103	25,844,375	26,378,663	26,216,645	26,176,369	27,507,990
Swim & fitness operations.....	2,537,763	2,503,352	2,391,610	2,355,081	2,429,579	2,450,179	2,283,710	2,318,465	2,336,245	2,288,021
<b>Total business-type activities revenues.....</b>	<b>25,750,663</b>	<b>28,260,600</b>	<b>37,462,828</b>	<b>36,792,888</b>	<b>38,043,984</b>	<b>35,997,146</b>	<b>36,542,391</b>	<b>38,603,375</b>	<b>36,897,240</b>	<b>38,952,059</b>
<b>Total primary government revenues.....</b>	<b>\$ 40,830,924</b>	<b>\$ 43,619,164</b>	<b>\$ 53,181,888</b>	<b>\$ 53,014,925</b>	<b>\$ 53,587,850</b>	<b>\$ 53,226,826</b>	<b>\$ 53,739,870</b>	<b>\$ 58,589,388</b>	<b>\$ 59,801,358</b>	<b>\$ 62,482,553</b>
<b>Net (Expense)/ Revenue</b>										
Governmental activities.....	\$ (69,566,269)	\$ (71,685,487)	\$ (74,602,631)	\$ (75,092,029)	\$ (79,843,470)	\$ (80,622,066)	\$ (79,906,313)	\$ (86,000,752)	\$ (90,059,195)	\$ (91,504,486)
Business-type activities.....	2,266,795	1,715,143	2,698,280	2,663,025	3,635,931	4,368,001	3,551,458	5,265,078	3,080,599	3,021,011
<b>Total primary government net (expense).....</b>	<b>\$ (67,299,474)</b>	<b>\$ (69,970,344)</b>	<b>\$ (71,904,351)</b>	<b>\$ (72,429,004)</b>	<b>\$ (76,207,539)</b>	<b>\$ (76,254,065)</b>	<b>\$ (76,354,855)</b>	<b>\$ (80,735,674)</b>	<b>\$ (86,978,596)</b>	<b>\$ (88,483,475)</b>

(continued)

**Town of Concord, Massachusetts**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

(continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Property taxes.....	\$ 63,401,962	\$ 66,102,658	\$ 66,848,494	\$ 68,892,389	\$ 71,876,530	\$ 74,951,202	\$ 78,146,251	\$ 82,097,807	\$ 85,197,537	\$ 88,647,131
Excises.....	2,798,807	2,531,203	2,823,022	3,016,201	3,522,350	3,664,054	3,834,787	3,834,002	3,989,592	4,368,793
Penalties, interest, and other taxes.....	148,420	227,958	468,357	860,581	275,379	437,946	459,477	460,027	185,145	557,462
Grants and contributions not restricted to specific programs.....	1,828,571	1,651,419	1,591,843	1,681,121	1,607,845	2,006,422	1,497,441	1,724,579	1,701,809	1,790,059
Unrestricted investment income.....	(428,244)	1,937,698	2,147,326	268,967	1,570,680	1,997,613	570,090	296,328	2,115,562	1,938,082
Special Item.....	-	6,336,666 <sup>1</sup>	-	-	-	-	-	-	-	-
Miscellaneous.....	801,186	729,417	1,513,996	2,239,448	1,172,130	1,833,517	263,927	567,722	553,155	115,656
Transfers.....	1,597,001	1,317,276	1,700,657	1,806,979	1,895,859	2,109,466	2,167,558	951,442	999,456	863,842
<b>Total government activities.....</b>	<b>70,147,703</b>	<b>80,834,295</b>	<b>77,093,695</b>	<b>78,765,686</b>	<b>81,920,773</b>	<b>87,000,220</b>	<b>86,939,531</b>	<b>89,931,907</b>	<b>94,742,256</b>	<b>98,281,025</b>
Business-type activities:										
Unrestricted investment income.....	790,018	316,470	124,910	95,715	74,042	64,637	63,340	117,816	284,876	373,020
Miscellaneous.....	(428,890)	(428,483)	(181,840)	11,980	854,983	2,100,013	265,664	31,738	-	-
Transfers.....	(1,032,175)	(1,010,688)	(1,128,801)	(1,163,601)	(1,230,975)	(1,364,919)	(1,402,741)	(558,961)	(576,361)	(516,488)
<b>Total business-type activities.....</b>	<b>(671,047)</b>	<b>(1,122,701)</b>	<b>(1,185,731)</b>	<b>(1,055,906)</b>	<b>(301,950)</b>	<b>799,731</b>	<b>(1,073,737)</b>	<b>(409,407)</b>	<b>(291,485)</b>	<b>(143,468)</b>
<b>Total primary government.....</b>	<b>\$ 69,476,656</b>	<b>\$ 79,711,594</b>	<b>\$ 75,907,964</b>	<b>\$ 77,709,780</b>	<b>\$ 81,618,823</b>	<b>\$ 87,799,951</b>	<b>\$ 85,865,794</b>	<b>\$ 89,522,500</b>	<b>\$ 94,450,771</b>	<b>\$ 98,137,557</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 581,434	\$ 9,148,808	\$ 2,491,064	\$ 3,673,657	\$ 2,077,303	\$ 6,378,154	\$ 7,033,218	\$ 3,931,155	\$ 4,683,061	\$ 6,776,539
Business-type activities.....	1,595,748	592,442	1,512,549	1,607,119	3,333,981	5,167,732	2,477,721	4,855,671	2,789,114	2,877,543
<b>Total primary government changes in net position</b>	<b>\$ 2,177,182</b>	<b>\$ 9,741,250</b>	<b>\$ 4,003,613</b>	<b>\$ 5,280,776</b>	<b>\$ 5,411,284</b>	<b>\$ 11,545,886</b>	<b>\$ 9,510,939</b>	<b>\$ 8,786,826</b>	<b>\$ 7,472,175</b>	<b>\$ 9,654,082</b>

