



TOWN OF CONCORD  
MASSACHUSETTS

**Town Manager's Proposed  
Enterprise Budgets  
FY2017**

For the Fiscal Year  
July 1, 2016 - June 30, 2017



**Town Government Mission Statement:**

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

**Town Manager's Budget Goals****1: Preserve the Health and Safety of Residents and Visitors and Protect their Property**

- See Town Manager's Budget Book.

**2: Enhance Residents' Quality of Life**

- Beede Swim & Fitness Center (swimming programs, fitness facilities, personal training)
- Recreation Programs (before and after school day care, summer camps, preschool, sports, group exercise, and social activities)
- Curbside Collection program for residents' trash and recycling needs. Curbside subscriptions for the average resident are over a \$100 cheaper per year than local competitors.
- Telecommunications Division provides broadband services for residents and businesses.

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

- See Town Manager's Budget Book.

**4: Promote Sustainability of Resources**

- Electricity from renewable energy sources equals approximately 21% of the kilowatt hours of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020
- Greening Your Heat Program.

**5: Ensure Quality Operational & Financial Management**

- See Town Manager's Budget Book

**6: Maintain the Town's Infrastructure**

- A well maintained Water System consisting of over 130 miles of pipe.
- Borrowing request at April 2016 Annual Town Meeting is for: Nagog Pond Filtration Plant (\$13.5M), Nagog Intake structure (\$1.85M) and rehabilitation of Annursnac Hill Reservoir (\$958K).
- Sewer System that serves 1,858 residential and commercial customers (34% of the community), and consists of 33 miles of collection mains.
- To protect the power grid, Concord Municipal Light Plant allocates funds to place power cables underground; approximately 50% of the Town's power lines are underground.
- Investing in the Beede Center facility with new boilers, new dehumidification system, and new fitness equipment.



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CHRISTOPHER WHELAN, TOWN MANAGER

## Town Manager's Budgetary Priorities

February 29, 2016

The Honorable Select Board:

In the FY17 Town Manager's Proposed Enterprise Budget Book, I have identified six general goals that the programs and services of the Town Government should strive to achieve. These goals set the priority of what is to be funded in this budget. The goals are as follows:

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

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

### **Enhance Residents' Quality of Life**

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

### **Promote Sustainability of Resources**

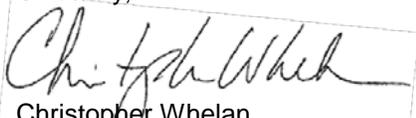
The Concord Municipal Light Plant has taken the lead in ensuring that the Town is a "Green Community" through sustainable energy practices. The 2016 Power Portfolio includes 21% of electricity purchased from renewable sources. Additionally, the Light Plant has implemented a Conservation and Renewable Energy Surcharge (CARES) that provides assistance to customers for more energy efficient fixtures and appliances.

### **Maintain the Town's Infrastructure**

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

A main initiative that will be proposed at the 2016 Annual Town Meeting is the construction of the Nagog Pond Filtration Plant (\$13.5 million) and Nagog Pond Intake Structure (\$1.85 million). Approval of these excluded-debt projects will be a major step in making this important source of potable water available to Concord residents.

Sincerely,

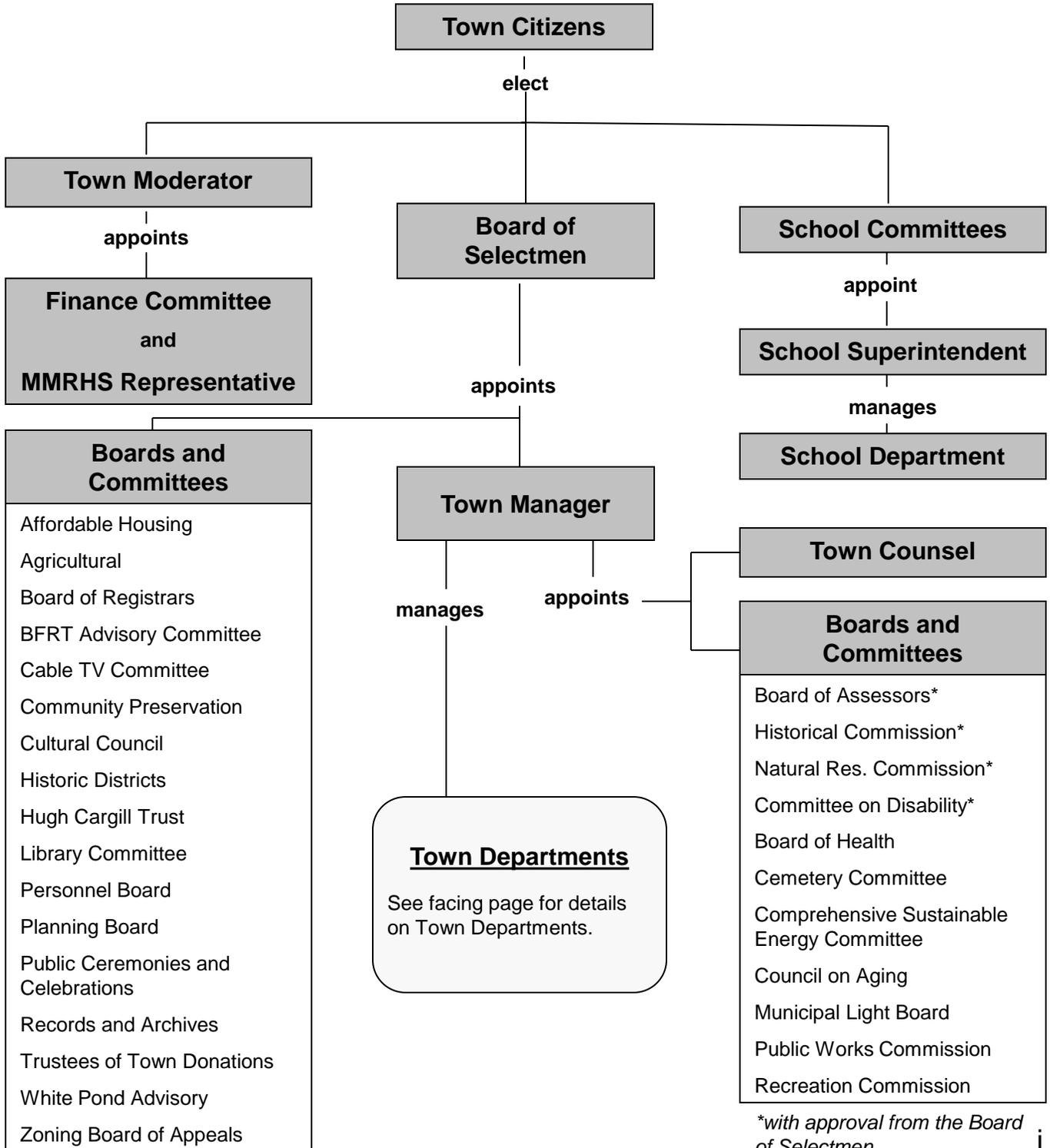
  
Christopher Whelan  
Town Manager

**Town Government Mission Statement:**

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

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

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

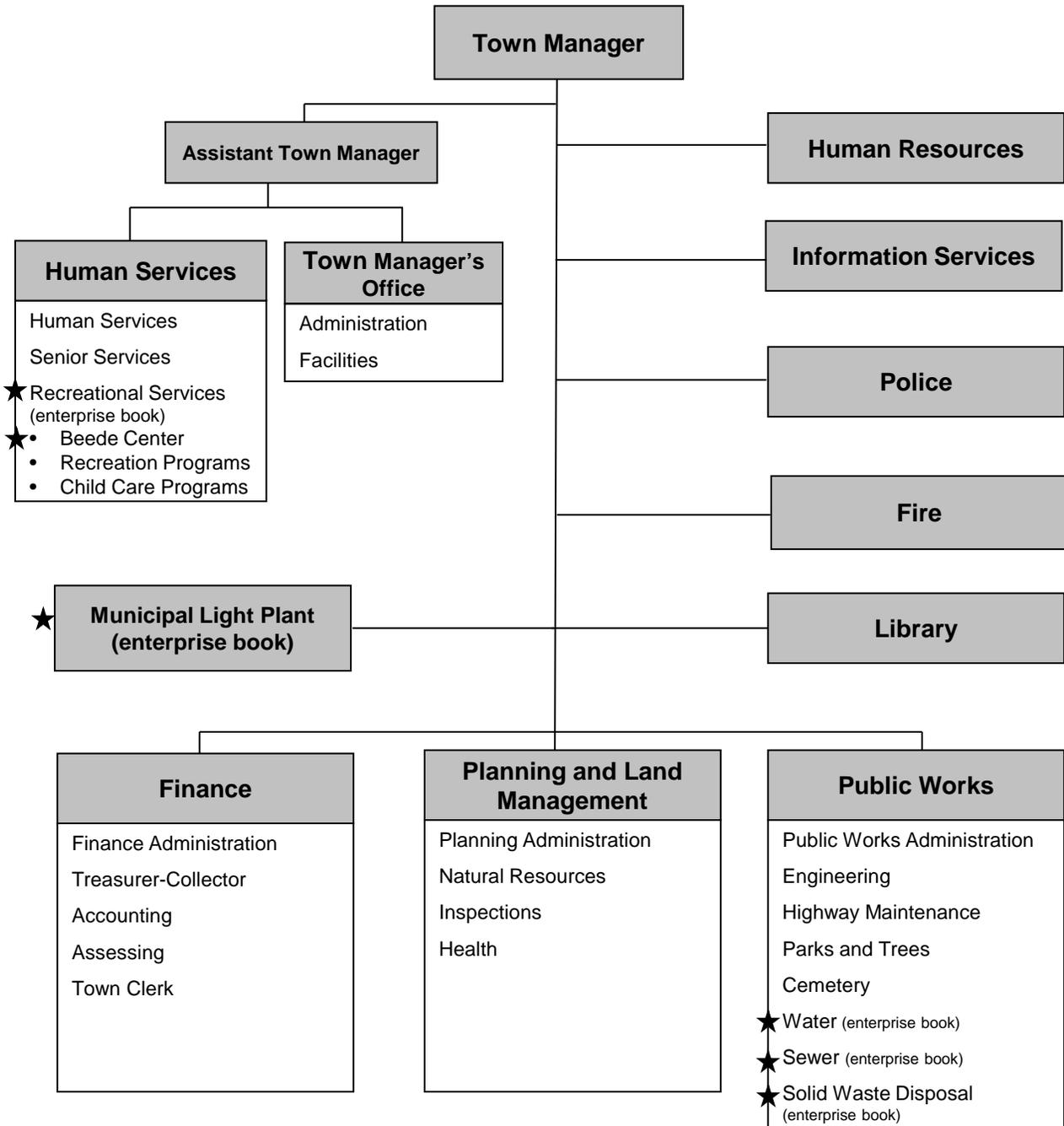


*\*with approval from the Board of Selectmen*

The Town Manager oversees Town Departments, including the following 6 business-type activities:

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

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



## Budget Book Guide

### **Section I – Letter of Transmittal**

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

### **Section II – Budget Summary**

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

### **Section III – Light Fund**

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

### **Section IV – Water Fund**

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

### **Section V – Sewer Fund**

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

### **Section VI – Solid Waste Fund**

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

### **Section VII – Swim and Fitness Fund**

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

### **Section VIII – Recreation Fund**

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

### **Section IX – Appendix**

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

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# **Section I**

## **Letter of Transmittal**

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CHRISTOPHER WHELAN, TOWN MANAGER

February 29, 2016

The Honorable Select Board:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2017 (July 1, 2016 – June 30, 2017). The document presents the Town's business-type operations. These operations have the following characteristics:

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

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

### **Light Fund**

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

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

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

The budget is developed for the Town Manager by the CMLP Director and is reviewed by the Light Board. The Light Board is the electric utility rate-setting body, in accordance with the provisions of M.G.L. Chapter 164. Rates are subject to limited oversight of the Commonwealth of Massachusetts Department of Public Utilities, as the Light Plant operates as a home-rule municipal light plant. The Town Meeting annually authorizes the Town Manager to expend the income of the Light Fund without further appropriation. For FY17, this action will be taken under Article 51 of the 2016 Town Meeting Warrant.

### **Water Fund**

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

The Public Works Director is appointed by the Town Manager. The Concord Public Works (CPW) Department includes the Water/Sewer Division. The Water/Sewer Superintendent reports to the Public Works Director. CPW staff prepares an annual Water Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners, a five-member body appointed by the Town Manager. The Commissioners are the water utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Water Fund without further appropriation. For FY17, this action will be taken under Article 55 of the 2016 Town Meeting Warrant.

### **Sewer Fund**

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

In a process identical to the management of the Water Fund, CPW staff under the direction of the Public Works Director prepares the annual Sewer Fund budget recommendation for review by the Town Manager. The budget is also reviewed by the Public Works Commissioners. The Commissioners are the sewer utility rate-setting body, in accordance with General Law provisions and the Town Bylaw. The Town Meeting annually authorizes the Town Manager to expend the income of the Sewer Fund without further appropriation. For FY17, this action will be taken under Articles 53 and 54 of the 2016 Town Meeting Warrant.

### **Solid Waste Fund**

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

income of the fund without further appropriation. For FY17, this action will be taken under Article 52 of the 2016 Town Meeting Warrant.

### **Beede Swim & Fitness Center Fund**

This facility opened its doors on April 18, 2006. Article 30 adopted by the 2005 Annual Town Meeting authorized the establishment of an enterprise fund for this operation, in accordance with requirements of the General Laws of the Commonwealth, Chapter 44, section 53 F 1/2. This section of the state statutes, enacted in 1986, requires that the annual budget of the Center be submitted to the Town Meeting for enactment in the same manner as is the General Fund budget. Accordingly, the motion under Article 56 of the 2016 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2016 based upon an estimate of the income to be derived from the operation.

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

### **Recreation Fund**

Last year, a section describing the activities of the Recreation Revolving Fund was added to the Enterprise Budget book. Prior to that, some information was presented in the Town Manager's Budget Book. The transition was made so that there would be one place where financial and budgetary information about the Recreation Fund activities is detailed.

With the adoption of Article 3 at the 1979 Town Meeting, this Fund was established by Town Bylaw to be used solely for the maintenance and support of recreation and park facilities and services of the Town. The Recreation Fund is not an enterprise fund but rather is a Revolving Fund, since it has no capital assets and no depreciation expense is associated with its operations. Like the Solid Waste Fund, the Recreation Fund is included in this presentation because its basic purpose is to operate the recreation programs as a business-type activity. Rates are set by the Recreation Commission and program costs are expected to be fully recovered by these rates. At the time that the Recreation Fund was established, there was no requirement that an annual appropriation would need to be adopted by Town Meeting and the Bylaw was written so that expenditures can be made by the Town Manager without further appropriation, so there is no action required of and no article presented to the 2016 Town Meeting.

### **Budgetary Focus**

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

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

Revenues:

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

Expenses:

- Interest paid on debt (bonds and notes)

The budgets proposed for FY17 (calendar year 2016 for CMLP), and the related projections of operating and net income, are:

	<u>Operating Revenue</u>	<u>Operating Expenditure</u>	<u>Operating Income</u>	<u>Net Income</u>
<b>Light Fund</b>	\$25,437,204	\$23,685,398	\$1,751,806	\$2,185,476
<b>Water Fund</b>	5,303,000	4,220,084	1,082,916	1,009,708
<b>Sewer Fund</b>	2,776,000	3,316,424	<b>-540,424</b>	<b>-410,523</b>
<b>Solid Waste Fund</b>	1,314,623	1,313,568	1,055	1,055
<b>Beede Center Fund</b>	2,382,542	2,687,600	<b>-305,058</b>	<b>-295,058</b>
<b>Recreation Fund</b>	1,750,158	1,675,244	74,914	74,914

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

<u>FY17 Proposed Budgets</u>	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
<b>Net Income Projected</b>	\$2,185,476	\$1,009,708	<b>\$ -410,995</b>	<b>\$ -295,058</b>
<b>Depreciation Expense</b>	<u>1,771,617</u>	<u>1,169,032</u>	<u>1,580,995</u>	<u>424,181</u>
<b>Subtotal</b>	3,957,093	2,178,740	1,170,000	129,123
<b>Less:</b>				
<b>Debt Principal Payment</b>	730,000	420,000	597,016	0
<b>CMLP PILOT Payment</b>	465,500	0	0	0
<b>Net Resources derived from Current Operations and available for Capital Purposes</b>	<u>\$2,761,593</u>	<u>\$1,758,740</u>	<u>\$ 572,984</u>	<u>\$ 129,123</u>

The planned FY17 capital expenditures of each enterprise (exclusive of expenditures that will be funded by debt issuance) are as follows:

	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
<b>Capital Outlay</b>	\$2,525,016	\$720,935	\$2,017,407	\$ 345,000

It is not necessary that Net Resources from Current Operations equal or exceed the actual or planned Capital Outlay for each year. In FY17, for example, the Sewer Fund and Beede Center has greater capital outlay needs and the difference will be financed from the available cash balance of this fund. Nevertheless, over the long term, it is the objective to manage each of these enterprises so that the cost for replacement and renewal of plant and equipment will be met from cash generated by current operations.

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

## **Program Highlights**

### **Light Fund**

The major item affecting operating expenses and revenues for the Concord Municipal Light Plant is the purchase of power supply and distribution of electricity to customers. Since changes in purchased power costs are passed along to customers, the Light Plant's portfolio of power supply purchase agreements in effect at any time greatly affects the price that its customers will pay. In 2017, purchased power expense is projected to be approximately \$18 million or 74% of operating costs.

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

The Light Plant Board is committed to reducing the Town's dependency on electricity generated from fossil fuels. Initiatives include seeking to purchase commercially available electricity from renewable sources, developing utility-scale solar generation in Town, facilitating rooftop solar in Town, and participating in wind power generation projects outside of Town. All of these efforts will contribute to the goal of increasing the percentage of electricity generated from renewable sources from the 21% of all purchased power in 2016 to 30% by 2020.

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

approved Article 48 which authorized the Town to borrow up to \$1 million in startup capital funds to get the project off the ground. With the installation of service to over 450 Concord customers as of January 2016 and additional installations expected during the year, the 2016 operating revenue is projected to exceed operating expenditures by approximately \$200,000. These funds will be available to begin to replenish Fund Balance, which has been as expected negative during the startup period, and make debt service payments on the borrowed funds.

## **Water Fund**

The Water Fund is in sound financial condition and needed capital improvements are proceeding on schedule. With Article 28 of the 2016 Annual Town Meeting, the Town will request approval of \$16.5 million in borrowing to construct the Nagog Pond water treatment facility, replace the water intake pipeline, and rehabilitate the Annursnac and Pine Hill storage tanks. The work at Nagog Pond has been contemplated for some time and approval of the borrowing authorization from Town Meeting will make it possible for the Town to utilize Nagog Pond as a reliable, high quality water supply capable of providing more than 1 million gallons of drinking water per day.

To maintain sufficient funds to cover operating and capital costs, a rate increase of 4.0% is proposed to be effective June 1, 2016, which is an annual dollar increase of approximately \$17.10 for the average residential customer over the year.

## **Sewer Fund**

It has been noted above that the Sewer Fund's projected operating income is negative. In addition, the forecast is that operating results will remain in deficit for the next several years, while gradually improving during this period (see page V-10). The main cause of this deficit is an increase in the depreciation expense, from \$628,375 in FY05 to \$1,580,995 projected for FY17, a reflection of the infrastructure improvements that had been made in 2006-08 to the treatment plant first put into service in 1987.

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

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

A rate increase of 3.0% is proposed to be effective June 1, 2016, which is an annual dollar increase of approximately \$19.80 for the average residential customer.

### **Solid Waste Fund**

The Town offers curbside trash and recycling collection to all residences and small commercial facilities. The program pays for itself through issuing subscriptions, which make a residence eligible for trash and/or recycling pickup, and by selling barrel tags and stickers, which make a garbage barrel eligible for pickup. The Solid Waste Fund holds no capital assets and the collection and disposal of trash and recycling is contracted out to a third party, Waste Management of New England. There are approximately 3,500 subscribers for this service. In FY17, it is expected that the Solid Waste Fund will generate a slight net income.

### **Beede Center Fund**

Completing its tenth year of operation as of April 2016, the Beede Swim and Fitness Center continues to operate successfully. Given that it is the only one of the Town's enterprises that operates in a competitive market, the Beede Center is very dependent upon the satisfaction of its members and on the overall condition of the regional and national economy to maintain membership levels for what may be seen as a discretionary expense. Thus far, the Beede Center has been received enthusiastically by the community and is increasingly perceived as an important contributor to the community's physical health.

The Beede Center has experience a slight drop in membership from January 1, 2015 to January 1, 2016. Although membership by individuals and couples have held relatively constant, family memberships have declined from 494 to 415, or by 79 families. Among other factors, this decrease could have been a result of the extensive construction that was occurring during the year to renovate HVAC system for the facility and the dehumidifier system for the pool area. A benefit of the renovations will be a more efficient use of electricity and natural gas.

### **Recreation Fund**

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

The Recreation Fund earns revenue from user fees to cover its expenses. In FY17, it is projected that the revenues will be \$1.75 million and expenses will be \$1.68 million. As the demand for a particular program increases, so does staffing and expenses, as well as revenues earned from program fees. Although this allows the Recreation Department to be very flexible with its cost and hire on staff to meet the need, it also makes budgeting difficult.

The Recreation Department provides five types of programs: recreation programs; summer camp; school year programs such as before and after school day care; fitness programs; and special programs. For those Concord residents who cannot afford the program fees, the Recreation Department has a scholarship fund. In FY15, approximately \$196,000 in scholarships was provided.

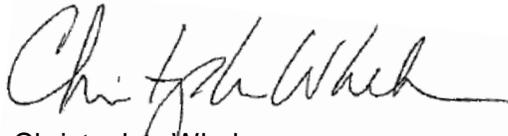
## **Acknowledgements**

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

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

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

Respectfully Submitted,

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

Christopher Whelan  
Town Manager

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

# **Section II**

## **Budget Summary**

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Section Overview

This Budget Summary contains charts, schedules, and narratives that describe the FY17 Enterprise Budgets. The level of detail in this summary section allows the reader to grasp the “big picture” relating to the Enterprise Operations’ recent past, present, and near future.

The sub-sections found in this summary are:

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

**Enterprise Fund Financial Policy**

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

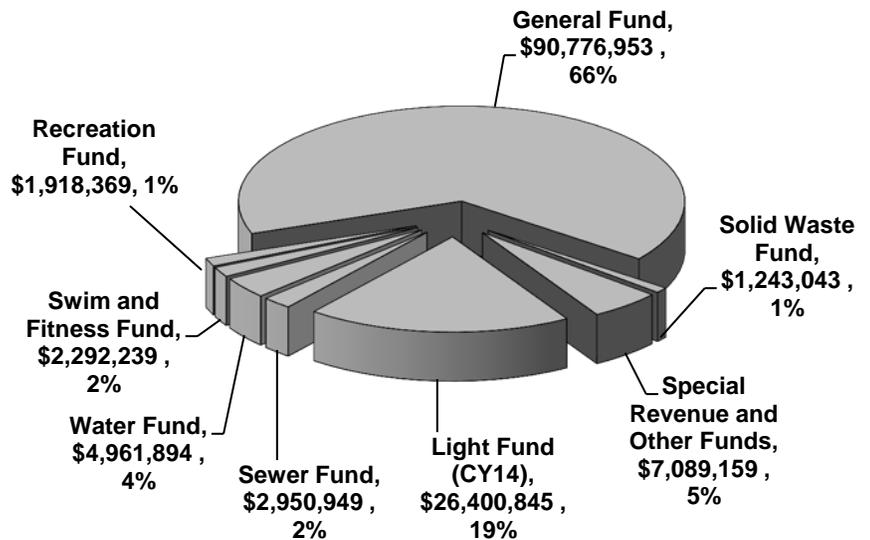
This means that each is expected to cover all costs associated with operations as well as all costs associated with capital maintenance and depreciation by generating the necessary revenue itself (i.e. through user fees).