Data source: Audited financial statements

<sup>1</sup> Special Item - MSBA Grant

(concluded)

**Town of Concord, Massachusetts  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 5,338,170	\$ 11,505,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,902,455	9,335,733	-	-	-	-	-	-	-	-
Restricted	-	-	5,904,870	5,477,457	5,067,579	4,657,702	10,291,652	9,824,326	10,025,132	10,323,885
Committed	-	-	4,178,960	6,757,543	7,090,078	6,987,412	7,582,438	4,444,871	7,170,438	5,218,845
Assigned	-	-	4,049,542	4,488,246	4,627,414	4,408,403	5,167,430	6,385,454	6,614,824	7,879,697
Unassigned	-	-	10,199,984	10,283,974	10,720,042	12,314,090	12,366,243	14,749,208	11,636,159	13,011,996
<b>Total general fund</b>	<b>\$ 14,240,625</b>	<b>\$ 20,841,051</b>	<b>\$ 24,333,356</b>	<b>\$ 27,007,220</b>	<b>\$ 27,505,113</b>	<b>\$ 28,367,607</b>	<b>\$ 35,407,763</b>	<b>\$ 35,403,859</b>	<b>\$ 35,446,553</b>	<b>\$ 36,434,423</b>
All Other Governmental Funds										
Reserved	\$ 3,728,276	\$ 4,135,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	15,286,237	16,415,813	-	-	-	-	-	-	-	-
Capital projects funds	(6,443,639)	1,208,173	-	-	-	-	-	-	-	-
Permanent funds	87,163	90,658	-	-	-	-	-	-	-	-
Nonspendable	-	-	4,852,375	4,660,337	5,032,235	5,613,555	4,929,898	4,972,345	3,361,368	3,397,005
Restricted	-	-	13,067,152	13,771,777	14,082,838	16,677,943	9,679,731	12,866,613	15,427,443	17,752,252
Committed	-	-	-	-	-	-	-	925,000	7,296	12,607
Unassigned	-	-	-	(103,910)	(40,263)	-	(99,827)	(145,306)	(1,167,148)	-
<b>Total all other governmental funds</b>	<b>\$ 12,658,037</b>	<b>\$ 21,850,047</b>	<b>\$ 17,919,527</b>	<b>\$ 18,328,204</b>	<b>\$ 19,074,810</b>	<b>\$ 22,291,498</b>	<b>\$ 14,509,802</b>	<b>\$ 18,618,652</b>	<b>\$ 17,628,959</b>	<b>\$ 21,161,864</b>

Data Source: Audited Financial statements

<sup>(1)</sup> Beginning with FY11, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

**Town of Concord, Massachusetts**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Property taxes.....	\$ 63,040,342	\$ 66,006,467	\$ 66,999,358	\$ 69,652,383	\$ 71,914,919	\$ 75,015,595	\$ 78,450,905	\$ 82,338,693	\$ 85,017,924	\$ 88,966,866
Motor vehicle and other excise taxes.....	2,822,332	2,521,254	2,774,714	3,062,225	3,482,816	3,741,866	3,826,437	3,837,781	3,971,709	4,373,063
Penalties, interest and other taxes.....	148,420	227,958	418,759	535,777	275,379	437,946	459,477	249,066	185,145	268,010
Charges for services.....	4,483,362	4,862,687	5,239,377	5,060,893	5,338,828	5,671,503	6,541,560	6,423,619	6,932,149	6,955,041
Licenses and permits.....	707,516	672,011	909,565	1,213,310	886,261	1,260,434	1,034,287	1,517,571	1,130,870	1,602,574
Fines & Forfeitures.....	117,577	111,404	141,189	159,622	141,096	148,074	128,779	153,052	124,549	89,696
Intergovernmental.....	12,022,639	17,808,408	11,020,766	11,107,429	10,854,453	12,158,075	7,527,366	8,269,067	15,285,008	12,846,006
Investment income.....	(582,554)	1,765,473	2,147,324	268,966	1,570,731	1,997,613	570,090	296,328	2,115,562	1,938,082
Contributions.....	507,008	454,694	254,857	75,900	162,252	583,711	433,446	195,673	372,116	288,046
Miscellaneous.....	348,334	352,092	1,259,139	2,163,538	1,009,874	934,199	615,687	1,166,070	500,706	207,923
<b>Total Revenue</b>	<b>83,614,976</b>	<b>94,782,448</b>	<b>91,165,048</b>	<b>93,300,043</b>	<b>95,636,609</b>	<b>101,949,016</b>	<b>99,588,034</b>	<b>104,446,920</b>	<b>115,635,738</b>	<b>117,535,307</b>
<b>Expenditures:</b>										
General Government.....	6,535,476	6,567,396	6,579,340	7,008,608	8,230,911	8,574,820	7,913,850	8,036,658	11,383,429	11,191,445
Public Safety.....	7,689,269	7,650,477	7,966,380	8,924,764	8,413,365	9,479,072	9,464,706	9,360,713	10,267,296	10,715,555
Education.....	47,490,682	49,090,004	50,526,901	51,934,795	54,111,500	56,164,681	53,158,540	57,507,446	67,620,872	65,072,860
Public Works.....	5,904,535	6,163,035	6,563,255	6,074,559	7,684,621	7,231,519	8,014,910	6,963,346	7,861,118	8,495,449
Health and Human Services.....	424,809	386,492	452,540	434,278	478,458	525,216	887,361	586,105	708,249	1,048,255
Culture and Recreation.....	3,760,779	3,555,740	3,555,056	3,841,468	3,730,030	3,852,466	4,072,453	3,875,259	4,044,068	4,336,787
Employee Benefits.....	7,051,243	7,295,811	8,782,177	8,506,573	8,569,422	10,030,943	10,088,531	10,939,128	11,712,436	12,357,121
Intergovernmental.....	353,725	377,395	423,065	427,926	441,326	432,414	476,551	492,837	487,356	479,643
<sup>(1)</sup> Capital outlay.....	20,376,929	7,548,188	3,852,245	-	-	-	-	-	-	-
Debt service:										
Principal.....	4,093,141	4,847,970	5,913,031	6,091,927	6,160,306	6,280,204	9,751,214	6,316,519	6,466,780	5,953,024
Interest.....	1,837,251	1,924,780	1,939,930	1,861,413	1,752,745	1,732,788	1,743,008	1,501,614	1,307,867	1,168,825
<b>Total Expenditures</b>	<b>105,517,839</b>	<b>95,407,288</b>	<b>96,553,920</b>	<b>95,106,311</b>	<b>99,572,684</b>	<b>104,304,123</b>	<b>105,571,124</b>	<b>105,579,625</b>	<b>121,859,471</b>	<b>120,818,964</b>
Excess of revenues over/(under) expenditures	(21,902,863)	(624,840)	(5,388,872)	(1,806,268)	(3,936,075)	(2,355,107)	(5,983,090)	(1,132,705)	(6,223,733)	(3,283,657)
<b>Other Financing Sources ( Uses)</b>										
Issuance of bonds and notes.....	14,846,061	15,100,000	3,250,000	3,081,830	3,284,715	3,985,000	3,022,457	4,250,000	3,893,000	6,035,000
Premiums on bonds.....	-	-	-	-	-	339,823	302,289	462,357	955,903	759,475
Issuance of refunding bonds.....	-	-	-	-	-	-	4,560,000	3,541,800	5,389,000	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-	(4,810,754)	(3,967,948)	(5,960,625)	-
Issuance of capital lease.....	-	-	-	-	-	-	-	-	-	146,115
Transfers in.....	7,626,562	2,426,515	2,206,530	2,326,850	2,445,776	2,681,462	2,649,020	1,998,837	1,130,265	1,045,982
Transfers out.....	(6,029,561)	(1,109,239)	(505,873)	(519,871)	(549,917)	(571,996)	(481,462)	(1,047,395)	(130,809)	(182,140)
<b>Total other financing sources (uses)</b>	<b>16,443,062</b>	<b>16,417,276</b>	<b>4,950,657</b>	<b>4,888,809</b>	<b>5,180,574</b>	<b>6,434,289</b>	<b>5,241,550</b>	<b>5,237,651</b>	<b>5,276,734</b>	<b>7,804,432</b>
<b>Fund balance restatement</b>										
Net change in fund balance	\$ (5,459,801)	\$ 15,792,436	\$ (438,215)	\$ 3,082,541	\$ 1,244,499	\$ 4,079,182	\$ (741,540)	\$ 4,104,946	\$ (946,999)	\$ 4,520,775
<sup>(2)</sup> Debt service as a percentage of noncapital expenditures	7.10%	7.89%	8.68%	8.74%	8.34%	8.07%	11.47%	7.75%	6.89%	6.34%