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

**Enterprise Funds**

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

**Enterprise Revenues as a Percentage of Total FY15 Town Government Revenues**  
**Totaling \$137,633,255**



A Note on the Solid Waste Fund & Recreation Fund

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

### *Definition*

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

## Management of the Enterprise Funds

### Town Charter and Bylaws

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

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

### General Fund Services

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

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

General Fund services involve the following:

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

### Role of Town Meeting

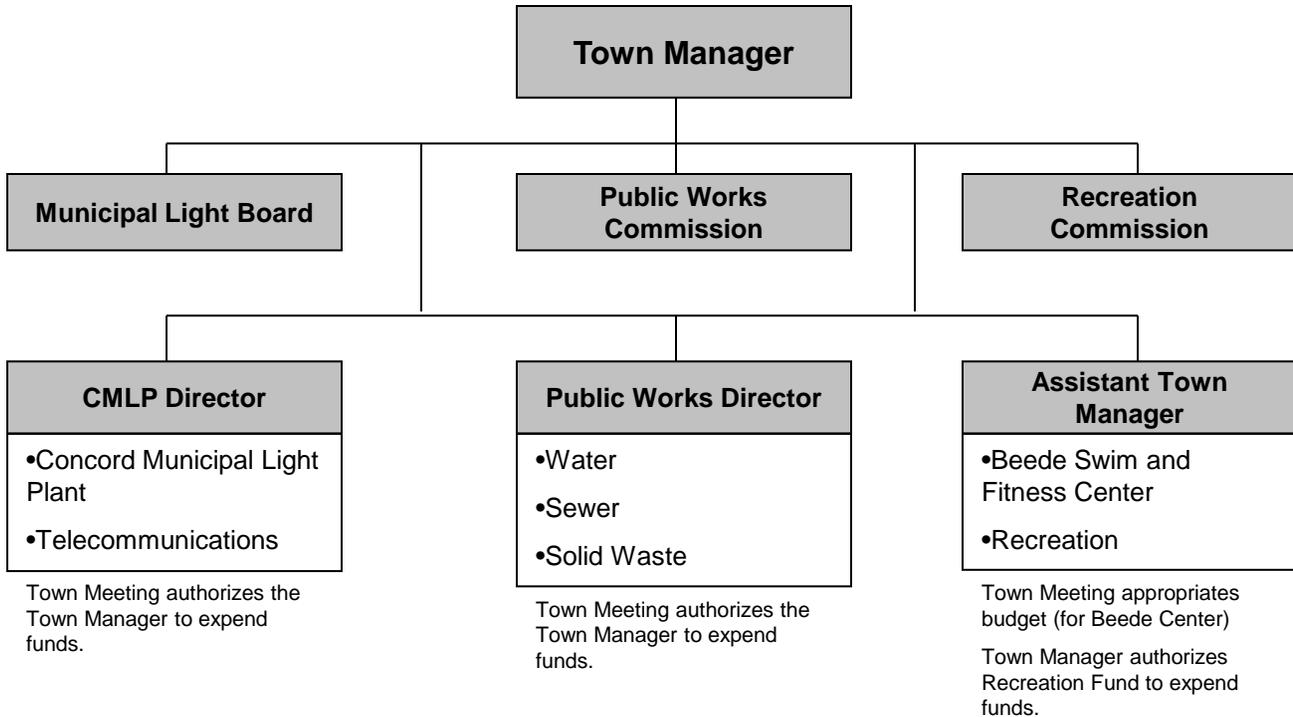
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town's General Fund operations. However, the Swim and Fitness Fund's budget is authorized by Town Meeting as an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

### Setting Rates and User Fees

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

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

**Enterprise Organizational Chart**



**The Purpose of Enterprise Funds**

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

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

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

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

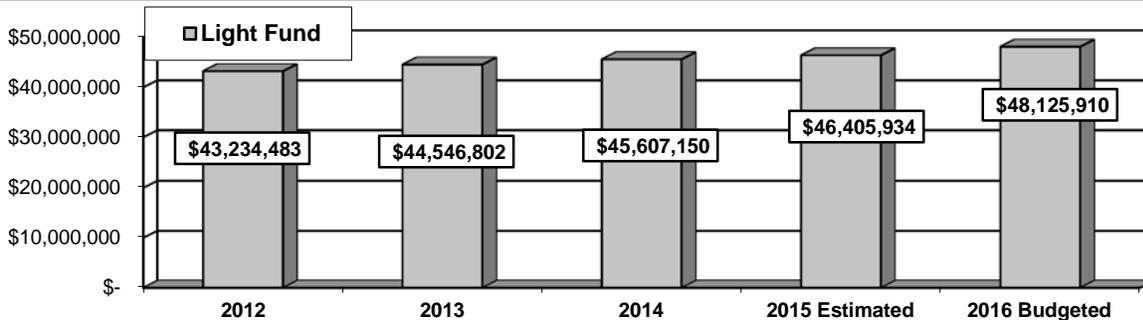
**Net Assets as a Financial Measure**

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

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

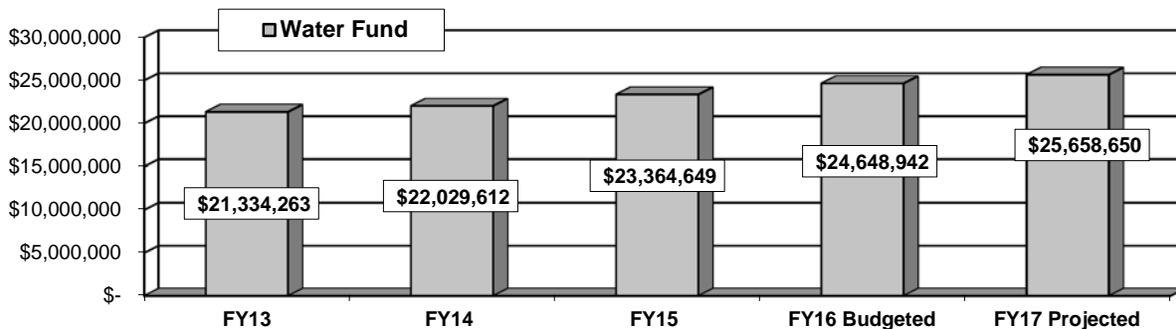
The trend that one would hope to see for a stable enterprise activity would be for Net Assets to increase through the years at roughly the rate of inflation. Any sizeable deviation from this trend (either up or down) should prompt management's consideration of why the adjustment is occurring and whether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

**Light Fund Net Assets – calendar 2012 to 2016**



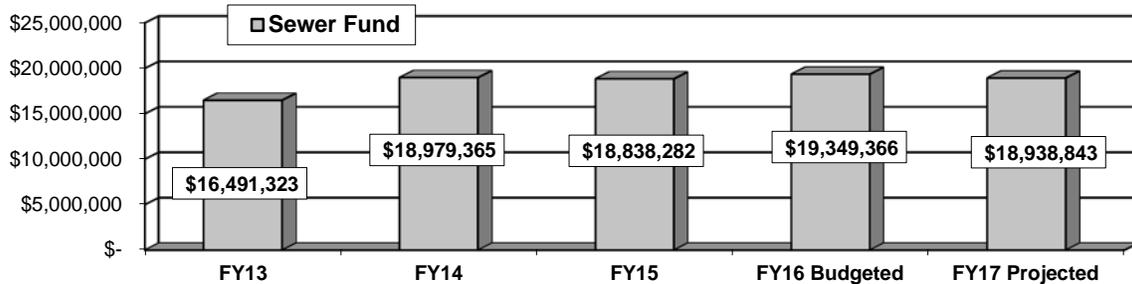
**Light Fund Net Asset Discussion:** The slight increase in the Light Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels.

**Water Fund Net Assets – FY13 to FY17**



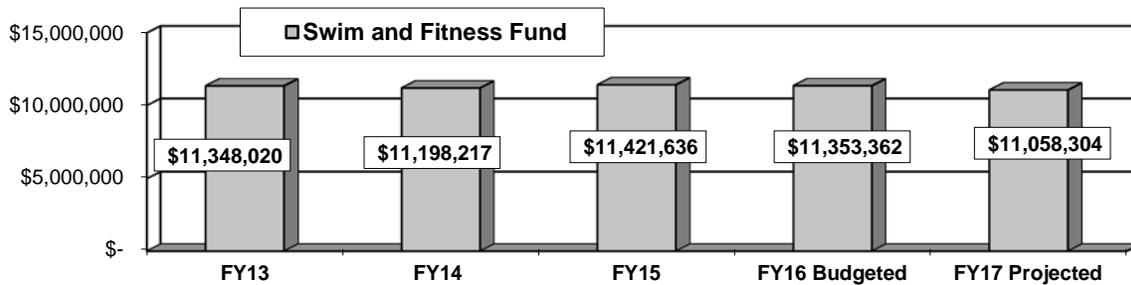
**Water Fund Net Asset Discussion:** The slight increase in the Water Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels. See page IV-15 for details on the Water Fund's 10-year financial plan.

### Sewer Fund Net Assets – FY13 to FY17



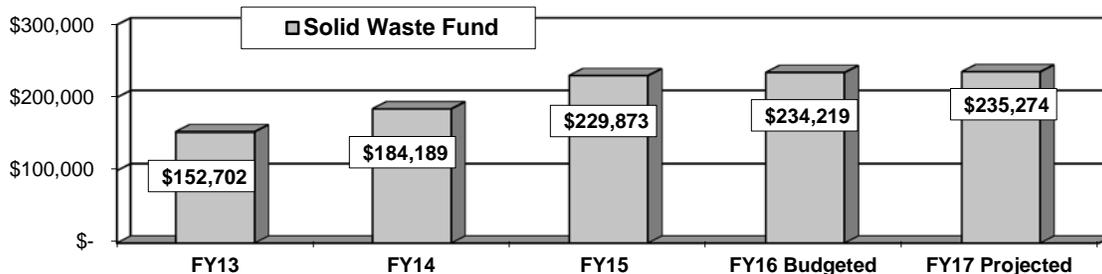
**Sewer Fund Net Asset Discussion:** The Town’s Sewer activities are the most capital intensive of any of the enterprise activities, and the Sewer Division in 2008 completed a \$12 million renovation of the Wastewater Treatment Plant. With this new investment, the Sewer Fund’s depreciation expense has risen from \$628,375 in FY05 to a projected \$1,580,995 in FY17. With the infusion of revenue from the CoMag Incentive Payments of \$1,006,882 in FY13 and \$2,943,125 in FY14, Net Assets have been replenished to a level just under \$19 million. Still, the increased level of depreciation expense will result in a projected negative net income in FY17. The projected cash position of the Sewer Fund will be sufficient in the interim period. See page V-11 for details on the Sewer Fund’s 10-year financial plan.

### Swim and Fitness Fund Net Assets – FY13 to FY17



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

### Solid Waste Fund Net Assets – FY13 to FY17



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

## SECTION II: Budget Summary

## Operating Summaries

### Summary of Comparative Operating & Income Data

	<u>CY14 Actual</u>	<u>CY15 Estimated</u>	<u>CY16 Budget</u>	<u>% Change CY15 to CY16</u>
<b>1) Light Fund</b>				
Operating Revenues	25,547,828	24,607,460	25,437,204	3.4%
Less Operating Expenses	<u>(24,078,883)</u>	<u>(23,988,732)</u>	<u>(23,685,398)</u>	<u>-1.3%</u>
Operating Income	1,468,945	618,728	1,751,806	183.1%
Net Income	2,118,998	1,267,746	2,185,476	72.4%
Net Available for Capital Expenditures	2,567,033	1,792,583	2,761,593	54.1%
<hr/>				
	<u>FY15 Actual</u>	<u>FY16 Rev. Budget</u>	<u>FY17 Prop. Budget</u>	<u>% Change FY16 to FY17</u>
<b>2) Water Fund</b>				
Operating Revenues	4,945,876	5,287,000	5,303,000	0.3%
Less Operating Expenses	<u>(3,479,721)</u>	<u>(3,896,695)</u>	<u>(4,220,084)</u>	<u>8.3%</u>
Operating Income	1,466,155	1,390,305	1,082,916	-22.1%
Net Income	1,335,037	1,284,293	1,009,708	-21.4%
Net Available for Capital Expenditures	1,646,490	1,697,614	10,729,240	532.0%
<hr/>				
	<u>FY15 Actual</u>	<u>FY16 Rev. Budget</u>	<u>FY17 Prop. Budget</u>	<u>% Change FY16 to FY17</u>
<b>3) Sewer Fund</b>				
Operating Revenues	2,572,625	2,668,000	2,776,000	4.0%
Less Operating Expenses	<u>(2,991,964)</u>	<u>(3,159,052)</u>	<u>(3,316,424)</u>	<u>5.0%</u>
Operating Income	(419,339)	(491,052)	(540,424)	-10.1%
Net Income	(203,465)	511,084	(410,523)	-180.3%
Net Available for Capital Expenditures	1,108,949	1,540,479	679,456	-55.9%
<hr/>				
	<u>FY15 Actual</u>	<u>FY16 Rev. Budget</u>	<u>FY17 Prop. Budget</u>	<u>% Change FY16 to FY17</u>
<b>5) Solid Waste Fund</b>				
<i>Curbside Program</i>				
Operating Revenues	1,245,089	1,257,998	1,314,623	4.5%
Less Operating Expenses	<u>(1,199,406)</u>	<u>(1,253,651)</u>	<u>(1,313,568)</u>	<u>4.8%</u>
Operating Income	45,683	4,347	1,055	75.7%
Curbside Fund Balance	229,872	234,219	235,274	0.5%
<hr/>				
	<u>FY15 Actual</u>	<u>FY16 Rev. Budget</u>	<u>FY17 Prop. Budget</u>	<u>% Change FY16 to FY17</u>
<b>4) Swim &amp; Fitness Center Fund</b>				
Operating Revenues	2,283,710	2,303,743	2,382,542	3.4%
Less Operating Expenses	<u>(2,298,625)</u>	<u>(2,381,017)</u>	<u>(2,687,600)</u>	<u>12.9%</u>
Operating Income	(14,915)	(77,273)	(305,057)	-294.8%
Net Income	233,419	(68,274)	(295,058)	-532.2%
Net Available for Capital Expenditures	550,422	343,146	129,122	-62.4%
<hr/>				
	<u>FY15 Actual</u>	<u>FY16 Rev. Budget</u>	<u>FY17 Prop. Budget</u>	<u>% Change FY16 to FY17</u>
<b>5) Recreation Fund</b>				
Operating Revenues	1,899,275	1,754,658	1,750,158	-0.3%
Less Operating Expenses	<u>(1,732,133)</u>	<u>(1,680,771)</u>	<u>(1,675,244)</u>	<u>-0.3%</u>
Operating Income	167,143	73,887	74,914	-1.4%



## Useful Definitions

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

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

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

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

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

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

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

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

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

## Useful Definitions (continued)

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

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

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

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

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

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

**See Glossary on Page IX-8 for more definitions.**

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# **Section III**

## **Light Fund**

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Mission Statement

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

Light Fund Highlights

- The cost of purchased power, a pass-through expense to the customer, makes up approximately 74% of operating expenditures.
- The Light Plant has a three-tiered rate schedule for residential customers to encourage conservation; the more electricity that a customer uses the higher the rate.
- Electricity from renewable energy sources equals approximately 21% of the kilowatt hours of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020.
- In 2014, CMLP implemented its broadband service to residences and businesses by using extra capacity available in the fiber optic cables installed as part of the Smart Grid program.

Light Fund Contents

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

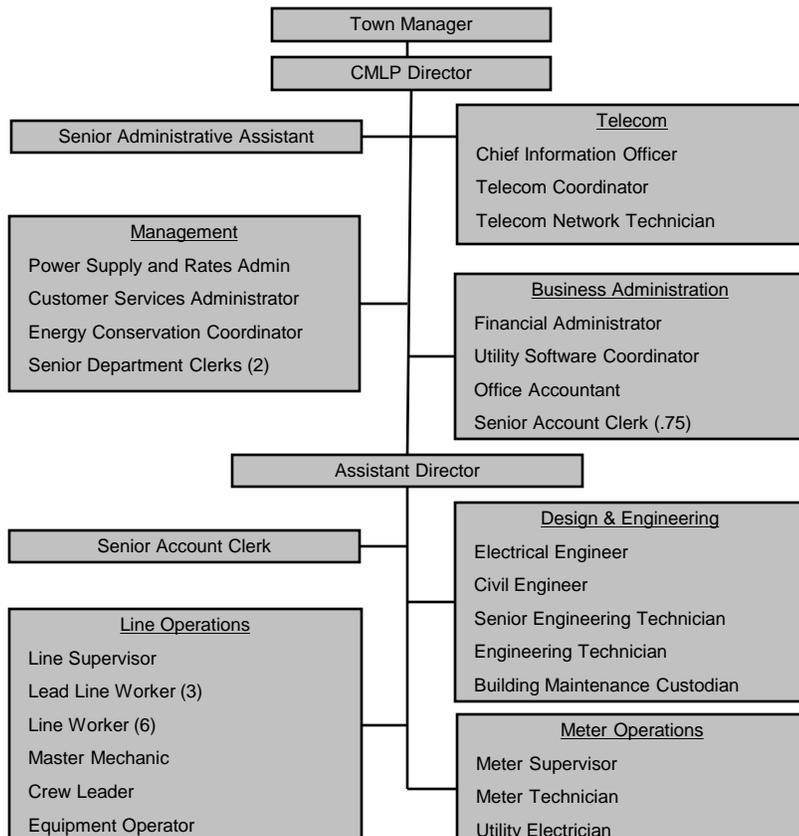
Operating and Net Income Summary				
	2013 Actual	2014 Actual	2015 Estimated	2016 Budgeted
Operating Income	\$ 2,111,147	\$ 1,468,945	\$ 618,728	\$ 1,751,806
Net Income	\$ 1,760,119	\$ 2,118,998	\$ 1,267,746	\$ 2,185,476

Description

The Concord Municipal Light Plant (CMLP) is responsible for providing electricity to more than 8,300 residential, municipal, and business customers throughout Concord. Since the Light Plant does not have generating capability, it purchases its power from outside suppliers. To distribute the electricity, the CMLP operates three substations along with transmission and distribution facilities. Power lines are maintained by CMLP line workers. To monitor the system, the Light Plant has a modern, consolidated operations center. In addition, the CMLP staff is responsible for reading electric and water meters, and for providing customer service.

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

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



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



**Purchased Power: Energy and Capacity**

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

**Purchased Power: Power Supply Portfolio (21% from Renewable Sources)**

The 2016 power supply portfolio consists of the purchase of electricity from the following sources:

- Non-Renewable Sources
  - Contracts not associated with a specific resource 42% of total mKh
  - RISE – Nextera – Gas 15%
  - NextEra – Gas 10%
  - Spot Market 12%
  - 79%
  
- Renewable Sources
  - Granby – Landfill Gas-Fired 4%
  - Niagara (NYPA) – Hydro 4%
  - Miller – Hydro 3%
  - Spruce Mountain – Wind 3%
  - Saddleback – Wind 3%
  - New Bedford – Landfill Gas 3%
  - Kearsarge – Solar 1%
  - 21%

**Purchased Power: Local Conservation Initiatives**

The Light Plant has initiated programs and policies to encourage energy conservation. The Smart Grid Infrastructure will allow CMLP to better manage its customers’ electricity demands. A new residential rate structure adopted in May 1, 2015 has tiers in which users of lower amounts of electricity will pay a lower unit rate.

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

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

Electricity Rate Revenue

Total Revenue expected to be raised through electricity rates in 2016 is projected to be **\$27,557,886**, as shown in the following categories:

Residential sales:	\$12,187,735
Commercial sales:	12,835,089
Municipal sales:	<u>2,021,231</u>
Operating subtotal:	\$27,044,055
Underground surcharge:	381,558
CARES surcharge:	<u>132,273</u>
Total:	<b>\$27,557,886</b>

Of the 171.1 MWh of electricity expected to be provided in 2016, it is forecast that residential sales will be 73.0 MWh, commercial sales 86.4, municipal sales 11.3 MWh, and street lighting 0.4 MWh.

Electric Rate Highlights

•Effective on May 1, 2015, the residential rate (R-1) is set at a meter charge of \$6.80 per month for a single phase system and the following three-tiered energy rates:

		per kWh
Tier 1:	first 600 kWh	\$0.03603
Tier 2:	next 316 kWh	\$0.05061
Tier 3:	over 916 kWh	\$0.07857

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

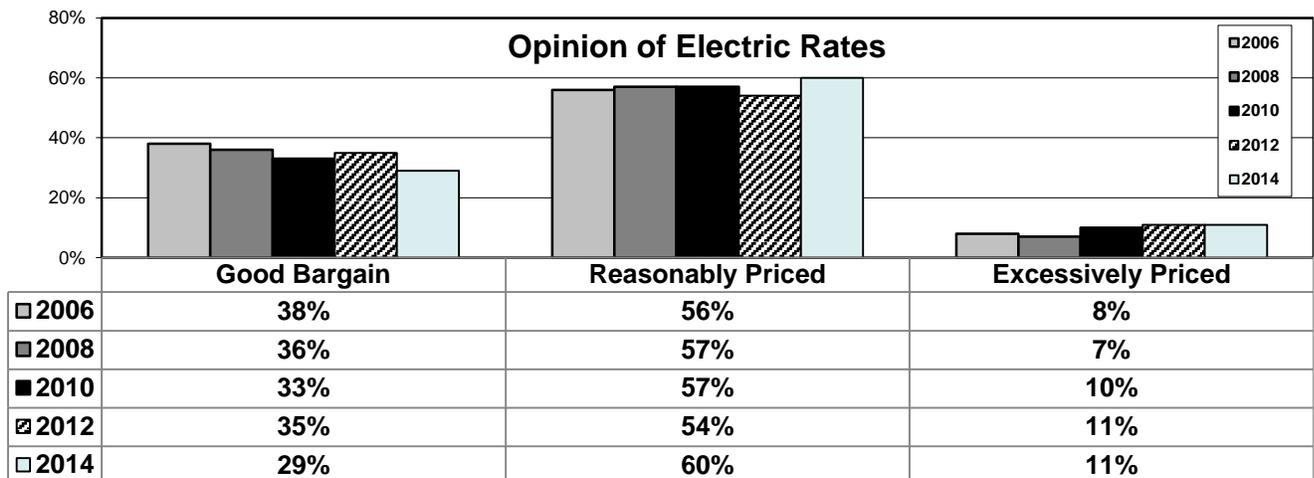
Surcharges

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

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

Citizen Survey

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



Program Implementation

For Calendar Year 2016, the Concord Municipal Light Plant is projecting that it will have \$27.6 million in operating revenues and \$23.7 million in operating expenditures.

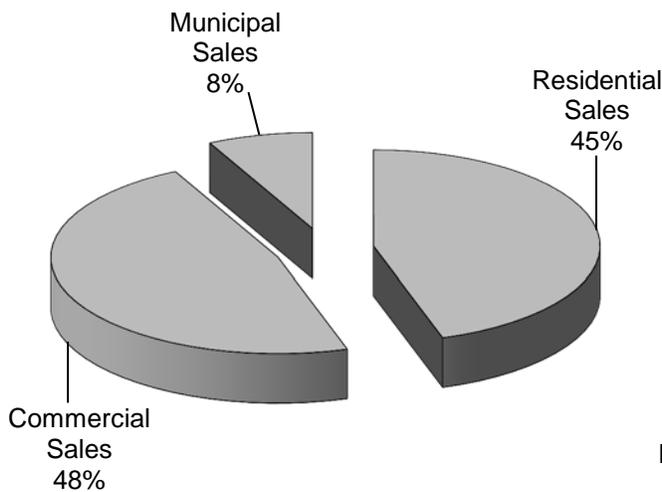
For revenues, funds collected from the sale of electricity are expected to increase from \$25.8 million in 2015 to \$27.0 million in 2016.