Data Source: Audited Financial statements

Notes: (1) Capital outlay expenditures have been segregated for additional disclosure in this schedule, however, in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances on page 28 the capital outlay expenditures are reported as budgeted expenditures by function.

(2) Capital outlay expenditures are not included in this calculation.

**Town of Concord, Massachusetts**  
**Assessed Value (1) of Taxable Property by Classification**  
**Last Ten Fiscal Years**

Fiscal Year	Assessed Value							
	Residential Value	(2) Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	(2) Commercial Tax Rate	Total Town Value
2009	\$ 4,774,845,032	\$ 11.90	\$ 407,338,498	\$ 32,638,200	\$ 49,769,972	\$ 489,746,670	\$ 11.90	\$ 5,264,591,702
2010	4,554,723,932	13.09	389,617,284	31,051,000	51,160,013	471,828,297	13.09	5,026,552,229
2011	4,569,997,261	13.19	389,745,023	29,897,900	55,499,846	475,142,769	13.19	5,045,140,030
2012	4,615,451,797	13.58	392,887,960	28,958,300	52,760,572	474,606,832	13.58	5,090,058,629
2013	4,584,014,351	14.07	391,496,583	28,240,400	51,218,760	470,955,743	14.07	5,054,970,094
2014	4,646,613,799	14.45	411,116,033	26,044,900	46,718,930	483,879,863	14.45	5,130,493,662
2015	4,925,995,175	14.29	411,733,207	27,724,000	46,846,180	486,303,387	14.29	5,412,298,562
2016	5,339,204,392	13.92	428,233,033	23,865,400	50,586,470	502,684,903	13.92	5,841,889,295
2017	5,470,440,285	14.07	429,475,137	21,616,900	52,184,080	503,276,117	14.07	5,973,716,402
2018	5,623,508,756	14.29	444,876,674	27,268,900	48,996,270	521,141,844	14.29	6,144,650,600

Source: Board of Assessors, Town of Concord

(1) Assessed value is comparable to estimated actual value.

(2) There is no separate rate for overlapping governments.

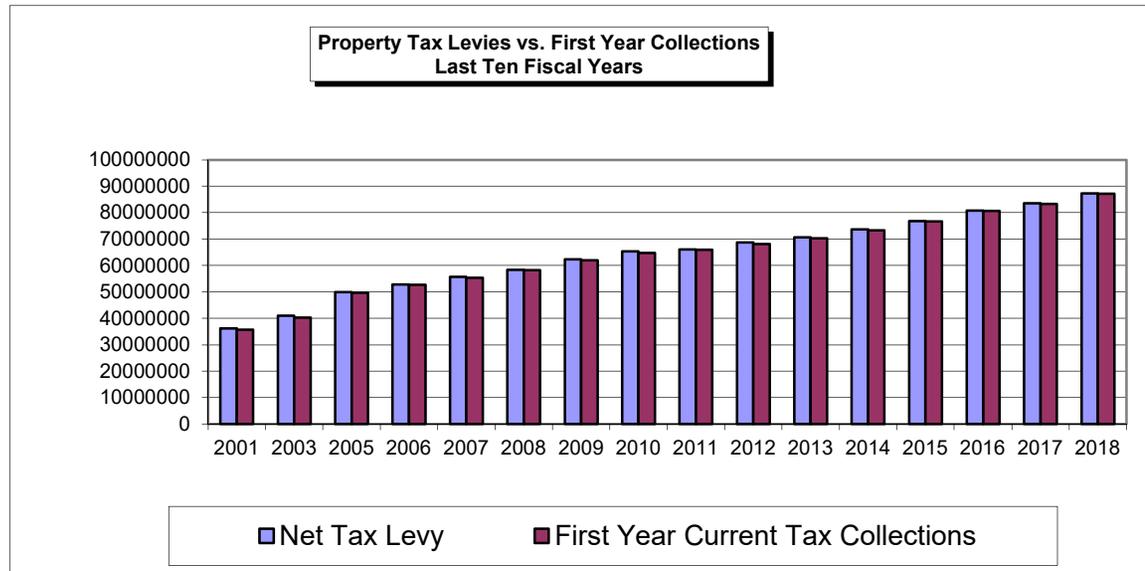
**Town of Concord, Massachusetts  
Principal Taxpayers  
Current Year and Ten Years Ago**

Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
CIP/Mort Longview Meadows LLC	Apartments	\$ 69,826,200	1	1.14%	\$ -		0.00%
New England Deaconess Assoc.	Continuing Care	62,553,200	2	1.02%	-		0.00%
300 Baker Owner, LLC	R&D/Office	58,783,800	3	0.96%	-		0.00%
Larue H. Renfroe, Trustee	Residential/Agriculture	20,594,025	4	0.34%	22,519,768	3	0.43%
Brookside Square Owner LLC	Residential/Retail	18,937,900	5	0.31%	-		0.00%
Period Realty Trust LLC	Apartments/Retail/Office	16,885,400	6	0.27%	46,618,600	2	0.89%
Charlene B. Engelhard	Residential/Agriculture	15,268,300	7	0.25%	14,702,775	6	0.28%
Warner Woods LLC	Apartments	15,014,900	8	0.24%	14,126,700	7	0.27%
Cole of Concord MA, LLC	Medical	13,464,200	9	0.22%	-		0.00%
696 Virginia Road LLC	R&D/Office	12,782,700	10	0.21%	-		0.00%
		<u>\$ 304,110,625</u>		<u>4.96%</u>	<u>\$ 97,967,843</u>		<u>1.87%</u>

Source: Board of Assessors, Town of Concord

**Town of Concord, Massachusetts  
Property Tax Levies & Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (Less Overlay)	First Year Current Tax Collections	Percent of Net Levy Collected at FY End	Percent of Net Collected at 6/30/18
2009	\$ 62,767,932	\$ 523,555	\$ 62,244,377	\$ 61,934,722	99.5%	99.9%
2010	\$ 65,797,569	\$ 506,857	\$ 65,290,712	\$ 64,728,880	99.1%	99.3%
2011	\$ 66,545,397	\$ 545,082	\$ 66,000,315	\$ 65,922,042	99.9%	100.0%
2012	\$ 69,127,431	\$ 500,183	\$ 68,627,248	\$ 68,026,099	99.1%	100.0%
2013	\$ 71,135,129	\$ 538,810	\$ 70,596,319	\$ 70,274,975	99.5%	100.0%
2014	\$ 74,138,177	\$ 539,880	\$ 73,598,297	\$ 73,291,149	99.6%	100.0%
2015	\$ 77,341,746	\$ 555,513	\$ 76,786,233	\$ 76,674,367	99.9%	99.8%
2016	\$ 81,319,099	\$ 543,633	\$ 80,775,466	\$ 80,607,430	99.8%	99.8%
2017	\$ 84,050,193	\$ 552,901	\$ 83,497,292	\$ 83,263,740	99.7%	99.7%
2018	\$ 87,807,060	\$ 565,018	\$ 87,242,042	\$ 87,141,833	99.9%	99.9%



Source: Office of the Tax Collector

**Town of Concord, Massachusetts**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Assessed Valuation	Governmental Activities Debt			
				General Obligation Bonds	Debt Per Capita	Debt Per Capita as Percentage of Personal Income	Total Debt as Percentage of Assessed Value
2009	16,993	\$ 51,477	\$ 5,264,591,702	\$ 49,853,220	\$ 2,934	5.70%	0.95%
2010	16,993	\$ 51,477	\$ 5,026,552,229	\$ 59,831,473	\$ 3,521	6.84%	1.19%
2011	17,567	\$ 67,374	\$ 5,045,140,030	\$ 57,138,277	\$ 3,253	4.83%	1.13%
2012	17,567	\$ 67,374	\$ 5,090,058,629	\$ 53,893,601	\$ 3,068	4.55%	1.06%
2013	17,567	\$ 67,374	\$ 5,054,970,094	\$ 50,782,417	\$ 2,891	4.29%	1.00%
2014	17,567	\$ 67,374	\$ 5,130,493,662	\$ 48,467,197	\$ 2,759	4.10%	0.94%
2015	17,567	\$ 67,374	\$ 5,412,298,562	\$ 42,088,799	\$ 2,396	3.56%	0.78%
2016	17,668	\$ 67,846	\$ 5,841,889,295	\$ 40,495,475	\$ 2,292	3.38%	0.69%
2017	17,668	\$ 68,032	\$ 5,973,716,402	\$ 36,555,595	\$ 2,069	3.04%	0.61%
2018	17,668	\$ 68,032	\$ 6,144,650,600	\$ 38,898,140	\$ 2,202	3.24%	0.63%