For expenditures, the primary cost is the power supply expense. From 2015 to 2016, it is forecast that the power supply expense will increase from \$17.4 million to \$17.6 million. Purchased power expense is passed directly onto customers.

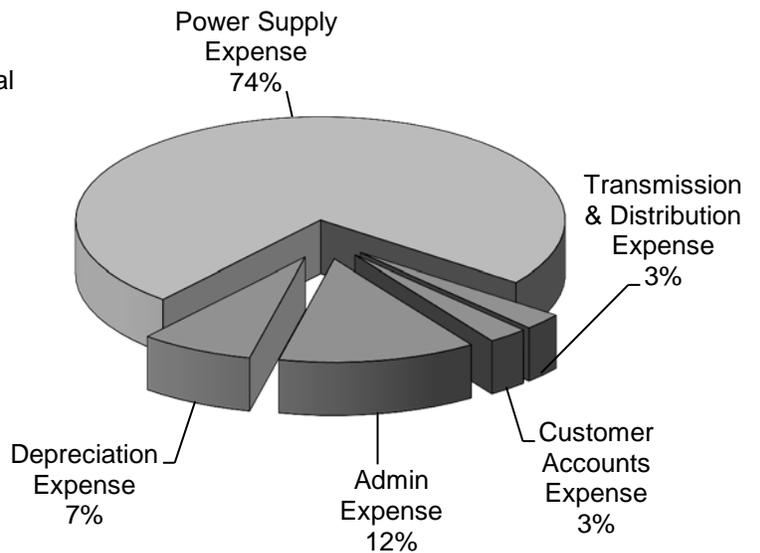
In 2016, the Light Plant is expected to have operating income of \$1,751,806 and net income of \$2,185,478. With the addition to the net income of the depreciation expense of \$1,771,617 and the subtraction of \$730,000 for debt principal repayment and \$465,500 for payment in lieu of taxes, the amount of current resources projected to be available for capital purposes is \$2,761,593.

From 2015 to 2016, the cost of the plant (the total worth of the CMLP capital assets) is projected to increase from \$60.2 million to \$62.3 million. As a result, the 2016 rate of return is projected to be 2.3% as compared to 0.8% in 2015.

**2016 Operating Revenues**  
Totaling \$25,437,204



**2016 Operating Expenditures**  
Totaling \$23,685,398



## OPERATING REVENUES

	Calendar Year:	2013	2014	2015	2016
		Actual	Actual	Estimated	Budgeted
<b>Sales of Electricity:</b>					
Residential Sales		\$ 10,899,262	\$ 10,885,481	\$ 11,269,702	\$ 12,187,735
Commercial and Industrial Sales		11,655,830	12,163,798	13,118,557	12,835,089
Municipal Sales:					
Street Lighting		71,723	71,589	74,000	74,000
Lighting and Water Heating for Mun. Bldgs. & Reg. School		1,517,046	1,638,381	1,329,030	1,947,231
<b>Operating Revenues Billed Total</b>		<b>\$ 24,143,861</b>	<b>\$ 24,759,249</b>	<b>\$ 25,791,289</b>	<b>\$ 27,044,055</b>
Net Change in Unbilled Revenues		150,394	164,019	129,860	-
Provision for CARES		195,285	-	-	-
Provision for Rate Refund		992,135	1,088,255	(765,355)	(1,092,317)
Provision for Rate Stabilization		(302,499)	(592,270)	(626,119)	(616,084)
Other Operating Revenue		74,678	128,575	77,785	101,550
<b>Operating Revenues Total</b>		<b>\$ 25,253,854</b>	<b>\$ 25,547,828</b>	<b>\$ 24,607,460</b>	<b>\$ 25,437,204</b>

## OPERATING SALES (kWh)

	Calendar Year:	2013	2014	2015	2016
		Actual	Actual	Estimated	Budgeted
<b>Kilowatt-hours Sold:</b>					
Residential Sales		73,874,669	71,348,881	72,915,882	72,988,228
Commercial and Industrial Sales		82,680,117	86,094,885	89,416,170	86,390,795
Municipal Sales:					
Street Lighting		451,420	482,700	465,697	456,941
Lighting and Water Heating for Mun. Bldgs. & Reg. School		10,764,970	11,354,323	11,614,347	11,298,516
<b>Electric Sales Billed Total</b>		<b>167,771,176</b>	<b>169,280,789</b>	<b>174,412,096</b>	<b>171,134,480</b>
 <i>Source: 2013 &amp; 2014 data are actual data from audited financial statements; 2015 data is estimated from the year ending on September 30, 2015; 2016 data is the budget adopted by the Municipal Light Board.</i>					

## OPERATING EXPENSES (\$)

	Calendar Year:	2013	2014	2015	2016
		Actual	Actual	Estimated	Budgeted
<b>Operating Accounts:</b>					
<b>Power Supply Expense</b>		\$ 17,143,555	\$ 17,933,956	\$ 17,367,755	\$ 17,569,673
<b>Transmission &amp; Subtrans. Expenses:</b>					
Operation		2,478	12,798	3,442	5,846
Maintenance		86,717	81,930	87,394	89,347
		\$ 89,195	\$ 94,727	\$ 90,836	\$ 95,193
<b>Distribution Expenses:</b>					
Operation		194,556	256,120	225,814	211,817
Maintenance		445,941	376,208	590,911	318,000
Audit Adjustment		43,374	24,606		
		\$ 683,871	\$ 656,934	\$ 816,725	\$ 529,817
<b>Customer Accounts Expenses:</b>					
Supervision		6,369	19,087	36,522	37,000
Meter-reading Labor and Expenses		1,374	7,688	21,736	6,804
Billing, Collecting, & Assoc. Costs		183,743	176,402	180,497	180,000
Uncollectible Accounts		8,869	5,566	5,505	14,250
Customer Information Services		645,780	475,381	664,145	384,370
Audit Adjustment		575	18,237		
		\$ 846,710	\$ 702,361	\$ 908,405	\$ 622,424
<b>Administrative &amp; General Expenses:</b>					
Operations:					
Administrative & General Salaries		910,976	912,554	944,049	980,029
General Fund Services		371,577	396,272	383,417	418,000
Office Supplies and Expense		68,094	72,626	65,363	66,400
Outside Services Employed		136,048	99,324	156,132	128,000
Property Insurance		46,574	77,153	52,347	53,150
Employee Pensions & Group Ben.		603,152	633,319	656,043	728,345
Employee Training		34,839	62,735	90,716	55,000
Sick Leave/Vac. Leave/Holidays		363,996	408,123	428,956	420,000
Miscellaneous Expenses		(2,327)	6,976	60,189	36,250
Maintenance of General Plant		212,918	200,411	210,250	211,500
Audit Adjustment		40,700	154,727		
		\$ 2,786,547	\$ 3,024,220	\$ 3,047,462	\$ 3,096,674
<b>Operating Accounts Subtotal</b>		\$ 21,549,878	\$ 22,412,198	\$ 22,231,183	\$ 21,913,781
<b>Depreciation Expense</b>		\$ 1,592,828	\$ 1,666,685	\$ 1,757,549	\$ 1,771,617
<b>Operating Expenses Total</b>		\$ 23,142,707	\$ 24,078,883	\$ 23,988,732	\$ 23,685,398
<i>Source: 2013 &amp; 2014 data are actual data from audited financial statements; 2015 data is estimated from the year ending on September 30, 2015; 2016 data is the budget adopted by the Municipal Light Board.</i>					

**AUTHORIZED POSITIONS**

Code	Position Title	Grade	July 1, 2015 - June 30, 2016		July 1, 2016 - June 30, 2017	
			Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2017
			# Positions	\$ Amount	# Positions	\$ Amount
<b>Light Plant Operations</b>						
	Director	EM-4	1	141,160	1	141,160
	Assistant Director	EM-3	1	115,289	1	115,289
	Power Supply & Rates Admin	EM-3	1	103,378	1	103,378
	Electrical Engineer	EM-2	1	87,101	1	87,237
	Financial Administrator	MP-4	1	92,750	1	92,750
	Civil Engineer	MP-3	1	83,419	1	83,419
	Customer Service Admin	MP-3	1	78,442	1	78,442
	Energy Conservation Coord.	MP-3	1	83,530	1	83,530
	Meter Supervisor	EM-1	1	81,615	1	81,615
	Utility Software Coordinator	MP-2	1	69,150	1	69,150
	Senior Eng. Technician	MP-2	1	45,124	1	70,681
	Engineering Technician	MP-1	1	45,124	1	61,381
	Office Accountant	MP-2	1	45,124	1	68,046
	Sr. Administrative Assistant	ACL-5	1	61,515	1	60,135
	Sr. Account Clerk	ACL-3	1.88	105,290	1.88	105,766
	Sr. Department Clerk	ACL-3	1	49,843	1	48,901
	Line Supervisor	EL-6	1	102,191	1	102,834
	Lead Line Worker	EL-5	3	269,832	3	272,903
	Lineworker, Grade 1	EL-4	3	258,154	3	257,411
	Lineworker, Grade 2	EL-3	0		0	0
	Lineworker, Grade 3	EL-2	2	115,925	2	118,642
	Utility Electrician	EL-3	1	72,617	1	73,602
	Meter Technician	EL-2	1	60,798	1	60,198
	Master Mechanic	TCL-5	1	71,426	1	71,849
	Crew Leader	TCL-5	1	65,364	1	65,438
	Equipment/Line Operator	TCL-4	1	56,321	1	56,335
	Building Maintenance Cust.	TCL-2	1	51,415	1	51,804
<b>Telecommunications</b>						
	Chief Information Officer	MP-7	0.40	47,380	0.40	47,380
	GIS / Applications Manager	MP-4	0.20	15,876	0.20	15,876
	Telecom Coordinator	MP-4	1	81,694	1	81,695
	Telecom Network Technician	MP-2	1	64,527	1	64,527
	Information Syst. Asst.	MP-2	0.20	13,722	0.20	13,722
	<b>FTE Subtotal</b>		<u>34.68</u>	<u>\$2,635,097</u>	<u>34.68</u>	<u>\$2,705,096</u>
	Line Worker Stand-by Pay		1320 hrs.	91,687	1320 hrs.	93,836
	Engineering Stand-by Pay			<u>31,320</u>		<u>31,320</u>
	<b>Salary Subtotal</b>			<u>2,421,957</u>		<u>2,460,050</u>
	Allowance for Salary Increases					108,204
517X	Group Insurance:					
	Health, Life, Dental			260,000		280,000
	Retirement			392,481		423,095
	OPEB Contribution			11,500		30,000
	Soc. Sec. & Medicare Tax			38,000		40,000
	Clothing Allowance			<u>3,600</u>		<u>3,600</u>
	<b>Benefits Subtotal</b>			<u>705,581</u>		<u>776,695</u>
	<b>Personnel Services Total</b>			<u><u>\$3,127,538</u></u>		<u><u>\$3,344,949</u></u>

**DEBT SERVICE**

	<u>FY14 Actual</u>	<u>FY15 Actual</u>	<u>FY16 Estimated</u>	<u>FY17 Budgeted</u>
<b>Long Term Debt (Cash Basis):</b>				
Principal	\$760,000	\$760,000	\$767,500	\$692,500
Interest	127,574	239,133	224,938	196,013
<b>Totals</b>	<b>\$887,574</b>	<b>\$999,133</b>	<b>\$992,438</b>	<b>\$888,513</b>
Calendar Year:	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Budgeted</u>
<b>Accrued Interest Expensed</b>	\$133,440	\$192,701	\$235,420	\$225,357

**PAYMENTS TO THE GENERAL FUND**

<b>Town Fiscal Year Basis</b>	<u>FY14 Actual</u>	<u>FY15 Actual</u>	<u>FY16 Estimated</u>	<u>FY17 Budgeted</u>
<b>Financial &amp; Administrative Services:</b>				
Town Manager's Account	\$97,674	\$101,540	\$98,286	\$98,814
Town Accountant:				
General Services	51,959	51,775	53,576	53,336
Audit Services	1,500	1,500	1,710	1,950
Treasurer-Collector	55,787	56,507	57,414	57,313
Finance Administration	44,327	44,597	46,905	47,355
Human Resources	53,883	57,403	62,701	62,673
Town House Facilities	5,604	5,612	5,633	5,717
<b>Subtotal</b>	<b>310,734</b>	<b>318,934</b>	<b>326,225</b>	<b>327,158</b>
<b>Natural Resource Protection:</b>				
Planning	\$9,798	\$10,627	\$11,156	\$11,110
Natural Resources	19,787	20,556	21,360	21,078
<b>Subtotal</b>	<b>\$29,585</b>	<b>\$31,183</b>	<b>\$32,516</b>	<b>\$32,188</b>
<b>Landscaping @ Substations:</b>				
Parks & Trees	\$7,225	\$7,225	\$7,225	\$7,225
<b>GIS Administrator:</b>				
CPW Engineering	2,825	2,967	\$0	\$0
Adjustment (Fiscal to Calendar Year)	\$21,208	\$35,963	\$17,451	\$51,429
<b>Total</b>	<b>\$371,577</b>	<b>\$396,272</b>	<b>\$383,417</b>	<b>\$418,000</b>
<b>Payment in Lieu of Taxes (PILOT)</b>	\$447,800	\$458,650	\$468,962	\$465,500
<i>Calendar Year of PILOT Payment</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>

## NET INCOME

	Calendar Year:			
	2013 Actual	2014 Actual	2015 Estimated	2016 Budgeted
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 25,253,854	\$ 25,547,828	\$ 24,607,460	\$ 25,437,204
Less Operating Expenses	(23,142,707)	(24,078,883)	(23,988,732)	(23,685,398)
<b>Operating Income</b>	2,111,147	1,468,945	618,728	1,751,806
<b>Plus:</b>				
Interest & Dividend Income	\$ 26,753	\$ 22,182	\$ 22,236	\$ 18,000
Underground Surcharge	362,233	371,505	381,562	381,558
Conservation & Renewable Energy	125,572	128,787	127,959	132,273
M&J Income	97,457	194,253	324,998	100,000
Audit Adjustment	5,259	136,290	-	
<b>Non-Operating Income Subtotal</b>	617,274	853,017	856,755	631,831
<b>Gross Income</b>	2,728,421	2,321,962	1,475,483	2,383,637
<b>Less Non-Operating Expense:</b>				
Interest and Amortization (accrued expense)	(133,440)	(192,701)	(207,012)	(197,732)
Loss on Disposal of Capital Assets	(842,057)	(29,721)		
Other Expenses (Revenue)	7,195	19,458	(725)	(430)
<b>Subtotal</b>	(968,302)	(202,964)	(207,737)	(198,162)
<b>Net Income</b>	\$ 1,760,119	\$ 2,118,998	\$ 1,267,746	\$ 2,185,476
Transfers Out - Pilot	(447,800)	(458,650)	(468,962)	(465,500)
Surplus Reduction		(600,000)		
<b>Change in Net Assets</b>	1,312,319	1,060,348	798,784	1,719,976

## AVAILABLE RESOURCES

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

	Calendar Year:	2013	2014	2015	2016
		Actual	Actual	Estimated	Budgeted
<b>From:</b>					
Depreciation Expense		\$ 1,592,828	\$1,666,685	\$1,757,549	\$1,771,617
Net Income		1,760,119	2,118,998	1,267,746	2,185,476
	<b>Subtotal</b>	3,352,947	3,785,683	3,025,295	3,957,093
<b>Less:</b>					
Debt Principal Repayment		(760,000)	(760,000)	(763,750)	(730,000)
Payment in Lieu of Taxes		(447,800)	(458,650)	(468,962)	(465,500)
	<b>Subtotal</b>	(1,145,000)	(1,218,650)	(1,232,712)	(1,195,500)
<b>Net from Current Operations</b>					
<b>Available for Capital Purposes:</b>		\$2,207,947	\$2,567,033	\$1,792,583	\$2,761,593
<b>Cost of Plant @ Year End:</b> (Utility Plant in Service)		\$56,181,550	\$59,268,832	\$60,231,966	\$62,333,923
<b>Net from Current Operations</b> <b>as % of Cost of Plant:</b>		3.8%	4.3%	3.0%	4.4%
<u>Cost of Plant:</u>					
Beginning		53,778,134	56,181,550	59,268,832	60,231,966
Additions		4,842,503	3,214,229	1,114,834	2,525,016
Less Retirements		(2,439,087)	(126,947)	(151,700)	(423,059)
	<b>Ending</b>	\$56,181,550	\$59,268,832	\$60,231,966	\$62,333,923

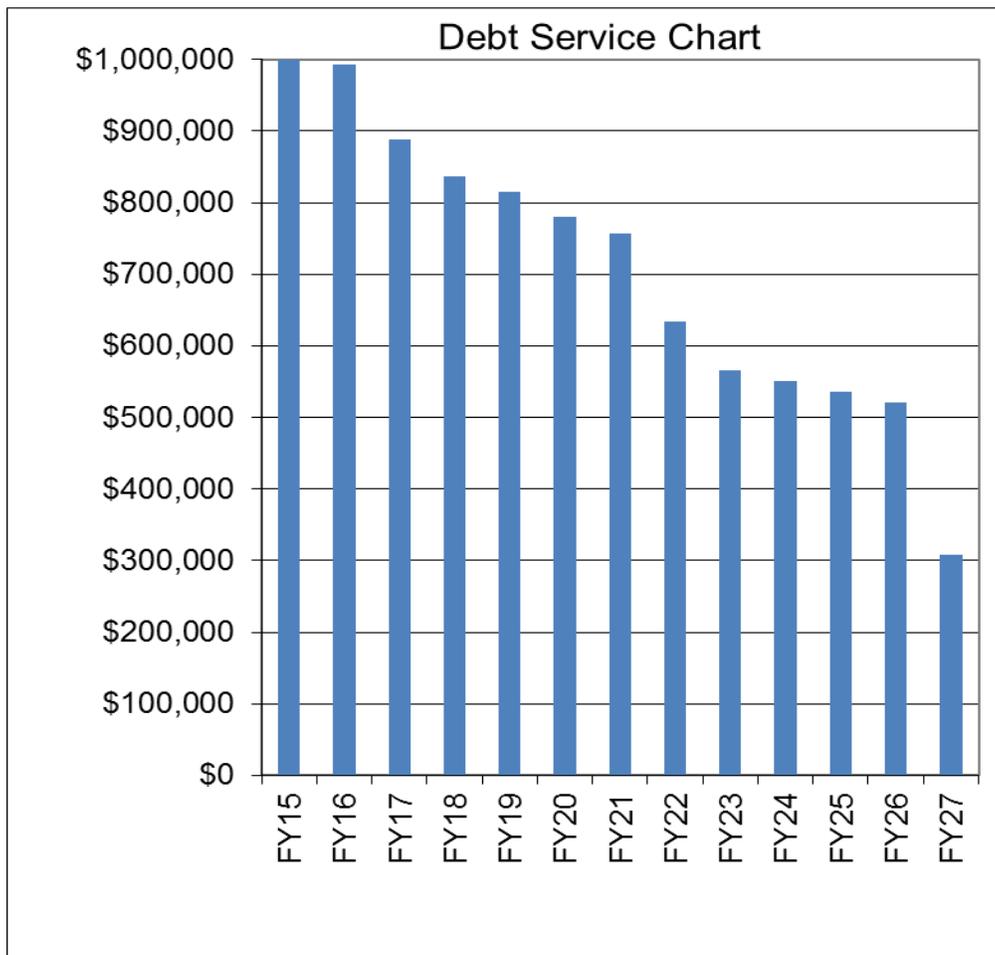
## RATE OF RETURN

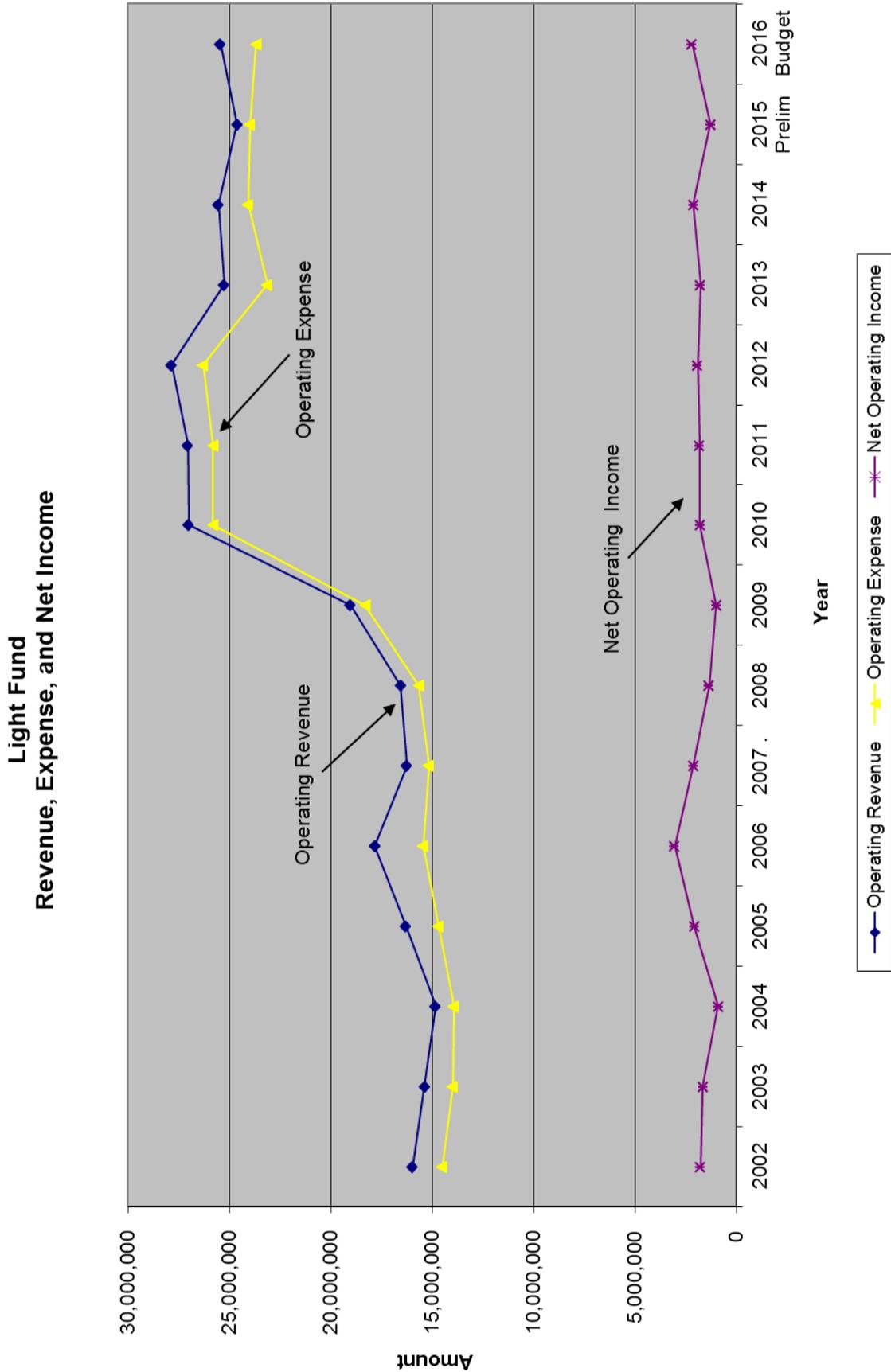
## Rate of Return Analysis:

	Calendar Year:	2013	2014	2015	2016
		Actual	Actual	Estimated	Budgeted
Net Income		\$1,760,119	\$2,118,998	\$1,267,746	\$2,185,476
Less Debt Principal Repaid (accrual basis)		(760,000)	(760,000)	(763,750)	(730,000)
	<b>Net Return</b>	1,000,119	1,358,998	503,996	1,455,476
<b>Cost of Plant @ Year End</b>		\$56,181,550	\$59,268,832	\$60,231,966	\$62,333,923
<b>% Return (Net Return ÷ Cost of Plant)</b>		1.8%	2.3%	0.8%	2.3%

**LIGHT FUND DEBT SERVICE**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY15	760,000	239,133	999,133
FY16	767,500	224,938	992,438
FY17	692,500	196,013	888,513
FY18	662,500	174,938	837,438
FY19	662,500	152,063	814,563
FY20	650,000	129,375	779,375
FY21	650,000	106,875	756,875
FY22	550,000	84,375	634,375
FY23	500,000	65,625	565,625
FY24	500,000	50,625	550,625
FY25	500,000	35,125	535,125
FY26	500,000	21,625	521,625
FY27	300,000	7,500	307,500
<b>Totals</b>	<b>\$7,695,000</b>	<b>\$1,488,210</b>	<b>\$9,183,210</b>

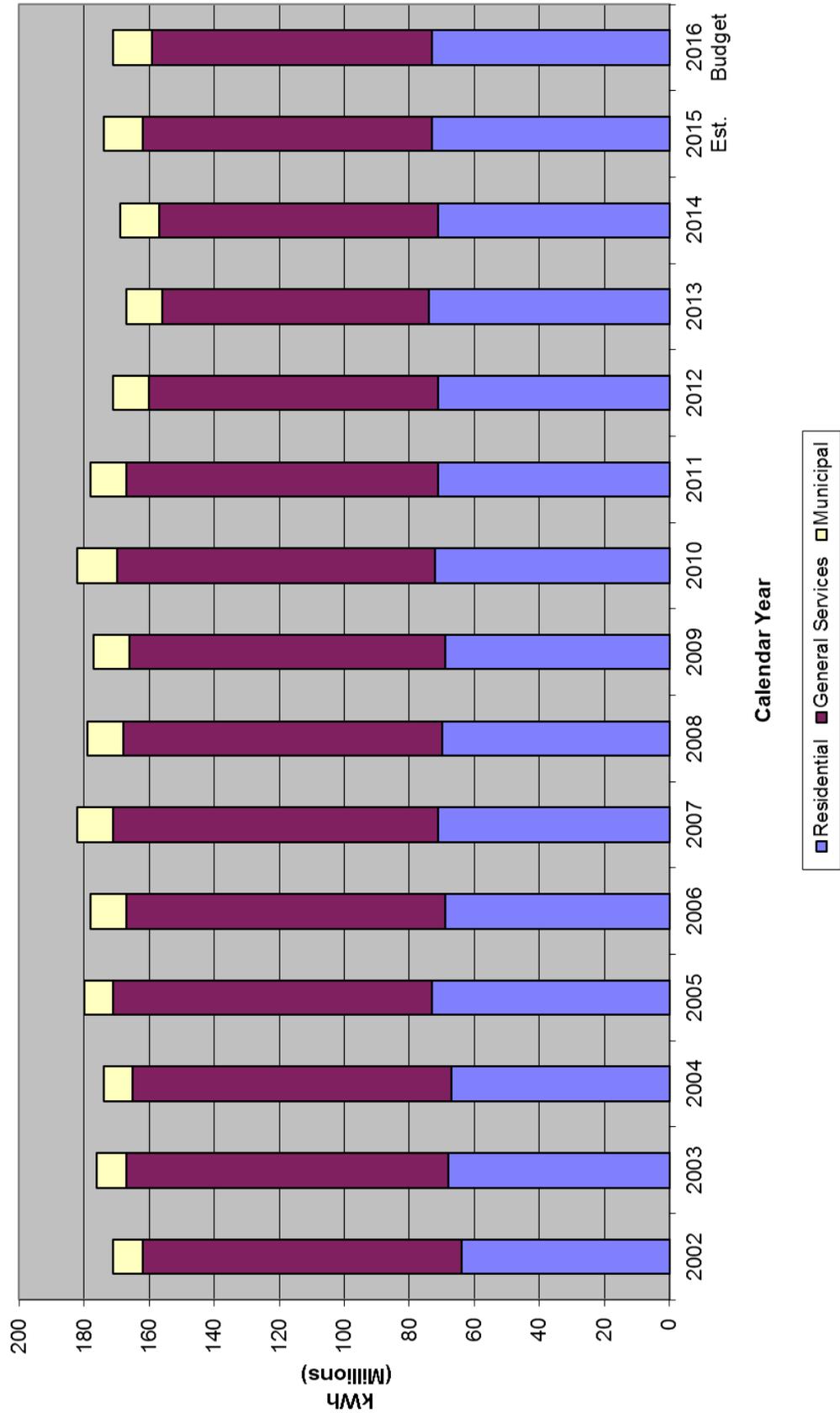


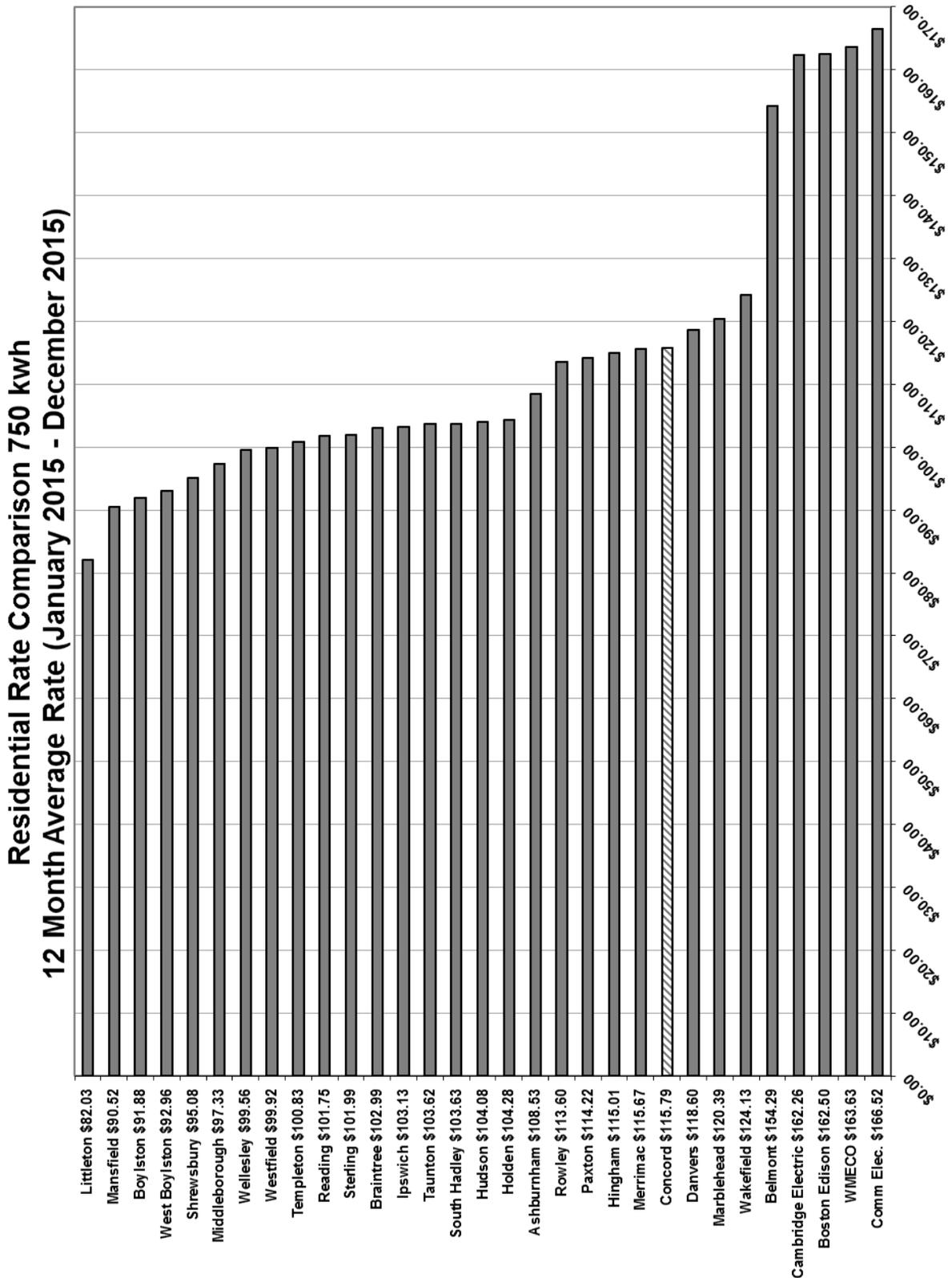


**Concord Municipal Light Plant**  
**kWhs Sold, Revenues, Expenses, Operating Income, & Net Income**  
 (CY2002-2014 Actual, CY2015 Estimated, and CY2016 Budgeted)

Calendar Year	kWhs Sold (Millions)				Operating Revenues	- Operating Expenses	= Operating Income	Net Income
	Residential	Commercial	Municipal	Total				
2002	64	98	9	171	15,975,614	14,495,030	1,480,584	1,779,995
2003	68	99	9	176	15,366,040	13,976,203	1,389,837	1,644,664
2004	67	98	9	174	14,825,982	13,945,302	880,680	887,184
2005	73	98	9	180	16,298,994	14,690,064	1,608,930	2,066,462
2006	69	98	11	178	17,829,056	15,433,837	2,395,219	3,052,974
2007	71	100	11	182	16,248,165	15,155,781	1,092,384	2,123,283
2008	70	98	11	179	16,548,218	15,647,921	900,297	1,351,285
2009	69	97	11	177	19,036,385	18,302,574	733,811	986,123
2010	72	98	12	182	27,001,169	25,793,559	1,207,610	1,794,797
2011	71	96	11	178	27,040,652	25,793,559	1,247,093	1,810,770
2012	71	89	11	171	27,848,934	26,283,418	1,565,516	1,900,452
2013	74	82	11	167	25,253,854	23,142,707	2,111,147	1,760,119
2014	71	86	12	169	25,547,828	24,078,883	1,468,945	2,118,998
2015 Est.	73	89	12	174	24,607,460	23,988,732	618,728	1,267,746
2016 Budget	73	86	12	171	25,437,204	23,685,398	1,751,806	2,185,476

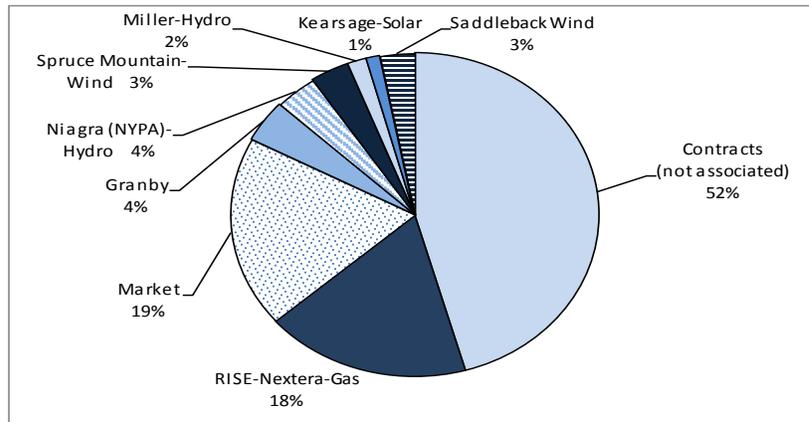
Concord Municipal Light Plant  
Electricity Sales





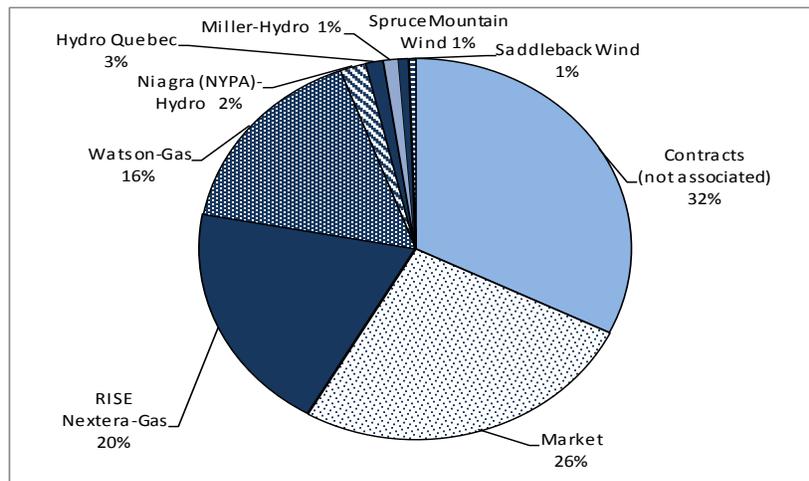
**Proposed 2016 Energy Purchases**

Resource	Energy (MWh)	Energy Costs	Cost per MWh	Share of MWh	Share of Cost
Contracts (not associated)	81,213	\$4,295,386	\$52.89	45.57%	49.02%
RISE-Nextera-Gas	32,208	\$1,615,442	\$50.16	18.07%	18.44%
Market	33,961	\$1,546,256	\$45.53	19.05%	17.65%
Granby	7,545	\$384,818	\$51.00	4.23%	4.39%
Niagra (NYPA)-Hydro	6,626	\$32,599	\$4.92	3.72%	0.37%
Spruce Mountain-Wind	6,127	\$310,638	\$50.70	3.44%	3.54%
Miller-Hydro	2,992	\$171,596	\$57.35	1.68%	1.96%
Kearsage-Solar	2,092	\$154,828	\$74.00	1.17%	1.77%
Saddleback Wind	5,464	\$251,343	\$46.00	3.07%	2.87%
<b>Total</b>	<b>178,229</b>	<b>\$8,762,905</b>		<b>100.00%</b>	<b>100.00%</b>



**Proposed 2016 Capacity Purchases**

Resource	Capacity (kW)	Capacity Costs	Cost per kW	Share of kW	Share of Cost
Contracts (not associated)	18,100	\$837,025	\$46.24	32.29%	23.33%
Market	14,579	\$599,083	\$41.09	26.01%	16.70%
RISE-Nextera-Gas	11,000	\$658,460	\$59.86	19.62%	18.35%
Watson-Gas	9,205	\$1,219,385	\$132.47	16.42%	33.98%
Niagra (NYPA)-Hydro	1,114	\$216,819	\$194.63	1.99%	6.04%
Hydro Quebec	730	\$57,600	\$78.90	1.30%	1.61%
Miller-Hydro	630	- \$ -	-	1.12%	0.00%
Spruce Mountain-Wind	417	- \$ -	-	0.74%	0.00%
Saddleback Wind	283	- \$ -	-	0.50%	0.00%
<b>Total</b>	<b>56,058</b>	<b>\$3,588,372</b>		<b>100.00%</b>	<b>100.00%</b>



Mission Statement

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

Telecommunications Highlights

- The 2013 Concord Town Meeting authorized CMLP to borrow up to \$1,000,000 to fund the capital expenses associated with expansion of telecommunication activity to include commercial and residential Internet services.
- In March 2014, High Speed Internet service was made generally available to both commercial and residential customers of CMLP over the same infrastructure that was constructed for the Smart Grid and the municipality.
- Over 450 High Speed Internet customers were connected by January 2016. The 2016 plan assumes growth to about 800 customers.
- Interest in the Broadband service remains high, 59.6% of CMLP customers surveyed indicated that they would be likely to subscribe in the future.

Telecommunications Contents

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

Expenditure Summary				
	CY13 Actual	CY14 Actual	CY15 Budget	CY16 Proposed
Operating Income	\$ (88,784)	\$ (182,905)	\$ (90,338)	\$ 202,600
Startup Expenses	\$ (42,999)	\$ (188,601)	\$ (170,087)	\$ (123,000)
Fund Balance	\$ (205,772)	\$ (390,834)	\$ (484,547)	\$ (285,947)

Description

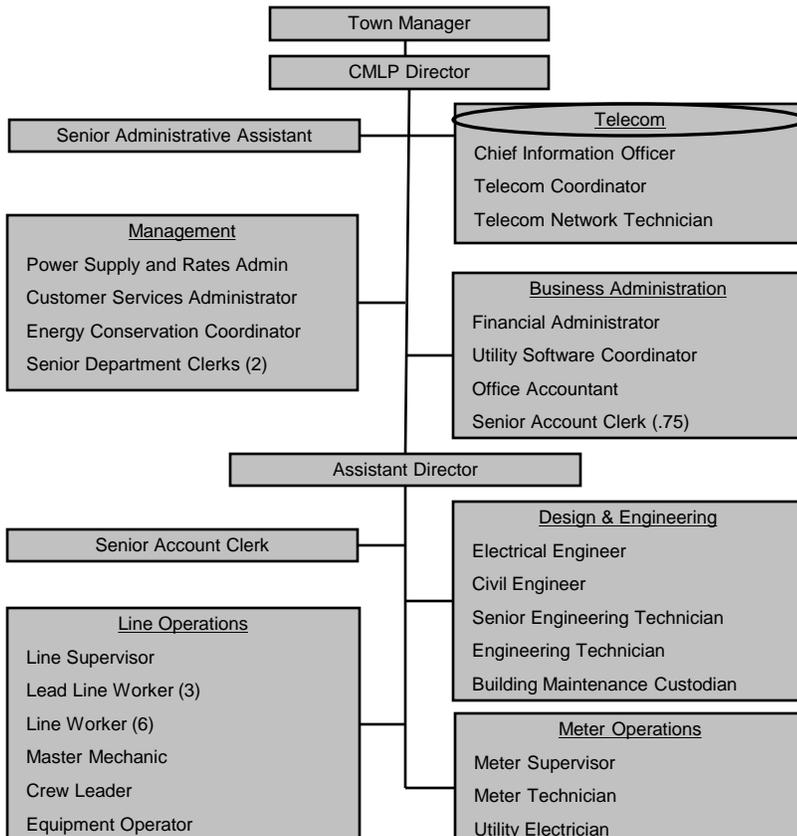
The Telecommunications Division was established within the Concord Municipal Light Plant to provide telecommunication services to the electric utility and support the Town’s municipal operations while also offering services to Concord residents and businesses.

In 2015, the Telecommunications Division, employs a Telecommunications Coordinator, and a Telecommunications Technician. The Telecommunications Division is managed by the Town’s CIO who also manages the Town Information Technology Department.

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

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

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



### Telecommunications Revenue

In 2015 the total telecommunications revenue growth was close to the estimates; expenses, which are largely driven by new customer installations, were in line with the business model. Overall growth in subscribers slightly exceeded the plan. Demand for the service is still high and CMLP will continue to address it in a controlled way to balance the cost of the initial installations and achieve growth that remains within the funding plan.

Revenue comes from the following activities:

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

### Telecommunications Programs

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

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

The 2013 Annual Town Meeting approved a borrowing authorization which enabled CMLP to finance the startup and initial capital costs of retail broadband telecommunication services. Telecommunications revenue will be used to repay the initial expenses and the debt service. As the broadband operating revenue grows it will help to reduce the burden on the electric operations of maintaining the fiber network. The 2016 plan anticipates beginning to repay the intra-fund loan recorded within the Light Plant's operations.

CMLP primarily offers general retail High Speed Internet offerings. By providing a fiber optic based internet service, CMLP is filling a gap in the service available to the community while generating a revenue stream that helps to pay for the fiber investment and the telecommunications staff. 2015 CMLP Customer Survey data (next page), indicates that interest and satisfaction are both high.

#### Smart Grid Infrastructure

CMLP's Smart Grid Infrastructure is a major investment in technology that supports the distribution of electricity to the customer. Advanced meters, load control, and customer engagement applications have been deployed. Each of these application relies on telecommunications to function. It is the responsibility of Telecommunications Division to deploy and maintain this network. The network contains over 800 devices and is capable of real time communications with our customers throughout the CMLP electric service area.

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

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

#### Municipal Operations Support:

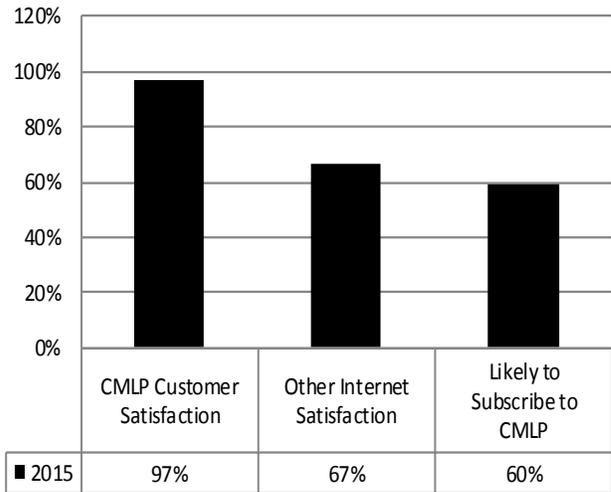
The telecommunications needs of Town Departments is constantly evolving. Separately, neither the Town or the Light Plant could realistically afford to have in-house resources to help meet the requirements. The resulting dependency on vendors and suppliers would be costly and responsiveness would also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

**2015 CMLP Customer Survey Results**

96.7% of CMLP Internet customers were satisfied with the Concord Light Broadband service in our survey done in the fall of 2015. CMLP customers that had another internet service provider only indicated a 66.9% satisfaction with that supplier.

While it is impressive that 87.5% of current Broadband customers are likely to continue the service, it is equally promising that 59.6% of those without Concord Light Broadband indicated that they are likely to subscribe in the future.

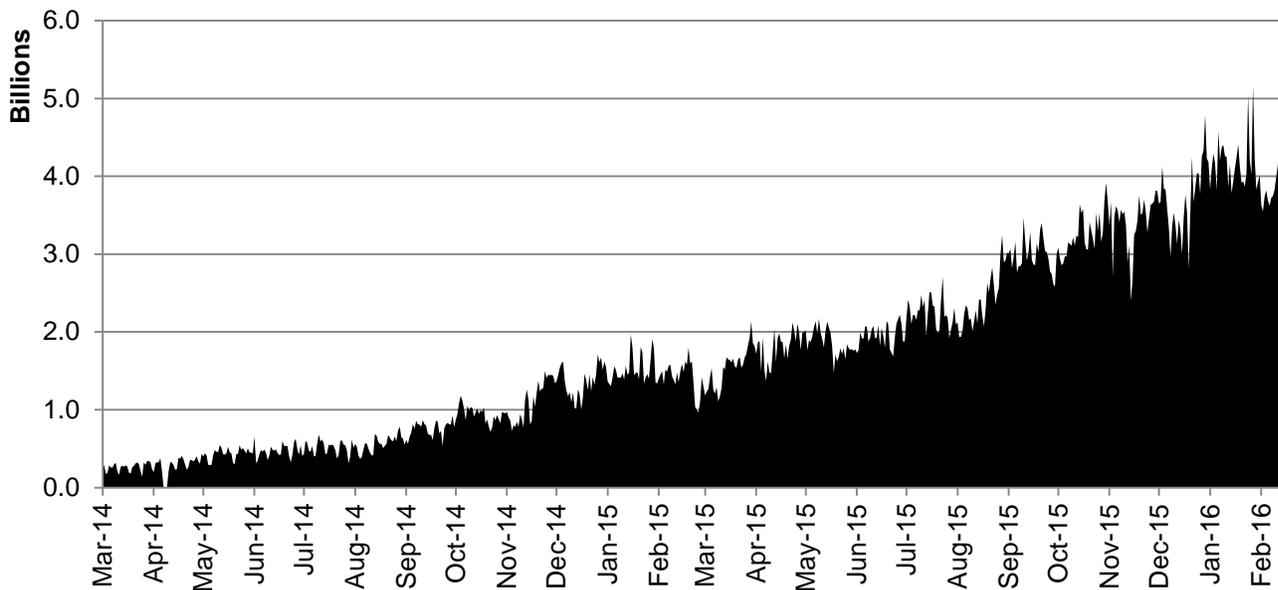
**Satisfaction and Likelihood of Subscribing**



**Internet Activity**

**Results-** Since the introduction of service, the total daily traffic volume of the Internet service has grown from less than 250 Gigabytes per day to a peak of over five Terabytes. A factor of almost 20 times.