Fiscal Year	Business - Type Activities Debt				Total Primary Government			
	Water Fund	Sewer Fund	Electric Fund	Swim & Fitness Fund	Total Debt Outstanding	Debt Per Capita	Debt Per Capita as Percentage of Personal Income	Total Debt as Percentage of Assessed Value
2009	\$ 5,135,000	\$ 14,346,091	\$ 2,990,000	\$ 200,000	\$ 72,524,311	\$ 4,268	8.29%	1.38%
2010	\$ 4,575,000	\$ 13,597,912	\$ 2,450,000	\$ 100,000	\$ 80,554,385	\$ 4,740	9.21%	1.60%
2011	\$ 5,525,000	\$ 12,836,637	\$ 1,910,000	\$ -	\$ 77,409,914	\$ 4,407	6.54%	1.53%
2012	\$ 4,855,000	\$ 12,062,002	\$ 5,380,000	\$ -	\$ 76,190,603	\$ 4,337	6.44%	1.50%
2013	\$ 4,785,000	\$ 11,273,738	\$ 4,615,000	\$ -	\$ 71,456,155	\$ 4,068	6.04%	1.41%
2014	\$ 4,265,000	\$ 10,471,570	\$ 3,952,315	\$ -	\$ 67,156,082	\$ 3,823	5.67%	1.31%
2015	\$ 3,745,000	\$ 10,055,218	\$ 7,010,000	\$ -	\$ 62,899,017	\$ 3,581	5.31%	1.16%
2016	\$ 3,296,109	\$ 9,174,394	\$ 7,271,340	\$ -	\$ 60,237,318	\$ 3,409	5.03%	1.03%
2017	\$ 3,425,000	\$ 8,353,806	\$ 5,975,000	\$ -	\$ 54,309,401	\$ 3,074	4.52%	0.91%
2018	\$ 3,012,425	\$ 7,530,656	\$ 6,102,836	\$ -	\$ 55,544,057	\$ 3,144	4.62%	0.90%

Data source: Massachusetts Division of Career Centers and Division of Unemployment Assistance  
Data source: Audited financial statements

Note: Change to personal income calculation as of 2011

**Town of Concord, Massachusetts**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt (2)</u>
Debt repaid with property taxes			
Concord Carlisle Regional High School	\$ 54,420,000	73.51%	\$ <u>40,004,142</u>
Subtotal, overlapping debt			40,004,142
Town direct debt			<u>55,544,057</u>
Total direct and overlapping debt			\$ <u><u>95,548,199</u></u>

Data source: Multiple entities including Town Treasurer

(1) Estimated share based on debt service only

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service

**Town of Concord, Massachusetts  
Legal Debt Margin Information  
Last Ten Fiscal Years**

(Amounts in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation (1)	\$ 5,775,461	\$ 5,775,461	\$ 5,562,519	\$ 5,562,519	\$ 5,374,771	\$ 5,374,771	\$ 5,540,602	\$ 5,540,602	\$ 5,540,602	\$ 6,238,214
Debt Limit - 5% of Equalized Valuation	288,773	288,773	278,126	278,126	268,739	268,739	277,030	277,030	277,030	311,911
Less:										
Total debt applicable to limitation (2)	<u>(49,853)</u>	<u>(59,813)</u>	<u>(57,138)</u>	<u>(53,894)</u>	<u>(50,782)</u>	<u>(48,545)</u>	<u>(41,730)</u>	<u>(39,391)</u>	<u>(40,501)</u>	<u>(38,995)</u>
Legal debt margin	\$ 238,920	\$ 228,960	\$ 220,988	\$ 224,232	\$ 217,956	\$ 220,194	\$ 235,300	\$ 237,639	\$ 236,529	\$ 272,916
Total debt applicable to the limit as a percentage of debt limit	17%	21%	21%	19%	19%	18%	15%	14%	15%	13%

Data source:

(1) MA Bureau of Local Services (DataBank)