**Daily Traffic kBytes**



**OPERATING REVENUES**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Operations</b>					
1	Residential & Commercial Fees	\$ 5,087	\$ 95,327	\$ 289,738	\$ 592,500
2	Municipal Fees	3,000	27,030	63,600	63,600
3	Other	-	5,985	-	1,000
<b>A</b>	<b>Operating Revenues Total</b>	<b>\$ 8,087</b>	<b>\$ 128,342</b>	<b>\$ 353,338</b>	<b>\$ 657,100</b>

**OPERATING EXPENSES**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Operations</b>					
4	Personnel Expenses	\$ 46,049	\$ 208,906	\$ 254,469	\$ 286,000
5	Purchased Services	43,622	93,538	155,801	140,000
6	Supplies & Materials	6,180	7,391	15,916	7,000
7	Other Charges & Expenses	1,020	1,413	17,490	21,500
<b>B</b>	<b>Operating Expense</b>	<b>\$ 96,871</b>	<b>\$ 311,247</b>	<b>\$ 443,676</b>	<b>\$ 454,500</b>

**NET INCOME**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Operations</b>					
<b>A</b>	Operating Revenues	\$ 8,087	\$ 128,342	\$ 353,338	\$ 657,100
<b>B</b>	Less Operating Expenses	(96,871)	(311,247)	(443,676)	(454,500)
	<b>Operating Income</b>	<b>\$ (88,784)</b>	<b>\$ (182,905)</b>	<b>\$ (90,338)</b>	<b>\$ 202,600</b>
<b>Non-Operations</b>					
<b>8</b>	Less Interest Expense	\$	(2,157)	(3,375)	(4,000)
<b>C</b>	<b>Net Income</b>	<b>\$ (88,784)</b>	<b>\$ (185,062)</b>	<b>\$ (93,713)</b>	<b>\$ 198,600</b>

**FUND BALANCE**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Fund Balance</b>					
<b>D</b>	<b>Fund Balance at January 1st</b>	\$ (116,988)	\$ (205,772)	\$ (390,834)	\$ (484,547)
<b>E</b>	Intra-Fund Financing	(88,784)	(185,062)	(93,713)	198,600
<b>F</b>	<b>Fund Balance at December 31st</b>	<b>\$ (205,772)</b>	<b>\$ (390,834)</b>	<b>\$ (484,547)</b>	<b>\$ (285,947)</b>

**AUTHORIZED POSITIONS**

		FY15 Budget		FY16 Proposed	
		FTE	Amount	FTE	Amount
<b>9</b>	Chief Information Officer	0.40 FTEs	47,380	0.40 FTEs	47,380
<b>10</b>	Telecom Coordinator	1.00	81,694	1.00	81,695
<b>11</b>	Telecom Network Tech.	1.00	64,527	2.00	129,054
	<b>Total Personnel Costs</b>	<b>2.40 FTEs</b>	<b>193,601</b>	<b>3.40 FTEs</b>	<b>258,129</b>

**AVAILABLE RESOURCES**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Capital Purposes</b>					
12	Add Debt Financing	100,000	-	400,000	75,000
13	Less Bonds Payable	-		(25,000)	(25,000)
<b>G</b>	<b>Net Available for Capital</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 375,000</b>	<b>\$ 50,000</b>

**CAPITALIZABLE EXPENSES**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Capitalizable Startup Expense</b>					
14	Personnel Expenses	\$ -	\$ -	\$ -	-
15	Purchased Services	18,273	7,525		-
16	Supplies & Materials	-	136,568	87,850	-
17	Other Charges & Expenses	-	-		-
18	Computer Software	900	-		-
19	Capital Equipment	3,259	10,349		-
20	Network Hardware	20,567	34,159	82,237	123,000
	<b>Subtotal</b>	<b>\$ 42,999</b>	<b>\$ 188,601</b>	<b>\$ 170,087</b>	<b>\$ 123,000</b>
<b>H</b>	<b>Total Capital Expenses</b>	<b>\$ 42,999</b>	<b>\$ 188,601</b>	<b>\$ 170,087</b>	<b>\$ 123,000</b>

**NET CAPITAL**

		2013	2014	2015	2016
		Actual	Actual	Actual	Budget
<b>Net Capital</b>					
<b>G</b>	Available for Capital	\$ 100,000	\$ -	\$ 375,000	\$ 50,000
<b>H</b>	Capital Expenses	(42,999)	(188,601)	(170,087)	(123,000)
<b>I</b>	<b>Annual Position</b>	<b>\$ 57,002</b>	<b>\$ (188,601)</b>	<b>\$ 204,913</b>	<b>\$ (73,000)</b>
<b>J</b>	<b>Cummulative Position</b>	<b>\$ 57,002</b>	<b>\$ (131,599)</b>	<b>\$ 73,314</b>	<b>\$ 314</b>

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# **Section IV**

## **Water Fund**

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Mission Statement

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

Water Fund Contents

Overview	pp. 1-2
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Capital Spending	pp. 13-14
Water Proforma	p. 15
Water Rates and System Map	pp. 16-17

Water Fund Highlights

- The proposed FY17 base level (Step 1) water rate of \$0.0496 per cubic foot is a 4% increase over the FY16 rate of \$0.0477 per cubic foot. Since FY 2008, water rates have increased by an average of 3.6% per year. For the average residential customer, the annual increase in the water bill will be \$17.10.
- At the 2016 Town Meeting, the Town is requesting approval for an excluded-debt borrowing for the Nagog Pond Filtration Plant (\$13.5M), Nagog Intake Structure (\$1.85M), and Rehabilitation of Annursnac Hill Reservoir (\$958K).
- The Town is requesting approval at the 2016 Town Meeting for an excluded-debt borrowing of \$800,000 for the land purchase / permanent easement of water protection buffer around the future Brewster well site.
- For FY17, \$250,000 is proposed for water main replacement along the Cambridge Turnpike.

Expenditure Summary

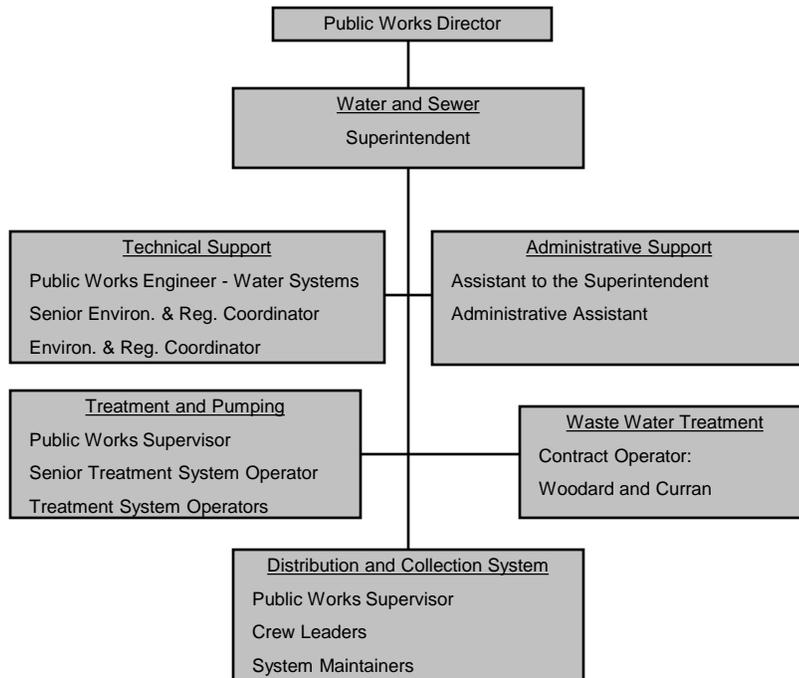
	FY14 Actual	FY15 Actual	FY16 Budget	FY17 Proposed
Operating Income	\$ 1,298,181	\$ 1,466,944	\$ 1,390,305	\$ 1,082,916
Net Income	\$ 1,156,429	\$ 1,335,037	\$ 1,284,293	\$ 1,009,708
Fund Balance	\$ 7,332,274	\$ 7,059,794	\$ 5,488,738	\$ 6,526,543

Description:

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

The 1974 Annual Town Meeting established the Water Fund. Expenses for the water system are covered entirely by user fees. The Water and Sewer Division of Concord Public Works is responsible for managing the day-to-day operations of the water infrastructure. As of 2015, the total value of infrastructure assets was approximately \$20.1 million.

There are presently 5,554 customers receiving potable water service and fire protection from the Town water system. This represents approximately 95% of Concord residents and businesses, along with a small number of Acton properties located on Route 2A.



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



Deacon Haynes Water Main Project

Long Term Financial Stability

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

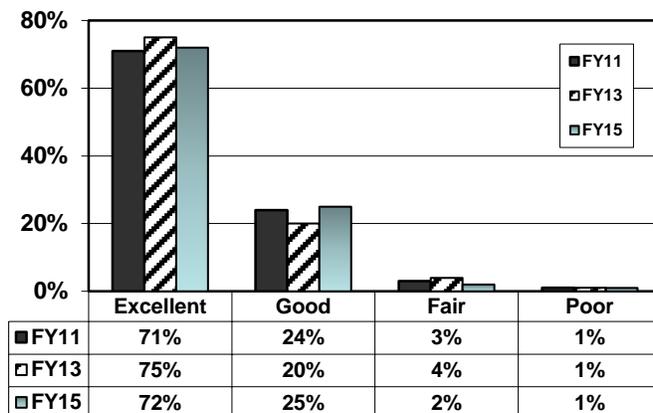
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades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

Town Residential Survey

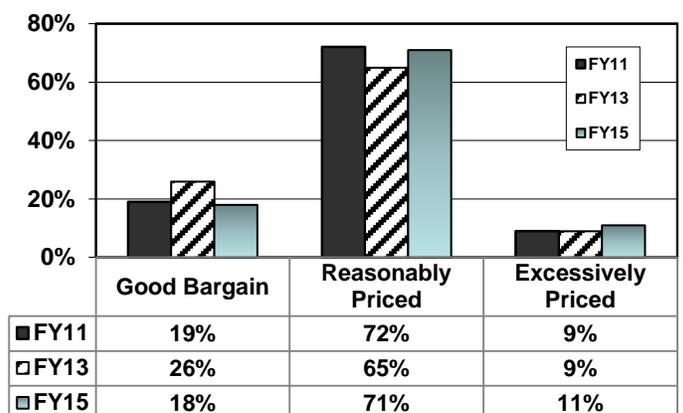
In the fall of 2010, and 2012 the Town conducted telephone surveys of 375 randomly selected Concord residents as part of the Town Residential Survey. In the fall of 2014 (FY15), the survey was expanded and received 1,337 respondents. For the Water Division, two questions were asked. Below left are the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

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

**Rating of Water Service**



**Opinion of Water Service Price**



Water Rates

The total revenue projected to be raised through water user fees in FY17 is \$5,162,000, which represents 97% of total Water Fund revenues.

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

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

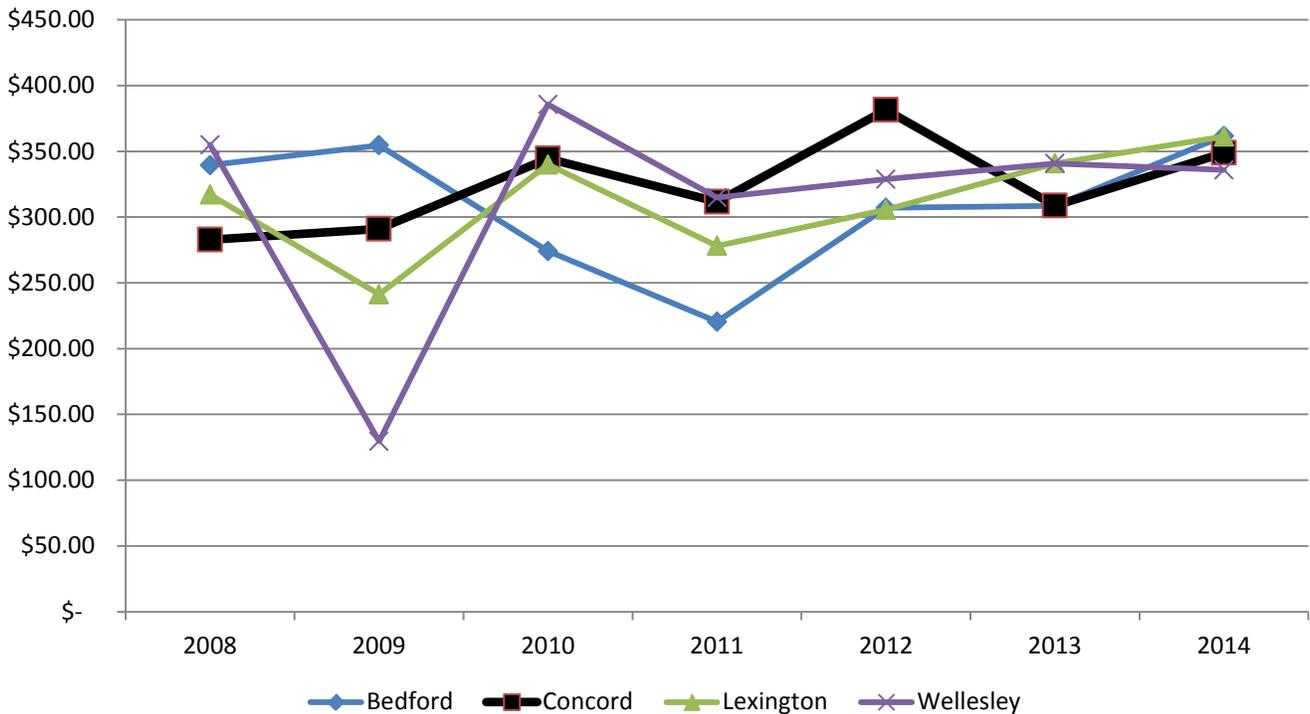
1. To ensure that the Division has the resources to operate, maintain, and improve the system,
2. To encourage users to conserve water; and
3. To minimize rate changes so that water use can be a relatively predictable expense for customers.

**Water Rate Highlights**

***The FY17 proposed Residential Service (step 1) water rate is \$0.0496 per cubic foot (1 cubic foot = 7.48 gallons)***

- The FY17 rate of \$0.0496 represents a 4% increase over the FY16 rate of \$0.0477. For the average residential customer, the annual increase in the water bill will be \$17.10.
- In FY17, the average residential customer is expected to pay a total of \$446 in water use over the course of the year. The average residential customer is assumed to use 1,500 cubic feet bimonthly. Customers who consume more than 2,400 cubic feet of water bimonthly will pay a higher rate (a Conservation Step).
- Property owners who meet certain age and income criteria may qualify for a 50% discount on the step 1 residential rates.

**Typical Annual Water User Fees Based on Actual Use**



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

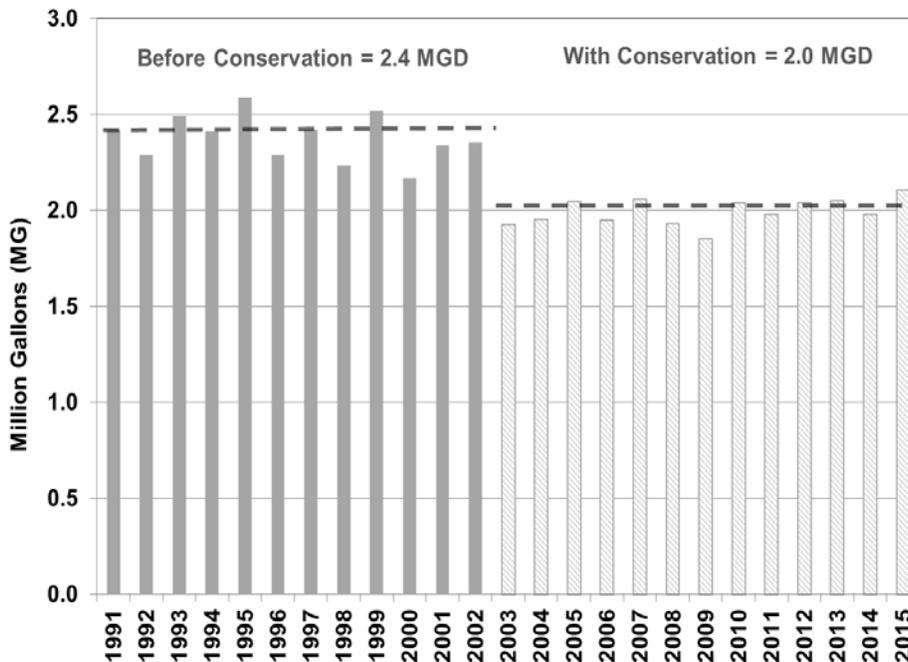
Program Highlights

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

Regulatory Updates

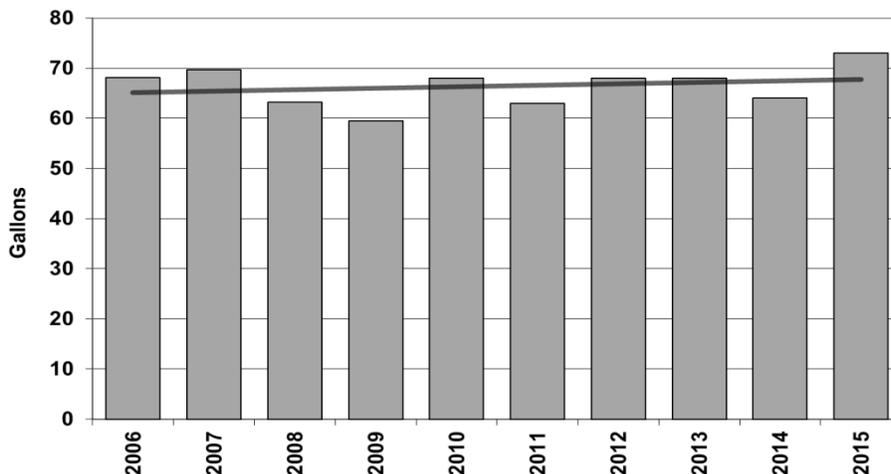
Water Management Act: Concord Water operates under general terms and conditions of a 20-year Water Management Act (WMA) permit issued by the MassDEP. This 20-year permit, originally scheduled to expire on August 31, 2011, has been administratively continued for the past several years. At MassDEP's request, the

**Average Daily Water Demand - System**



Town submitted a formal request for renewal this past fall. The request is being reviewed under a new regulatory framework promulgated in 2014. In accordance with this framework, the Town can expect the new permit to include new provisions involving increased attention on demand management/conservation and withdrawal limits that will be established for individual sources of supply as well as cumulative system allowances. While the Town has historically been permitted to withdraw up to 2.51 million gallons a day (mgd) on an annual average, it is likely this allowance will be reduced to 2.10 mgd. To stay within this permitted cap, it is likely that increased efforts will be required to reduce seasonal (summer) water use.

**Average Daily Water Demand Per Person (Residential)**



In 2015, Concord's total water production was approximately 767 million gallons. This calculates to an average daily demand of 2.10 million gallons per day. A peak day demand of 3.79 million gallons was recorded on September 8, 2015. The residential gallons per day per capita use was calculated to be 73 gallons and the system's "unaccounted" for water use was estimated to be 11%.

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

Environmental Partners Group (Weymouth, MA) completed the 25% design of a full-scale water filtration facility planned for the Nagog Pond water supply. The design for this 1.5 mgd capacity water treatment plant proposes to reuse several large subsurface chambers installed when the original disinfection facility was constructed and will include the following new treatment processes: pre-oxidation; coagulation/flocculation; dissolved air flotation (DAF) for clarification; intermediate ozonation for enhanced organics control; and carbon filter media for filtration. As power demands and operational costs for this advanced treatment will increase, the Town is pursuing opportunities to integrate photovoltaic power generation as an accessory use to this facility..

Environmental Partners Group was also tasked to create the design for the replacement of the original intake pipe that extends over 1,800 feet out into Nagog Pond. As a result of the advanced age of the cast iron pipe (installed in 1909) and its harsh aquatic setting, the effective diameter of this 16-inch pipe has been reduced by approximately 50%. A reconfiguration of the intake and associated screening assembly for improved system reliability and operations will be included as part of the replacement project.

Since the proposed Nagog Pond facility is located in the neighboring town of Acton, the scope of work and plans will require approval from the Acton Conservation Commission (Notice of Intent), the Acton Board of Selectmen (for a Special Use Permit and a Site Plan Special Permit), MassDEP (for approval to site a solar array within a drinking water resource protection area), and Executive Office of Energy and Environmental Affairs (an Environmental Notification Form). State and local permitting activities will continue through early 2016 with borrowing authorization for the actual construction of the facility to be presented at the 2016 annual Town Meeting.

**Nagog Pond: Water Treatment Facility – Concept Rendering**

Program Highlights (continued)

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

**Fluoride Treatment:** On April 27, 2015 the United States Department of Health and Human Services (HHS) updated its optimal drinking water fluoridation treatment target, reducing it from 1.0 ppm to 0.7 ppm. This recommendation was officially acknowledged by the Massachusetts Department of Public Health and the Massachusetts Department of Environmental Protection (MassDEP). In accordance with Article 67 of the 1969 Town Meeting, town meeting members voted affirmatively to, “authorize the Concord Board of Health, acting by and under the authority of Chapter 548 of the Acts of 1968, after making such inquiry and other use of the consulting services of the State Department of Public Health or elsewhere as it chooses, to order the adjustment of the fluoride content of the water supply available for domestic use in the Town of Concord, if it considers doing so is in the best interest of the Town of Concord.” In accordance with this new guidance, the Board of Health was consulted, and the target treatment goal for fluoride within Concord’s public water system was subsequently reduced from 1.0 ppm to 0.7 ppm.

MassDEP recognized Concord Water with its “2015 Source Protection Award” as part of its annual Public Water System Awards Program. The award was provided for outstanding regulatory compliance along with notable effort and dedication as evidenced by the implementation of innovative and exemplary water supply protection strategies during the 2014 calendar year.

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

**Mains (New/Replacement):** Deacon Haynes Water Main Replacement: Fenton & Sons (Acton, MA), serving as a subcontractor to Lazaro Paving, replaced over 1,700 feet of 8-inch transite water main with new 12-inch cement-lined ductile iron pipe (class 52) along Deacon Haynes Road. Work also included replacement of service laterals from the water main to individual property lines with 1-inch PE tubing, the replacement of all associated hydrants, the installation of a new 3-way valve assembly (12-inch size) at the intersection of Old Marlboro Road and Deacon Haynes Road, the installation of a new 3-way valve assembly at the intersection of the Old Marlboro Road and the Jennie Dugan well access road, and the abandonment of a cross country 12-inch water main located in an easement between Old Marlboro Road and Deacon Haynes Road.

**Hunters Ridge Road Water Main Replacement:** Cedrone Trucking Inc. (North Billerica, MA) replaced over 3,100 feet of 8-inch transite water main with new 8-inch cement-lined ductile iron (class 52) along Hunters Ridge Road. Work also included the replacement of service laterals from the water main to individual property lines with 1-inch PE tubing, the installation of a new 3-way valve assembly (8-inch x 12-inch x 12-inch) at the intersection with Old Marlboro Road, and modest drainage improvements including the replacement of some drainage pipe, manholes and catch basins.

**Black Birch Planned Residential Development (PRD) – Water Main Extension:** Patriot Excavating (Acton, MA) installed a new 8-inch cement-lined ductile iron (class 52) water service line approximately 1,550 feet long which will serve a 25-unit PRD located off Forest Ridge Road. The privately funded plan of work involved the installation of new water service laterals, three new hydrants, one in-line gate valve and two 3-way gate valve assemblies at the connection to an existing 12-inch water main located in Forest Ridge Road.

Program Implementation

The proposed FY17 budget projects operating income of \$1,082,916 and a net income of \$1,009,708.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division's approximately \$20 million worth of depreciable infrastructure (as of the end of FY15). The budgeted FY17 depreciation expense, totaling \$1,169,032, represents a depreciation of roughly 6% of these capital assets.

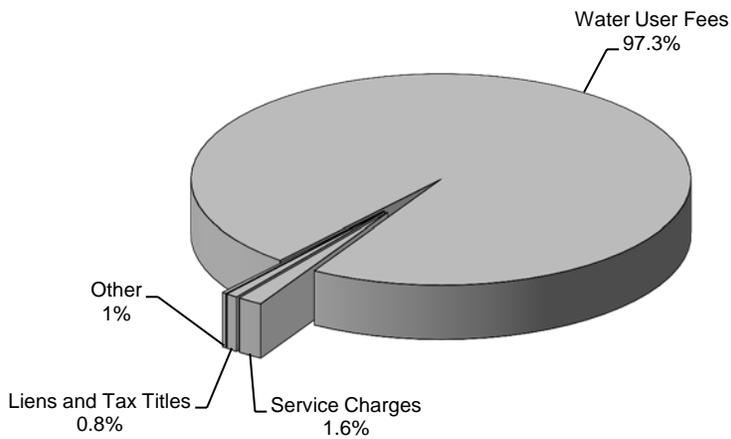
Personnel Services are budgeted to total \$1,293,723 in FY17, a 4.5% increase from the revised FY16 total of \$1,237,263. There is no change in staffing or overtime hours.

The next largest expense categories are for electricity (\$331,330) and chemicals (\$195,338); these consumables vary widely from year-to-year based on the demand for water. Budgets for these accounts are based on anticipating a relatively strong demand for water. This demand is directly affected by weather trends as well as the water conservation behavior of customers.

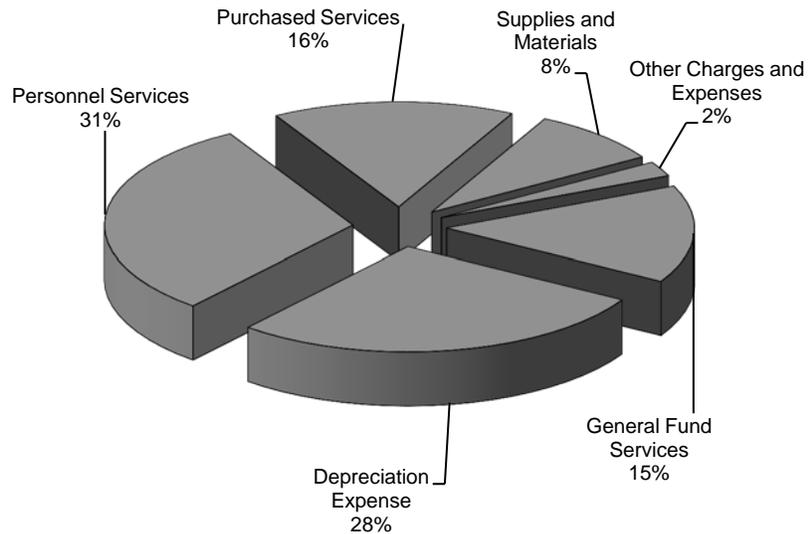
The FY17 Budget also includes \$51,836 for water quality testing at 7 pumping stations, 2 reservoirs and throughout the distribution system.

In addition, the FY17 budget includes \$75,850 for inspection services, including leak detection covering half of the entire system (the entire system is checked every two years) and testing of backflow prevention devices at commercial facilities. The budget also includes \$39,111 for electrical, instrumentation and other maintenance and support services at the pumping stations and reservoirs.

**FY17 Operating Revenues**  
Totaling \$5,303,000



**FY17 Operating Expenditures**  
Totaling \$4,220,084



**OPERATING REVENUES**

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
Water User Fees	\$ 4,508,519	\$ 4,716,374	\$ 5,147,000	\$ 5,162,000
Service Charges	73,777	174,315	85,000	86,000
Liens and Tax Titles	33,190	42,722	40,000	40,000
Other	38,722	12,465	15,000	15,000
<b>Operating Revenues Total</b>	<b>\$ 4,654,208</b>	<b>\$ 4,945,876</b>	<b>\$ 5,287,000</b>	<b>\$ 5,303,000</b>

**OPERATING EXPENSES**

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b><u>Personnel Services</u></b>				
Personnel Expenses	\$ 1,102,547	\$ 1,144,641	\$ 1,237,263	\$ 1,293,723
Audit Adjustment		-	-	-
<b>Subtotal</b>	<b>\$ 1,102,547</b>	<b>\$ 1,144,641</b>	<b>\$ 1,237,263</b>	<b>\$ 1,293,723</b>
<b><u>Non-Personnel Services</u></b>				
Purchased Services	460,736	474,514	640,882	666,350
Supplies & Materials	344,121	353,157	378,908	363,776
Other Charges & Expenses	84,345	74,660	92,420	96,461
Audit Adjustment	(4,927)		-	-
<b>Subtotal</b>	<b>\$ 884,275</b>	<b>\$ 902,331</b>	<b>\$ 1,112,210</b>	<b>\$ 1,126,587</b>
<b><u>Other</u></b>				
General Fund Services	584,315	600,507	613,901	630,742
Depreciation Expense	784,890	831,453	933,321	1,169,032
<b>Subtotal</b>	<b>\$ 1,369,205</b>	<b>\$ 1,431,960</b>	<b>\$ 1,547,222</b>	<b>\$ 1,799,774</b>
<b>Total Operating Expense</b>	<b>\$ 3,356,027</b>	<b>\$ 3,478,932</b>	<b>\$ 3,896,695</b>	<b>\$ 4,220,084</b>

**RETIREMENT AND OPEB ASSESSMENT**

<i>For Informational Purposes Only</i>				
	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b><u>Personnel Services</u></b>				
Retirement Assessment	\$ 62,590	\$ 64,305	\$ 72,280	\$ 86,179
OPEB Assessment	16,402	17,000	18,800	20,000
<b>Total Assessment</b>	<b>\$ 78,992</b>	<b>\$ 81,305</b>	<b>\$ 91,080</b>	<b>\$ 106,179</b>

**AUTHORIZED POSITIONS**

	FY16 Revised Budget		FY17 Initial Budget	
	\$ Amount	Position/Hours	\$ Amount	Position/Hours
<b>Regular Staff</b>				
Water and Sewer Superintendent	\$ 87,894	0.80 FTEs	\$ 87,999	0.80 FTEs
Public Works Engineer	14,992	0.20	15,741	0.20
Assistant to Superintendent	69,586	0.80	69,586	0.80
Sr. Environ. & Regulatory. Coord.	62,494	0.80	64,990	0.80
Environ. & Regulatory. Coord.	42,856	0.80	42,856	0.80
Administrative Assistant	51,233	0.80	51,530	0.80
Public Works Supervisor	135,847	1.60	138,376	1.60
Crew Leader	113,976	1.60	116,795	1.60
Senior Treatment Systems Operator	56,022	0.80	57,530	0.80
Treatment System Operator	92,280	1.60	99,089	1.60
System Maintainer	206,746	4.00	205,318	4.00
Standby Pay (5111)	14,622	0.17	15,118	0.17
Charges to Snow Account	(4,328)	-0.08	(4,328)	-0.08
Charges to Capital Projects	(19,670)	N/A	(19,935)	0
Vacancy Savings	-	0	-	0
Salary Adjustments	-	-	17,860	-
<b>Subtotal</b>	<b>\$ 924,550</b>	<b>13.89 FTEs</b>	<b>\$ 958,525</b>	<b>13.89 FTEs</b>
<b>5120</b>				
Watershed Patrol	\$ 4,600	460 hrs.	\$ 4,600	460 hrs.
Environmental Technology Intern		0 hrs.	-	0 hrs.
GIS Project Specialist	4,160	208 hrs.		0 hrs.
<b>Subtotal</b>	<b>\$ 8,760</b>	<b>0.32 FTEs</b>	<b>\$ 4,600</b>	<b>0.22 FTEs</b>
<b>Employee Benefits</b>				
Health Insurance	\$ 81,000	N/A	\$ 87,000	N/A
Life Insurance	-	N/A	-	N/A
Dental Insurance	-	N/A	-	N/A
Retirement Contribution	72,280	N/A	86,179	N/A
OPEB Contribution	18,800	N/A	20,000	N/A
<b>Subtotal</b>	<b>\$ 172,080</b>	<b>N/A</b>	<b>\$ 193,179</b>	<b>N/A</b>
<b>Payroll Taxes</b>				
Medicare Tax	\$ 11,500	N/A	\$ 11,250	N/A
Social Security Contribution	1,500	N/A	1,250	N/A
<b>Subtotal</b>	<b>\$ 13,000</b>	<b>N/A</b>	<b>\$ 12,500</b>	<b>N/A</b>
<b>Other Personnel Costs</b>				
Overtime (5130)	\$ 95,190	1900 hrs.	\$ 99,522	1900 hrs.
Overtime Adjustments (5130)	1,428	N/A	1,493	N/A
Police Overtime (5131)	7,400	185 hrs.	7,400	185 hrs.
Mobile Phone Allowance	3,840	N/A	3,840	N/A
IT Salary (5111)	11,015	N/A	12,664	N/A
<b>Subtotal</b>	<b>\$ 118,873</b>	<b>N/A</b>	<b>\$ 124,919</b>	<b>N/A</b>
<b>Total Personnel Costs</b>	<b>\$ 1,237,263</b>	<b>14.21 FTEs</b>	<b>\$ 1,293,723</b>	<b>14.12 FTEs</b>

**NET INCOME**

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 4,654,208	\$ 4,945,876	\$ 5,287,000	\$ 5,303,000
Less Operating Expenses	(3,356,027)	(3,478,932)	(3,896,695)	(4,220,084)
<b>Operating Income</b>	<b>\$ 1,298,181</b>	<b>\$ 1,466,944</b>	<b>\$ 1,390,305</b>	<b>\$ 1,082,916</b>
<b>Nonoperating Revenues (Expenses)</b>				
Add Investment Income	\$ 14,393	\$ 16,018	\$ 30,669	\$ 58,669
Add Other Revenue/Expense				
Less Interest Expense	(156,145)	(147,925)	(136,681)	(115,706)
Less Issuance Expense	-	-	-	(16,171)
<b>Nonoperating Income</b>	<b>\$ (141,752)</b>	<b>\$ (131,907)</b>	<b>\$ (106,012)</b>	<b>\$ (73,208)</b>
<b>Net Income</b>	<b>\$ 1,156,429</b>	<b>\$ 1,335,037</b>	<b>\$ 1,284,293</b>	<b>\$ 1,009,708</b>

**AVAILABLE RESOURCES**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 784,890	\$ 831,453	\$ 933,321	\$ 1,169,032
Add Net Income	1,156,429	1,335,037	1,284,293	1,009,708
Add Debt Financing	-	-	-	8,970,500
Less Bonds Payable	(520,000)	(520,000)	(520,000)	(420,000)
<b>Net Available for Capital</b>	<b>\$ 1,421,319</b>	<b>\$ 1,646,490</b>	<b>\$ 1,697,614</b>	<b>\$ 10,729,240</b>

**CASH POSITION AND FUND BALANCE FORECAST**

<b>Cash at Year Opening</b>	<b>FY16</b>		<b>FY17</b>	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash on July 1st</b>	\$ 6,919,413		\$ 5,348,357	
Add Receivables	1,024,783		1,024,783	
Add Inventory & Other Assets	129,188		129,188	
Less Cash held for Liabilities	(983,894)		(983,894)	
Less Deferred Inflows	(29,696)		(29,696)	
<b>Fund Balance on July 1st</b>	<b>\$ 7,059,794</b>		<b>\$ 5,488,738</b>	
<b>Fund Balance Details (projected)</b>	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 4,493,211	\$ 2,566,583	\$ 5,045,504	\$ 443,234
Net Income	1,284,293		1,009,708	
Bond Principal Repayment	(520,000)		(420,000)	
BAN and Bond Proceeds			8,970,500	
Debt Supported Capital Expense	(212,000)		(8,970,500)	
User Fee Supported Capital Outlay		(3,056,670)		(720,935)
Add Depreciation Expense		933,321		1,169,032
Balance Projected at June 30th	5,045,504	443,234	5,635,212	891,331
<b>Fund Balance on June 30th</b>	<b>\$ 5,488,738</b>		<b>\$ 6,526,543</b>	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	\$ 5,488,738		\$ 6,526,543	
Less Receivables	(1,024,783)		(1,024,783)	
Less Inventory & Other Assets	(129,188)		(129,188)	
Add Cash Held for Liabilities	983,894		983,894	
Add Cash Held for Deferred Inflows	29,696		29,696	
<b>Projected Cash at June 30th</b>	<b>\$ 5,348,357</b>		<b>\$ 6,386,163</b>	

**DEBT SERVICE**

	FY14		FY16		Rev. FY16		FY17	
	Actual		Actual		Budget		Budget	
<b>Long-Term Debt Repayment</b>								
Principal	\$	520,000	\$	520,000	\$	520,000	\$	420,000
Interest		156,145		147,925		136,681		115,706
Debt Issuance Expense		-		-		-		16,171
<b>Total</b>	<b>\$</b>	<b>676,145</b>	<b>\$</b>	<b>667,925</b>	<b>\$</b>	<b>656,681</b>	<b>\$</b>	<b>551,877</b>

**PAYMENTS TO THE GENERAL FUND**

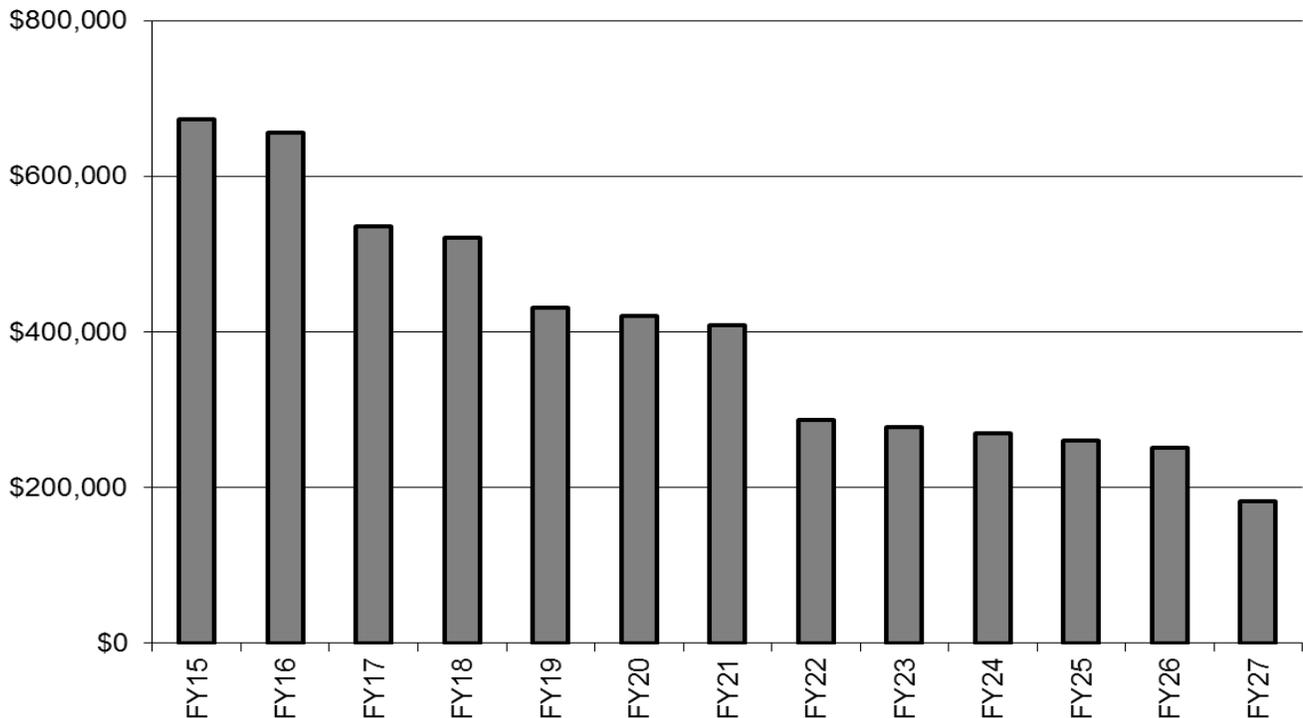
	FY14		FY15		Rev. FY16		FY17	
	Actual		Actual		Budget		Budget	
<b><u>Management &amp; Engineering</u></b>								
Highway Maintenance	\$	17,872	\$	18,507	\$	19,110	\$	19,280
133/135 Keyes Road		48,121		48,807		49,782		50,440
Public Works Engineering		83,824		86,086		87,820		87,425
Public Works Administration		85,208		86,808		88,002		87,585
<b>Subtotal</b>	<b>\$</b>	<b>235,025</b>	<b>\$</b>	<b>240,208</b>	<b>\$</b>	<b>244,714</b>	<b>\$</b>	<b>244,730</b>
<b><u>Finance &amp; Administrative</u></b>								
Town Manager	\$	58,605	\$	60,925	\$	58,973	\$	59,289
Human Resources		17,422		17,587		19,190		18,946
Town Accountant								
Accounting Services		49,612		49,262		50,980		52,294
Audit Services		6,000		6,000		6,000		6,000
Treasurer-Collector		51,099		51,963		53,051		52,929
Finance Administration		70,922		72,952		75,048		75,766
Town House Facility		6,725		6,734		6,759		6,861
<b>Subtotal</b>	<b>\$</b>	<b>260,385</b>	<b>\$</b>	<b>265,423</b>	<b>\$</b>	<b>270,001</b>	<b>\$</b>	<b>272,085</b>
<b><u>Natural Resources</u></b>								
Planning Administration	\$	39,181	\$	42,502	\$	44,611	\$	44,426
Natural Resource Protection		24,128		25,065		26,047		25,703
Health Department Services		25,596		27,309		28,528		28,301
<b>Subtotal</b>	<b>\$</b>	<b>88,905</b>	<b>\$</b>	<b>94,876</b>	<b>\$</b>	<b>99,186</b>	<b>\$</b>	<b>98,430</b>
Salary Reserve		-		-		-		15,497
Audit Adjustments		-		-		-		-
<b>Totals</b>	<b>\$</b>	<b>584,315</b>	<b>\$</b>	<b>600,507</b>	<b>\$</b>	<b>613,901</b>	<b>\$</b>	<b>630,742</b>

**DEBT SERVICE SCHEDULE**

(Issued through 6/30/2015)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY15	520,000	153,144	673,144
FY16	520,000	136,681	656,681
FY17	420,000	115,706	535,706
FY18	420,000	101,388	521,388
FY19	345,000	86,213	431,213
FY20	345,000	75,050	420,050
FY21	345,000	63,450	408,450
FY22	235,000	51,850	286,850
FY23	235,000	43,050	278,050
FY24	235,000	34,250	269,250
FY25	235,000	25,300	260,300
FY26	235,000	16,275	251,275
<u>FY27</u>	<u>175,000</u>	<u>7,175</u>	<u>182,175</u>
<b>Totals</b>	<b>\$ 4,265,000</b>	<b>\$ 909,532</b>	<b>\$ 5,174,532</b>

**DEBT SERVICE CHART**



TREATMENT

**Nagog Treatment Plant: \$5,362,500** – Project to construct a facility that would comply with EPA's surface water treatment rule. The new water treatment plant will integrate several existing facilities and employs the following new treatment processes: pre-oxidation using potassium permanganate; coagulation/flocculation using polyaluminum chloride; dissolved air flotation (DAF) for clarification; intermediate ozonation for enhanced organics control; and the use of biologically activated carbon (BAC) filter media for filtration.

Construction will span FY2017 and FY2018. The total cost is \$13,500,000 including \$12,400,000 for construction and \$1,100,000 for engineering and construction administration and supervision. The remaining \$8,170,500 will be spent in FY 2018.

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

DISTRIBUTION SYSTEM

**Mains (New/Replacement): \$250,000** - Annual capital outlay for improvements and extension to distribution system including water services within the right-of-way. The water distribution system consists of over 130 miles of water main ranging in size from 6-inch to 16-inch diameter. The replacement/rehabilitation program has been developed with consideration of age, material and condition of mains. The plan of work for FY17 includes the replacement of over 1,300 feet of water main in Cambridge Turnpike in conjunction with roadway and drainage improvements.

**Water Meter Replacement Program: \$136,000** - Water Fund portion of costs associated with system-wide meter maintenance and replacement efforts. Efforts will include advancement of smart water-meter technology to allow for increased customer awareness of individual water consumption patterns and water-saving opportunities.

**Hydrants: \$37,000** - The Water Division conducts annual hydrant inspection and replacement activities to insure that all hydrants operate properly. Budget includes costs to replace approximately 15 of the 1,200 hydrants in the distribution system.

PUMPING STATIONS AND RESERVOIRS

**Reservoirs: \$958,000** – Rehabilitation of Annursnac Hill Reservoir, a 2.5 million gallon storage structure, including the installation of a concrete liner. Budget includes costs to complete design effort.

**Station Structures: \$50,000** - Annual capital outlay for improvements and replacement of station structures. Planned work includes rehabilitation of one of the nine groundwater wells as well as surge protection and access management at the Robinson well.

**Pumping Station Equipment: \$50,000** - Annual capital outlay for improvements and replacement of station equipment used to control, monitor, pump, store, and treat water including motors, pumps, motor control panels, and chemical feed systems. The Water Division is responsible for maintaining and making improvements to eight water pumping facilities and two storage reservoirs.

GENERAL PLANT

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

**Vehicles: \$120,000** – The Water/Sewer fleet consists of 17 service vehicles and miscellaneous equipment such as compressor, vacuum, skid steer, and forklifts which are replaced in accordance with CPW criteria based on industry-accepted useful-life measures. Planned improvements include the replacement of one service vehicle with heavy duty crane, one administrative vehicle, and a fork lift.

**GIS and Miscellaneous Equipment: \$20,000** - Miscellaneous equipment not included in 5-year capital plan.

SUPPLY/CAPACITY

**Source Protection: \$812,000** – Funds for ongoing implementation of water resource protection program, including \$800,000 in borrowing for purchase of land/permanent easement of water protection buffer around future Brewster well site.