(2) Town of Concord

**Town of Concord, Massachusetts  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Calendar Year	Population Estimates *	Per Capita Personal Income **	School Enrollment ***	Unemployment Rate
2009	16,993	\$ 51,477	2,830	5.7%
2010	16,993	\$ 51,477	2,881	5.7%
2011	17,567	\$ 67,374	2,920	5.5%
2012	17,567	\$ 67,374	3,081	4.7%
2013	17,567	\$ 67,374	3,148	4.4%
2014	17,567	\$ 67,374	3,111	3.8%
2015	17,567	\$ 67,374	3,112	3.5%
2016	17,668	\$ 67,846	3,115	3.6%
2017	17,688	\$ 67,846	3,137	N/A
2018	17,688	\$ 68,032	2,859	2.8%

\* Source: Federal Census

\*\* Source: Official Statements

\*\*\* School enrollment includes Concord Public Schools and Concord-Carlisle Regional H.S. (less Carlisle)

Data source: Massachusetts Division of Career Services

**Town of Concord, Massachusetts  
Principal Employers  
Current Year and Ten Years Ago**

Employer	Type of Business	2018			2009		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Emerson Hospital	Health Care	1,731	1	20.24 %	1,600	1	21.40 %
300-310 Baker Avenue	Technology	1,050	2	12.28 %	1,309	2	17.50 %
Newbury Court	Health Care	290	3	3.39 %	-		- %
Middlesex School	Education	197	4	2.30 %	169	8	2.26 %
Care One of Concord	Health Care	166	5	1.94 %	183	7	2.45 %
Concord Academy	Education	165	6	1.89 %	-		- %
Harvard Vanguard Medical	Health Care	162	7	2.30 %	-		- %
Nashoba Brooks	Education	83	8	1.94 %	-		- %
Hamilton, Brook, Smith, & Reynolds	Professional Services	75	9	1.93 %	136	9	1.82 %
Fenn School	Education	73	10	1.89 %	-		- %
<b>Total Principal Employers</b>		<b>3,992</b>		<b>50.11 %</b>	<b>3,397</b>		<b>45.43 %</b>
<b>Total Town Employment (1)</b>		<b>8,553</b>			<b>7,478</b>		

Data Source:  
Final Official Statements for Town of Concord

Notes:  
(1) MA Bureau of Local Services (DataBank)

**Town of Concord, Massachusetts**  
**Government Employees by Function - Full Time Equivalents**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	36	36	36	37	37	38	41	40	42	42
Public Safety										
Police	45	45	44	45	45	45	46	46	45	46
Fire	40	39	39	39	39	40	44	44	44	45
Total	<u>85</u>	<u>84</u>	<u>83</u>	<u>84</u>	<u>84</u>	<u>85</u>	<u>90</u>	<u>90</u>	<u>89</u>	<u>91</u>
Education	511	508	510	515	516	513	515	515	518	519
Public Works										
Tax Supported	37	37	37	37	26	37	37	36	35	36
Water/Sewer Division	18	18	19	19	19	18	16	16	18	21
Electric/Business Division	32	32	32	34	34	35	35	35	40	37
Total	<u>87</u>	<u>87</u>	<u>88</u>	<u>90</u>	<u>78</u>	<u>90</u>	<u>88</u>	<u>87</u>	<u>93</u>	<u>94</u>
Planning and Human Services										
Planning & Natural Resources	9	9	8	9	9	9	9	9	8	9
Inspections	5	5	5	5	5	5	5	5	5	6
Health	4	4	4	4	4	4	4	4	4	4
Beede Center	24	24	18	25	25	26	25	25	25	21
Recreation	26	26	26	27	27	27	26	26	26	19
Senior & Social Services	7	7	7	9	8	9	10	10	8	13
Total	<u>75</u>	<u>75</u>	<u>68</u>	<u>79</u>	<u>78</u>	<u>80</u>	<u>79</u>	<u>79</u>	<u>76</u>	<u>72</u>
Library	<u>26</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>25</u>	<u>28</u>
<b>Total</b>	<b><u>820</u></b>	<b><u>816</u></b>	<b><u>810</u></b>	<b><u>830</u></b>	<b><u>819</u></b>	<b><u>833</u></b>	<b><u>840</u></b>	<b><u>838</u></b>	<b><u>843</u></b>	<b><u>846</u></b>