<b>CAPITAL SPENDING PLAN</b>										
	Actual FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Total FY17-21	
<b><u>Distribution System</u></b>										
Water Mains	0	1,188,356	1,039,000	250,000	1,000,000	50,000	1,000,000	600,000	2,900,000	
Meter Replacements	29,008	39,786	67,000	136,000	114,000	105,000	115,000	109,000	579,000	
Hydrants	26,370	16,734	36,000	37,000	38,000	39,000	40,000	41,000	195,000	
<b>Subtotal</b>	<b>55,378</b>	<b>1,244,876</b>	<b>1,142,000</b>	<b>423,000</b>	<b>1,152,000</b>	<b>194,000</b>	<b>1,155,000</b>	<b>750,000</b>	<b>3,674,000</b>	
<b><u>Pumping Stations/Treatment</u></b>										
Structures	0	0	195,000	50,000	52,000	54,000	56,000	58,000	270,000	
Equipment	47,518	35,379	46,000	50,000	52,000	54,000	56,000	58,000	270,000	
Reservoir Improvements	0	0	110,000	958,000	166,000	0	200,000	0	1,324,000	
Nagog Improvements	193,242	42,724	1,336,000	5,362,500	8,170,500	0	0	0	13,533,000	
Route 2A Station and Filtration	0	27,454	0	1,850,000	0	0	0	0	1,850,000	
Dam Reconstruction	45,781	2,827	212,000	0	0	0	0	0	0	
Nagog Intake	0	0	0	0	0	0	0	0	0	
<b>Subtotal</b>	<b>286,540</b>	<b>108,384</b>	<b>1,899,000</b>	<b>8,270,500</b>	<b>8,440,500</b>	<b>108,000</b>	<b>312,000</b>	<b>116,000</b>	<b>17,247,000</b>	
<b><u>General Plant</u></b>										
Keyes Road CPW Facility	191	0	26,000	26,000	27,000	28,000	500,000	29,000	610,000	
GIS	0	0	10,000	10,000	10,300	10,600	10,900	11,200	53,000	
Vehicles	69,335	0	150,000	120,000	118,400	60,000	44,000	22,400	364,800	
Utility Software Upgrade	0	70,582	0	0	0	0	0	0	0	
Miscellaneous Equipment	14,717	16,982	10,000	10,000	10,300	10,600	10,900	11,200	53,000	
Depreciable Personnel Services	16,547	17,066	19,670	19,935	20,530	21,150	21,780	22,430	105,825	
<b>Subtotal</b>	<b>100,790</b>	<b>104,630</b>	<b>215,670</b>	<b>185,935</b>	<b>186,530</b>	<b>130,350</b>	<b>587,580</b>	<b>96,230</b>	<b>1,186,625</b>	
<b><u>Supply and Capacity</u></b>										
Source Protection	0	0	12,000	12,000	12,000	12,000	12,000	12,000	60,000	
New Source Permitting, Design	0	0	0	800,000	0	0	0	0	0	
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>12,000</b>	<b>812,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>60,000</b>	
<b>Total Capital Uses</b>										
<b>Total Capital Plan</b>	<b>442,708</b>	<b>1,457,891</b>	<b>3,268,670</b>	<b>9,691,435</b>	<b>9,791,030</b>	<b>444,350</b>	<b>2,066,580</b>	<b>974,230</b>	<b>22,167,625</b>	
From Debt	45,781	30,281	212,000	8,970,500	8,170,500	-	500,000	-	17,641,000	
From Water Fund Resources	396,928	1,427,609	3,056,670	720,935	1,620,530	444,350	1,566,580	974,230	5,326,625	
<b>Total Capital Sources</b>	<b>442,708</b>	<b>1,457,891</b>	<b>3,268,670</b>	<b>9,691,435</b>	<b>9,791,030</b>	<b>444,350</b>	<b>2,066,580</b>	<b>974,230</b>	<b>22,967,625</b>	

Water Fund: Plan and Projection	10 years												
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 17-26
<b>Operating Revenue</b>													
User Fees	4,716,374	5,147,000	5,162,000	5,417,000	5,611,000	5,805,000	6,008,000	6,219,000	6,440,000	6,669,000	6,906,000	7,150,000	61,387,000
Other	229,502	140,000	141,000	142,000	143,000	144,000	145,000	146,000	147,000	148,000	149,000	150,000	1,455,000
Subtotal	4,945,876	5,287,000	5,303,000	5,559,000	5,754,000	5,949,000	6,153,000	6,365,000	6,587,000	6,817,000	7,055,000	7,300,000	62,842,000
<b>Operating Expense</b>													
O & M	2,647,479	2,963,374	3,051,052	3,320,384	3,420,851	3,524,393	3,631,104	3,741,086	3,854,441	3,971,275	4,091,697	4,215,823	36,822,105
Depreciation	831,453	933,321	1,169,032	1,445,700	1,608,667	1,649,766	1,664,089	1,659,537	1,676,171	1,673,480	1,697,394	1,530,434	15,774,271
Subtotal	3,478,932	3,896,695	4,220,084	4,766,084	5,029,518	5,174,159	5,295,194	5,400,623	5,530,611	5,644,754	5,789,092	5,746,257	52,596,376
<b>Operating Income</b>	1,466,944	1,390,305	1,082,916	792,916	724,482	774,841	857,806	964,377	1,056,389	1,172,246	1,265,908	1,553,743	10,245,624
ADD: Interest Income	16,018	30,669	58,669	94,817	122,902	110,892	98,446	95,299	94,830	96,118	99,996	106,573	978,543
Miscellaneous Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS: Interest Expense													
Existing Debt	147,925	136,681	115,706	101,388	86,213	75,050	63,450	51,850	43,050	34,250	25,300	16,275	612,532
Future Debt	0	0	0	32,000	683,507	648,691	613,876	579,061	564,245	527,430	490,615	453,799	4,593,224
Bond Anticipation Notes (BANs)	0	0	0	61,279	245,115	0	6,250	0	0	0	0	0	312,644
Issuance expense (Premium)	0	0	16,171	171,581	0	500	5,000	0	0	0	0	0	193,251
<b>Net Income</b>	1,335,037	1,284,293	1,009,708	521,486	-167,450	161,492	267,677	428,765	543,923	706,684	849,989	1,190,242	5,512,516
<b>Available Resources from:</b>													
Net income	1,335,037	1,284,293	1,009,708	521,486	-167,450	161,492	267,677	428,765	543,923	706,684	849,989	1,190,242	5,512,516
Depreciation expense	831,453	933,321	1,169,032	1,445,700	1,608,667	1,649,766	1,664,089	1,659,537	1,676,171	1,673,480	1,697,394	1,530,434	15,774,271
subtotal	2,166,490	2,217,614	2,178,740	1,967,186	1,441,217	1,811,258	1,931,766	2,088,303	2,220,094	2,380,164	2,547,383	2,720,676	21,286,787
Bond proceeds	0	0	800,000	16,341,000	0	500,000	500,000	0	0	0	0	0	17,641,000
Loan proceeds	0	0	8,170,500	8,170,500	0	0	0	0	0	0	0	0	16,841,000
LESS: Principal repayments													
Existing Debt	520,000	520,000	420,000	420,000	345,000	345,000	345,000	235,000	235,000	235,000	235,000	235,000	3,050,000
New Debt	0	0	0	53,333	870,383	870,383	870,383	870,383	920,383	920,383	920,383	920,383	7,216,397
BAN Repayment	0	0	0	16,341,000	0	0	500,000	0	0	0	0	0	16,841,000
<b>Net Available for Capital Purposes</b>	1,646,490	1,697,614	10,729,240	9,664,353	225,834	1,095,875	716,383	982,920	1,064,711	1,224,781	1,392,000	1,565,293	28,661,390
<b>Capital Plan</b>	1,457,890	3,268,670	9,691,435	9,791,030	444,350	2,066,580	974,230	1,020,100	1,051,390	1,082,900	1,116,440	1,150,000	28,388,455
<b>Cash Position</b>													
Beginning balance	6,769,112	6,919,413	5,348,357	6,386,163	6,259,486	6,040,970	5,070,265	4,812,418	4,775,237	4,788,558	4,930,439	5,205,999	5,621,292
ADD: Net available	1,646,490	1,697,614	10,729,240	9,664,353	225,834	1,095,875	716,383	982,920	1,064,711	1,224,781	1,392,000	1,565,293	15,565,293
LESS: Planned Capital	1,457,890	3,268,670	9,691,435	9,791,030	444,350	2,066,580	974,230	1,020,100	1,051,390	1,082,900	1,116,440	1,150,000	15,565,293
Changes in assets & liabilities	-38,299												
Ending balance	6,919,413	5,348,357	6,386,163	6,259,486	6,040,970	5,070,265	4,812,418	4,775,237	4,788,558	4,930,439	5,205,999	5,621,292	5,621,292

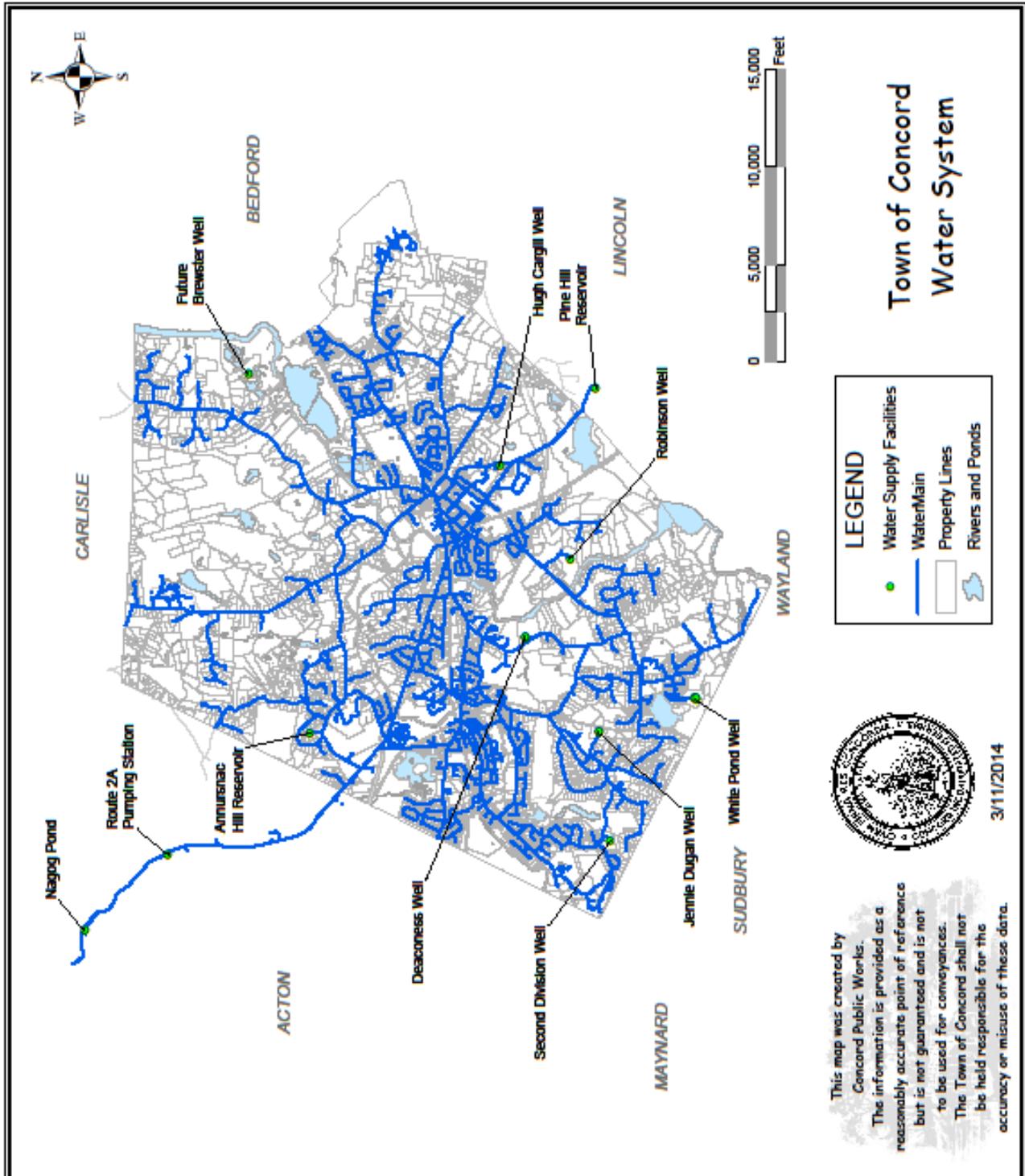
**WATER RATES**

(Per Cubic Foot)

<b>W-16 Class of Customer</b>	<b>Current FY16</b>	<b>Effective 6/1/16</b>	<b>%Chg.</b>
<b>1 &amp; 2 Residential Service</b>	(1 cubic foot = 7.48 gallons)		
1st Step: (all year)	\$ 0.0477	\$ 0.0496 **	4.0%
Conservation Step*: (2400-4800 cu ft)	\$ 0.0954	\$ 0.0992	4.0%
Conservation Step*: (over 4800 cu ft)	\$ 0.1193	\$ 0.1240	3.9%
*May 1st through October 31st			
<b>3 General Service</b>			
1st Step: (all year)	\$ 0.0477	\$ 0.0496	4.0%
2nd Step: (all year) (over 5000 cu ft bimonthly)	\$ 0.0606	\$ 0.0630	4.0%
<b>4 Municipal Service</b>			
1st Step: (all year)	\$ 0.0470	\$ 0.0489	4.0%
Interruptible Outdoor Irrigation use			
<b>5 Second Meter Service</b>			
A. Irrigation/Pool or Accessory use:			
1st Step: (all year)	\$ 0.0954	\$ 0.0992	4.0%
Conservation Step: (over 4800 cu ft bimonthly, May 1st through October 31st)	\$ 0.1193	\$ 0.1240	3.9%
B. Non-Irrigation Commercial/Industrial	\$ 0.0606	\$ 0.0630	4.0%

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

<b>Sample Impacts</b>	<b>Current Annual</b>	<b>New Annual</b>	<b>Annual Change</b>	<b>Monthly Change</b>	<b>% Chg.</b>
<b>1a Average Residential Customer</b> (1,500 cu ft bimonthly) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 429	\$ 446	\$ 17.10	\$ 1.43	4.0%
<b>1b Large Summertime Residential Customer</b> (4,000 cu ft bimonthly during summer; 2,500 cu ft bimonthly rest of year)	\$ 1,159	\$ 1,205	\$ 46.17	\$ 3.85	4.0%
<b>3a Small Commercial Customer</b> (2,500 cu ft bimonthly) <i>Approximately two-thirds of commercial/institutional/Gov't customers normally use less than than the 2nd step threshold.</i>	\$ 716	\$ 744	\$ 28.50	\$ 2.38	4.0%
<b>3b Large Commercial Customer</b> (30,000 cu ft bimonthly)	\$ 10,521	\$ 10,938	\$ 417	\$ 34.75	4.0%
<b>5a Small Municipal Customer</b> (4,500 cu ft bimonthly)	\$ 1,269	\$ 1,320	\$ 51	\$ 4.28	4.0%
<b>5b Large Municipal Customer</b> (60,000 cu ft bimonthly)	\$ 16,920	\$ 17,604	\$ 684	\$ 57.00	4.0%



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# **Section V**

## **Sewer Fund**

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Mission Statement

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

Sewer Fund Budget Contents

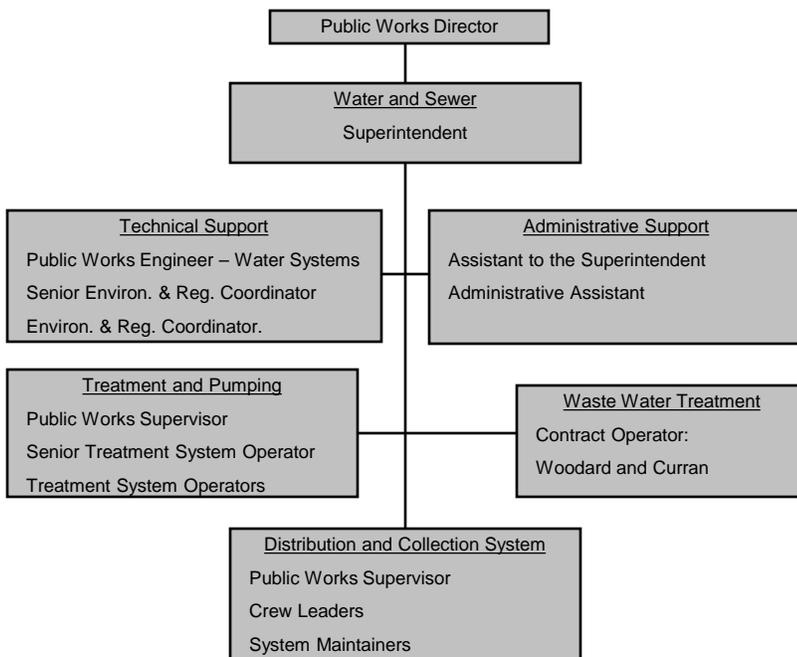
Overview	pp. 1-2
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Sewer Fund Highlights

- The proposed FY17 sewer rate of \$0.1119 per cubic foot represents a 3% increase over the FY16 rate of \$0.1086 per cubic foot. Since FY07, sewer rates have increased by an average annual rate of 4.4%. For the average residential customer, the annual increase in the sewer bill will be \$19.80.
- The proposed FY17 capital improvement plan is \$2,123,407 which includes \$1,685,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in West Concord.
- The proposed FY17 operating budget is \$3,316,424, an increase of 5% from FY16. Depreciation is increasing by over 8% and all other operating expenses are increasing by 2%.

Expenditure Summary				
	FY14 Actual	FY15 Actual	FY16 Budget	FY17 Proposed
Operating Income	\$ (880,985)	\$ (419,339)	\$ (491,052)	\$ (540,424)
Net Income	\$ 2,413,224	\$ (203,465)	\$ 511,084	\$ (410,523)
Undesignated Fund Balance	\$ 7,379,983	\$ 7,998,534	\$ 7,970,217	\$ 6,420,266

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



Description:

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

The 1976 Annual Town Meeting established a Sewer Fund to ensure that the operation, maintenance, and capital improvement of the sewer system would be a financially viable enterprise. Expenses for this system are covered entirely by user fees. As of 2015 the total value of collection system and treatment plant infrastructure assets was approximately 19.3 million dollars.

The municipal sewer system serves 1,858 residential and commercial customers representing approximately 34% of the community. The wastewater treatment facility continues to process over 1.5 million gallons per year of septage pumped from residential and commercial establishments served by private septic systems within the Town of Concord.

Long-Term Financial Stability

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

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

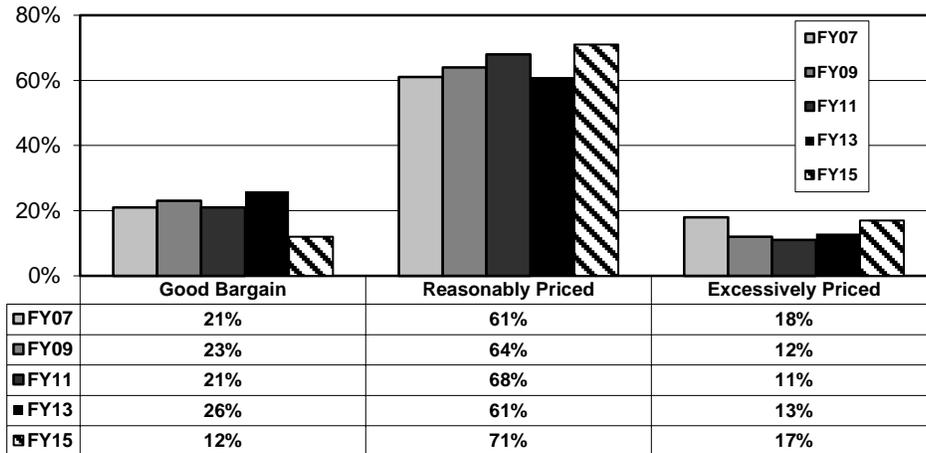
Town Residential Survey

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

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

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

**1. Opinion of Sewer Service Price**



Sewer Rates:

The total revenue projected to be raised through sewer rates in FY17 is **\$2,625,000**.

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

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

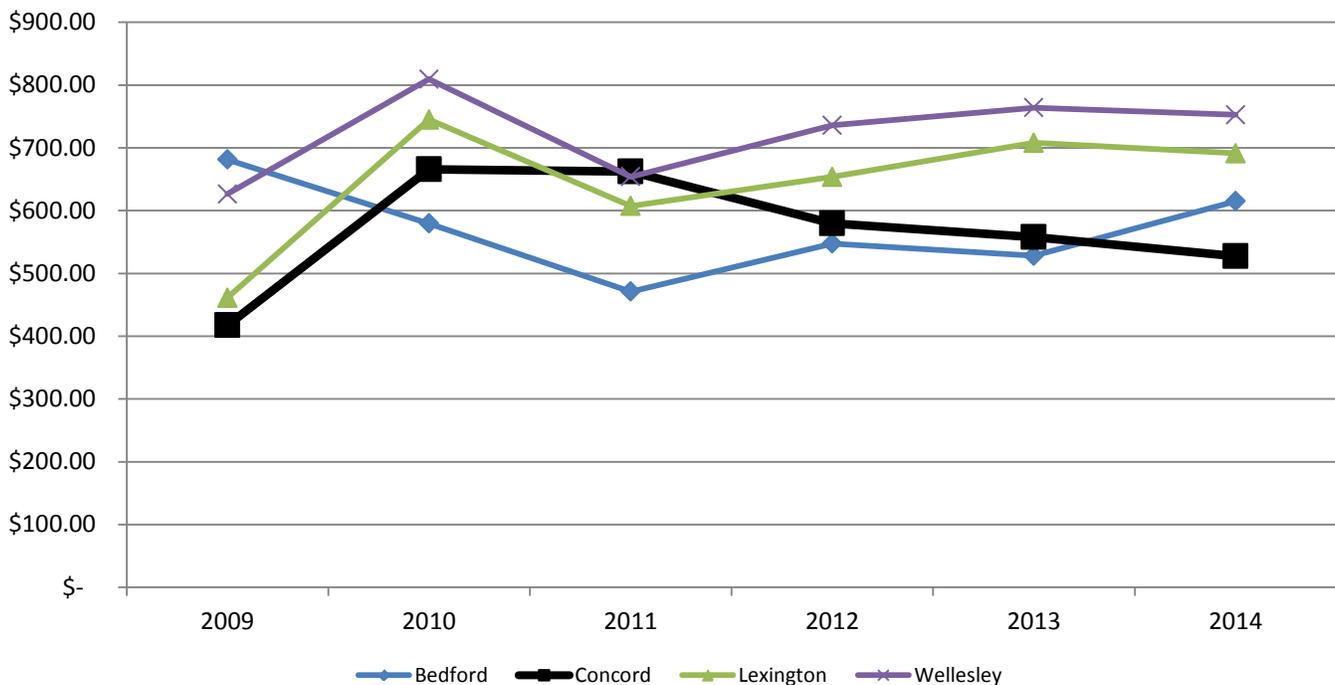
**Sewer Fund Highlights**

- The proposed FY17 sewer rate of \$0.1119 per cubic foot represents a 3% increase over the FY16 rate of \$0.1086 per cubic foot. Since FY 2014 sewer rates have increased by an average annual rate of 3.3%.
- The proposed FY17 capital improvement plan is \$2,123,407 which includes \$1,685,000 for design and complete rehabilitation of the two main sewer pumping stations at Lowell Road and Main Street in West Concord.
- Additional expenses of \$62,000 are budgeted for wastewater treatment in FY17 in order to meet new discharge permit requirements for pH and Aluminum.
- The proposed FY17 operating budget is \$3,316,424, an increase of 5% from FY16.