Source: Town of Concord Budget Manuals

**Town of Concord, Massachusetts**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years (1)**

Function	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Finance											
Registered voters	12,023	12,097	12,069	12,300	12,716	12,674	12,466	13,046	12,752	13,581	
Taxable property parcels assessed	6,567	6,580	6,588	6,571	6,590	6,591	6,376	6,634	6,410	6,658	
Motor vehicles registered	14,678	14,958	14,521	14,131	15,197	17,001	17,122	16,946	17,358	17,426	
Police (CY)											
Physical arrests	156	126	172	140	131	132	*	*	180	110	
Traffic violations	2,630	2,261	3,358	2,988	2,476	3,492	*	*	5,304	5,615	
Fire and Rescue (CY)											
Total Emergency Responses	2,926	3,254	3,054	2,932	3,067	3,131	3,466	3,669	3,584	3,629	
Emergency Responses excluding EMS	1,367	1,703	1,459	1,172	1,338	1,363	1,577	1,708	1,691	1,694	
Fires extinguished	53	56	47	43	45	48	68	67	49	42	
Emergency medical responses (EMS)	1,559	1,551	1,595	1,760	1,729	1,768	1,889	1,961	1,893	1,935	
Code Administration											
Building permits	666	796	806	733	925	873	916	1,011	897	972	
Estimated construction value in millions (\$)	41	90	44	69	143	80	54	68	93	79	
Public Works											
Refuse collected (tons)	2,387	2,426	2,483	2,484	2,513	2,544	2,574	2,581	2,548	2,637	
Recycling (tons)	1,864	1,810	1,780	1,794	1,734	1,760	1,768	1,761	1,716	1,719	
Public Library											
Volumes in collections:											
Main Street	279,178	278,492	284,012	297,892	598,996	302,917	312,701	323,199	234,538	240,584	
Fowler	43,059	40,411	42,377	44,288	44,688	42,351	38,805	36,790	36,797	37,028	
Total volumes borrowed	417,459	445,904	419,203	435,566	425,197	409,667	414,084	390,131	254,861	277,612	
Water system: (CY)											
Water main breaks	-	-	-	-	1	1	6	6	5	*	
Daily average consumption (millions of gallons)	1.85	2.12	1.98	2.04	2.05	1.98	2.10	2.10	1.81	*	
Peak daily consumption (millions of gallons)	3.00	4.63	4.11	3.91	3.91	3.82	3.79	3.79	3.04	*	
Sewage System: (CY)											
Miles of sewer	33.36	33.36	33.74	33.80	34.00	34.03	34.03	34.03	34.03	*	
Number of house connections	1,804	1,811	1,823	1,837	1,832	1,834	1,851	1,866	1,869	*	
Electric System (CY)											
Annual energy sales (MWHR)	179,579	182,592	178,430	171,079	164,924	165,376	172,348	175,137	167,135	*	
Number of meters	7,755	7,772	8,010	8,263	8,403	8,476	8,610	8,678	8,723	*	
Overhead lines (miles)	108.34	108.09	108.09	107.71	107.71	107.95	107.95	107.95	108.00	*	
Underground lines (miles)	162.56	163.02	163.02	164.15	164.15	164.15	163.95	164.59	160.00	*	

Data source: Various Town departments  
\* Calendar year data not available at this time.

Notes:  
(1) Calendar year (CY) ending during the fiscal year

**Town of Concord, Massachusetts  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of ladder trucks (cross-staffed with ambulance)	1	1	1	1	1	1	1	1	1	1
Number of pumpers (front-line structural)	2	2	2	2	2	2	2	2	2	2
Number of ambulances (front-line)	1	1	1	1	1	2	2	2	2	2
Public Works										
Miles of streets	107	107	107	107	107	107	107	107	107	107
Miles of storm drains	50	50	50	58	58	60	60	60	60	61
Number of street lights	1,353	867	1,393	1,402	1,402	1,402	1,402	1,402	1,347	1,416
Recreation:										
Athletic field acreage	46	46	46	46	46	46	46	46	47	47
Number of parks	3	3	4	4	4	5	5	5	5	5
Park acreage	10	10	10	10	10	10	10	10	10	10
Ball Fields	12	12	12	12	12	12	12	12	12	12
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Water system:										
Miles of water mains	130.00	130.00	130.90	130.90	131.60	132.50	132.50	132.80	133.50	*
Number of service connections	5,437	5,448	5,491	5,537	5,497	5,518	5,518	5,554	5,605	*
Storage capacity in gallons (millions of gallons)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	*
Maximum daily capacity of plant (millions of gallons)	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	*
Number of fire hydrants	1,262	1,263	1,270	1,281	1,306	1,318	1,318	1,321	1,328	*
Sewage System:										
Miles of sanitary sewers	33.36	33.36	33.74	33.80	34.00	34.03	34.03	34.03	34.03	*
Number of treatment plants	1	1	1	1	1	1	1	1	1	*
Number of service connections	1,804	1,811	1,823	1,837	1,832	1,834	1,834	1,851	1,859	*

\* Calendar year data not available at this time.

Data Source:  
Various city departments