**Benchmarking Sewer Rates**

The comparison of sewer rates between individual systems and communities can be particularly difficult, given the wide variation in management and financial structures and customer demographics. Some level of public sewerage service is provided by 57% of Massachusetts communities. Some systems, like Concord, adhere to strict enterprise principles (i.e., full cost accounting with consideration of long range investments and depreciation of fixed assets) while other systems are subsidized through a municipality's general fund. Statewide, 57% of communities have adopted a flat rate structure, 35% use an ascending rate structure and 8% assess a flat fee. More sophisticated and flexible rate designs, such as the winter/spring demand basis employed by Concord for residential customers, have been adopted by only 3% of systems across the state (from Tighe and Bond rate survey 2014). The table below demonstrates how rate adjustments (and cost of service) over time have impacted Concord and three neighboring systems based on actual water use.

**Typical Annual Sewer User Fees Based on Actual Use**



*Wastewater Program*

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

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



Operator Installing Sewer Flow Meter

**NPDES Surface Water Discharge Permit:** Concord's appeal of its National Elimination System Discharge System Permit (NPDES) (originally issued on August, 2, 2013) remains open pending resolution of contested aluminum and pH discharge limits. Concord is not alone in our voicing our concerns as to how the NPDES program has been administered. Early on in its term, the Baker-Polito Administration reached out to communities to listen and learn first-hand how certain regulations have become overly burdensome to communities, especially in the areas of providing essential services. Based on widespread feedback, MassDEP has been tasked to evaluate how the NPDES program is being administered and what, if anything, can be done to maintain environmental protection while lessening the compliance burdens imposed on the regulated communities. This interest has triggered important policy discussions as they relate to state regulatory primacy - for a program that has historically been administered directly through the federal government (EPA). Massachusetts is one of only three states in the country where the state has not sought delegated authority.

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

Hemi Enterprise (Attleboro MA) cleaned and refurbished the structural components of a secondary clarifier (unit #2) and a trickling filter (unit #2). The scope of work for the secondary clarifier included tank and equipment cleaning, surface preparation (sandblasting) and painting of all steel components, replacement of structural members, replacement of access door for center column and disassembly and reassembly of related mechanisms. The scope of work for the trickling filter included the cleaning, sandblasting and painting of spray nozzles, splash plates and accessories on the distributor arms and painting of all steel components on the trickling filter including distributor arms, center column, and rotating stationary base as well as the installation of new sewage seals, supporting seal, and guide bearing for the center drive mechanism prior to reassembly of the trickling filter.

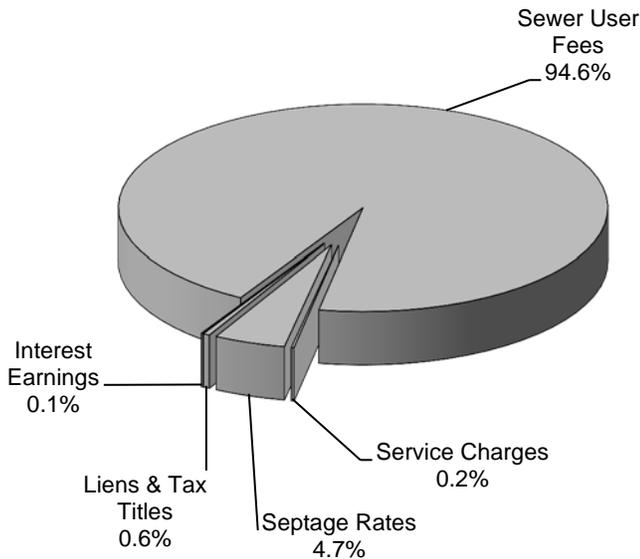
**Inflow/Infiltration:** Crews continued to investigate sources of inflow and infiltration (I/I) throughout the sewer system. The unusually large snow pack created during the winter of 2015 provided the Division with a unique opportunity to capture and characterize spring snow melt and its impact on infiltration throughout the collection system. To do so, the Division leased eleven (11) non-contact flow meters, each equipped with electronic flow registers to allow for real time data collection and monitoring through a web interface. The data affirmed our general understanding that the system is in good condition with no major sources of infiltration to eliminate. The data will be further analyzed to help target sections of the collection system that merit more invasive TV inspection and routine sewer main rehabilitation efforts.

Program Implementation:

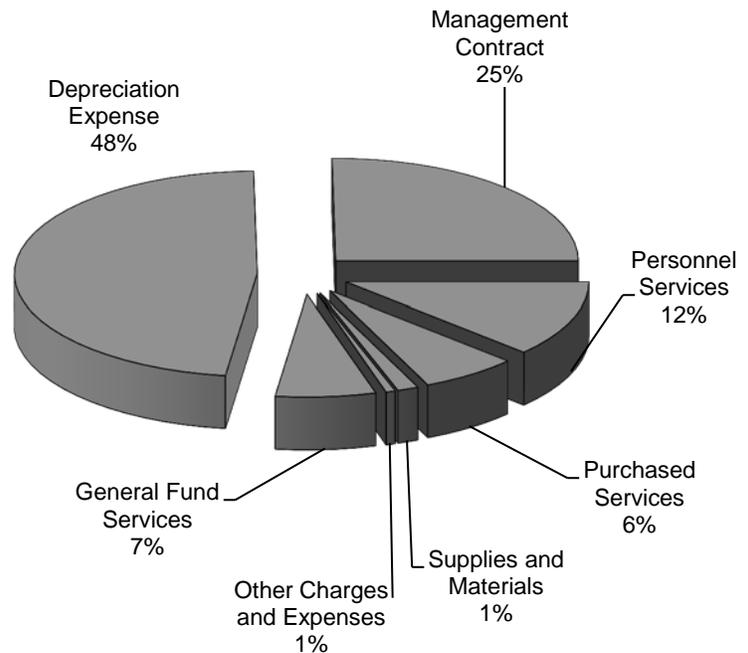
The proposed FY17 operating budget is \$3,316,424. This represents a 5% increase as compared to the Sewer Fund's revised FY16 operating budget. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division's approximately \$19.3 million worth of infrastructure (recorded as of the end of FY15). The FY17 budgeted depreciation expense of \$1,580,995 is 8.2% of these capital assets. Personnel Services are budgeted at \$396,408 in FY17, a 4.8% increase from the revised FY16 total of \$378,410.

Excluding depreciation, the FY17 budget proposes 2.0% increase in funding for wastewater collection and a 2.3% increase in wastewater treatment. The costs associated with the operation of the Wastewater Treatment facility are directly related to meeting state and federally mandated National Pollutant Discharge Elimination System (NPDES) permit requirements and funding contract operation services presently provided by Woodard & Curran. Concord's 5-year NPDES permit is presently under review by EPA and DEP and will be re-issued in the near future. More restrictive water quality limits resulting in increased costs for chemicals, electricity and sludge management are anticipated in this budget .

**FY17 Operating Revenues**  
Totaling \$2,776,000



**FY17 Operating Expenses**  
Totaling \$3,316,424



Operating Income:

This FY17 Budget calls for Operating Expenditures that are \$540,424 above Operating Revenues. This results in an operating loss for the year. However, by FY20, Operating Income turns positive as depreciation expense, which accounts for roughly 48% of all operating expenses in FY17, begins to decline and revenues increase (see page V-10, Sewer Fund: Plan and Projection).

**OPERATING REVENUES**

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
Sewer User Fees	\$ 2,261,081	\$ 2,429,420	\$ 2,521,000	\$ 2,625,000
Service Charges	7,538	7,107	4,000	5,000
Septage Rates	96,550	125,677	128,000	131,000
Liens & Tax Titles	8,857	7,189	12,000	12,000
Other Revenue	11,357	3,232	3,000	3,000
Audit Adjustments				
<b>Total Operating Revenues</b>	<b>\$ 2,385,383</b>	<b>\$ 2,572,625</b>	<b>\$ 2,668,000</b>	<b>\$ 2,776,000</b>

**OPERATING EXPENSES**

<u>Sewer Divisions</u>	FY14	FY15	Rev. FY16	FY17
<u>Collection</u>	Actual	Actual	Budget	Budget
Personnel Services	\$ 316,561	\$ 294,694	\$ 331,737	\$ 339,990
Purchased Services	365,511	168,918	178,256	179,038
Supplies & Materials	41,667	37,922	47,154	46,312
Other Charges & Expenses	25,018	14,292	20,400	20,858
General Fund Services	100,511	103,284	105,549	110,370
Audit Adjustments	30,603	1,933		
<b>Subtotal</b>	<b>\$ 879,871</b>	<b>\$ 621,042</b>	<b>\$ 683,096</b>	<b>\$ 696,568</b>
<u>Treatment</u>				
Personnel Expenses	\$ 49,709	\$ 52,701	\$ 46,673	\$ 56,418
Purchased Services	7,383	4,298	35,000	35,000
Management Contract	741,412	758,855	827,907	837,074
Supplies & Materials	-	72	-	-
Other Charges & Expenses	3,485	-	-	-
General Fund Services	100,511	103,284	105,549	110,370
Audit Adjustments				
<b>Subtotal</b>	<b>\$ 902,500</b>	<b>\$ 919,210</b>	<b>\$ 1,015,129</b>	<b>\$ 1,038,862</b>
Depreciation Expense	1,483,997	1,451,712	1,460,827	1,580,995
<b>Total Operating Expense</b>	<b>\$ 3,266,368</b>	<b>\$ 2,991,964</b>	<b>\$ 3,159,052</b>	<b>\$ 3,316,424</b>

**RETIREMENT AND OPEB ASSESSMENT**

<i>For Informational Purpose Only</i>				
	FY14	FY15	Rev. FY16	FY17
	Actual	Actual	Budget	Budget
Retirement Assessment	\$ 12,490	\$ 12,832	\$ 18,070	\$ 21,545
OPEB Assessment	4,849	5,000	4,700	5,000
<b>Total Assessment</b>	<b>\$ 17,339</b>	<b>\$ 17,832</b>	<b>\$ 22,770</b>	<b>\$ 26,545</b>

## AUTHORIZED POSITIONS

Collection Personnel Costs	Rev. FY16 Budget		FY17 Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>Regular Staff</b>				
Water and Sewer Superintendent	0.20 FTEs	\$ 21,650	0.20 FTEs	\$ 22,000
Assistant to Superintendent	0.20	17,396	0.20	17,396
Senior Env. & Reg. Coordinator	0.20	15,623	0.20	16,247
Env. & Reg. Coordinator	0.20	10,714	0.20	10,714
Administrative Assistant	0.20	12,808	0.20	12,883
Public Works Supervisor	0.40	33,962	0.40	34,594
Crew Leader	0.40	28,494	0.40	29,199
Senior Treatment System Operator	0.20	14,005	0.20	14,383
Treatment System Operator	0.40	23,070	0.40	24,772
System Maintainer	1.00	51,687	1.00	51,330
Standby Pay (5111)	365 hrs	14,622	365 hrs	15,118
Charges to Snow Account	0	-	0	-
Charges to Projects	N/A	-	N/A	(7,260)
Salary Adjustments	N/A	-	N/A	3,869
<b>Subtotal</b>	<b>3.40 FTEs</b>	<b>\$ 244,031</b>	<b>3.40 FTEs</b>	<b>\$ 245,245</b>
<b>Employee Benefits</b>				
Health Insurance	N/A	\$ 14,000	N/A	\$ 15,000
Life Insurance	N/A	-	N/A	-
Dental Insurance	N/A	-	N/A	-
OPEB	N/A	4,700	N/A	5,000
Retirement Contribution	N/A	18,070	N/A	21,545
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 36,770</b>	<b>N/A</b>	<b>\$ 41,545</b>
<b>Payroll Taxes</b>				
Medicare Tax	N/A	\$ 3,500	N/A	\$ 3,500
Social Security Contribution	N/A	-	N/A	-
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 3,500</b>	<b>N/A</b>	<b>\$ 3,500</b>
<b>Other Personnel Costs</b>				
Overtime (5130)	800 hrs.	\$ 40,080	800 hrs.	\$ 41,904
Police Overtime (5131)	100	4,000	100	4,000
IT Salary (5111)	N/A	2,755	N/A	3,168
Salary Adjustments OT (5130)	N/A	601	N/A	629
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 47,436</b>	<b>N/A</b>	<b>\$ 49,701</b>
<b>Total Collections</b>	<b>3.40 FTEs</b>	<b>\$ 331,737</b>	<b>3.40 FTEs</b>	<b>\$ 339,991</b>
<b>Treatment Personnel Costs</b>				
Public Works Engineer	0.80 FTEs	\$ 59,969	0.80 FTEs	\$ 62,965
Charge to Capital Projects	N/A	(17,296)	N/A	(10,547)
Salary Adjustments (2%)	N/A	-	N/A	-
Health	N/A	3,000	N/A	3,000
Medicare Tax	N/A	1,000	N/A	1,000
<b>Total Treatment</b>	<b>0.80 FTEs</b>	<b>\$ 46,673</b>	<b>0.80 FTEs</b>	<b>\$ 56,418</b>
<b>Total Sewer Personnel</b>	<b>4.20 FTEs</b>	<b>\$ 378,410</b>	<b>4.20 FTEs</b>	<b>\$ 396,408</b>

**NET INCOME**

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 2,385,383	\$ 2,572,625	\$ 2,668,000	\$ 2,776,000
Less Operating Expenses	(3,266,368)	(2,991,964)	(3,159,052)	(3,316,424)
<b>Operating Income</b>	<b>\$ (880,985)</b>	<b>\$ (419,339)</b>	<b>\$ (491,052)</b>	<b>\$ (540,424)</b>
<b>Non-operating Revenues (Expenses)</b>				
Add Investment Income	\$ 14,316	\$ 16,807	\$ 40,113	\$ 72,330
Add Bond Premium		16,206		
Add CoMag Incentive Payments	2,943,125		-	-
Add Sewer Improvement Revenues	504,999	344,102	1,121,507	201,000
Less Int. Exp and Admin. Fees	(174,172)	(161,240)	(159,484)	(143,430)
<b>Non-operating Income</b>	<b>\$ 3,288,268</b>	<b>\$ 215,875</b>	<b>\$ 1,002,136</b>	<b>\$ 129,900</b>
<b>Net Income</b>	<b>\$ 2,407,283</b>	<b>\$ (203,465)</b>	<b>\$ 511,084</b>	<b>\$ (410,523)</b>

Note: FY 15 Net Income of minus \$203,465 plus Sewer Betterment income of \$17,414 minus expenses of \$31,931 + \$2,395 in Betterment interest and issuance expense plus the transfer in of \$79,292 for the General Fund portion of the WPAT loan equals the change in net assets of minus \$141,083 seen in the FY 15 Audited Financial Statements.

**AVAILABLE RESOURCES**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 1,483,997	\$ 1,451,712	\$ 1,460,827	\$ 1,580,995
Add Net Income	2,407,283	(203,465)	511,084	(410,523)
Add Sewer Improvement Allocation		74,259	255,000	106,000
Add Bond Proceeds	-	400,000	-	-
Less Bonds Payable	(603,338)	(613,557)	(686,432)	(597,016)
<b>Net Available for Capital</b>	<b>\$ 3,287,942</b>	<b>\$ 1,108,949</b>	<b>\$ 1,540,479</b>	<b>\$ 679,456</b>

**CASH POSITION AND FUND BALANCE FORECAST**

<b>Cash at Year Opening</b>	<b>FY16</b>		<b>FY17</b>	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash on July 1st</b>	\$ 8,036,804		\$ 8,008,487	
Add Non-Cash Assets	391,551		391,551	
Less Liabilities and Deferred Inflows	(429,821)		(429,821)	
<b>Fund Balance on July 1st</b>	<b>\$ 7,998,534</b>		<b>\$ 7,970,217</b>	
<b>Fund Balance Details (projected)</b>	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ (712,120)	\$ 8,710,654	\$ (1,542,468)	\$ 9,512,685
Net Income	511,084	-	(410,523)	-
Bond Principal Repayment	(686,432)	-	(597,016)	-
Capital Borrowing	(400,000)	-	-	-
Capital Outlay (non-borrowing)	-	(658,796)	-	(2,017,407)
Capital Sewer Improvement Fund	(255,000)	-	(106,000)	-
Add Depreciation Expense	-	1,460,827	-	1,580,995
Balance Projected at June 30th	(1,542,468)	9,512,685	(2,656,007)	9,076,273
<b>Fund Balance on June 30th</b>	<b>\$ 7,970,217</b>		<b>\$ 6,420,266</b>	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	\$ 7,970,217		\$ 6,420,266	
Less Receivables	(391,551)		(391,551)	
Add Cash Held for Liabilities	429,821		429,821	
<b>Projected Cash at June 30th</b>	<b>\$ 8,008,487</b>		<b>\$ 6,458,536</b>	
<b>Sewer Improvement Fund Cash</b>	<b>\$ 3,662,115</b>		<b>\$ 3,757,115</b>	
<b>Unrestricted Cash</b>	<b>\$ 4,346,372</b>		<b>\$ 2,701,421</b>	

## SEWER IMPROVEMENT FUND

	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Cash on July 1st</b>	\$ 2,073,320	\$ 2,525,766	\$ 2,795,608	\$ 3,662,115
Revenues	504,999	344,102	1,121,507	201,000
Expenditures	(52,553)	(74,260)	(255,000)	(106,000)
Adjustment	-	-	-	-
<b>Cash on June 30th</b>	<b>\$ 2,525,766</b>	<b>\$ 2,795,608</b>	<b>\$ 3,662,115</b>	<b>\$ 3,757,115</b>
<b>Net Activity</b>	<b>\$ 452,446</b>	<b>\$ 269,842</b>	<b>\$ 866,507</b>	<b>\$ 95,000</b>

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

## SEWER BETTERMENT CASH FLOW ANALYSIS

<u>Activity</u>	FY14 Actual	FY15 Actual	Rev. FY16 Budget	FY17 Budget
<b>Cash at July 1st</b>	<b>\$ 733,061</b>	<b>\$ 747,596</b>	<b>\$ 771,402</b>	<b>\$ 783,985</b>
Cash Received	172,547	181,635	170,224	169,057
Debt Service and Admin. Cost	(158,012)	(157,829)	(157,641)	(157,450)
<b>Cash at June 30th</b>	<b>\$ 747,596</b>	<b>\$ 771,402</b>	<b>\$ 783,985</b>	<b>\$ 795,592</b>
<b>Net Activity</b>	<b>\$ 14,535</b>	<b>\$ 23,806</b>	<b>\$ 12,583</b>	<b>\$ 11,607</b>
<b>Net Assets (as of June 30th)</b>				
Cash	\$ 747,596	\$ 771,402	\$ 783,985	\$ 795,592
Betterment Receivables	886,206	763,404	623,876	482,995
<b>Net Assets</b>	<b>\$ 1,633,802</b>	<b>\$ 1,534,806</b>	<b>\$ 1,407,861</b>	<b>\$ 1,278,587</b>
Less Remaining Debt Service	(1,880,720)	(1,722,892)	(1,565,250)	(1,407,800)
<b>Surplus / Deficit</b>	<b>\$ (246,918)</b>	<b>\$ (188,086)</b>	<b>\$ (157,389)</b>	<b>\$ (129,213)</b>

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

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

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

<b>DEBT SERVICE</b>				
<b>Cash Basis</b>	<u>FY14 Actual</u>	<u>FY15 Actual</u>	<u>Rev. FY16 Budget</u>	<u>FY17 Budget</u>
Long Term Debt Repayment:				
Principal	\$ 603,338	\$ 613,557	\$ 686,432	\$ 597,016
Interest	162,472	154,460	149,323	134,064
Issuance Expense	-	-	-	-
Administration Fee (WPAT)	11,700	10,938	10,160	9,366
<b>Totals</b>	<b>\$ 777,510</b>	<b>\$ 778,955</b>	<b>\$ 845,915</b>	<b>\$ 740,446</b>

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

**PAYMENTS TO THE GENERAL FUND**

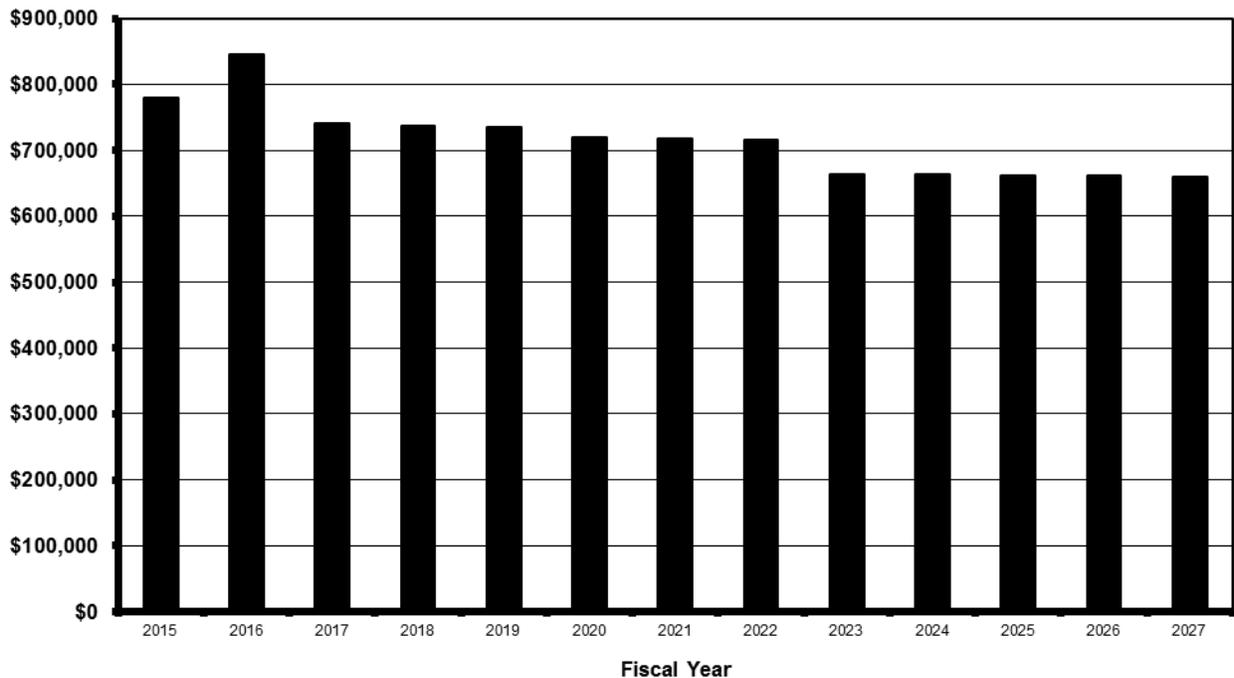
	<u>FY14 Actual</u>	<u>FY15 Actual</u>	<u>Rev. FY16 Budget</u>	<u>FY17 Budget</u>
<b>Management &amp; Engineering:</b>				
Public Works Administration	\$ 34,084	\$ 34,724	\$ 35,202	\$ 35,036
Public Works Engineering	21,461	22,027	22,459	22,359
Highway Maintenance	4,496	4,654	4,806	4,848
133/135 Keyes Road	11,635	11,801	12,039	12,200
<b>Subtotals</b>	<b>\$ 71,676</b>	<b>\$ 73,206</b>	<b>\$ 74,506</b>	<b>\$ 74,443</b>
<b>Financial &amp; Administrative:</b>				
Town Manager	\$ 29,304	\$ 30,464	\$ 29,488	\$ 29,645
Human Resources	5,286	5,337	5,823	5,748
Finance Administration	17,732	18,241	18,764	18,943
Treasurer-Collector	12,634	12,849	13,122	13,091
Town Accountant:				
General Services	12,285	12,197	13,224	14,269
Audit Services	6,000	6,000	6,000	6,000
Town House Facilities	3,364	3,368	3,380	3,431
<b>Subtotals</b>	<b>\$ 86,605</b>	<b>\$ 88,456</b>	<b>\$ 89,801</b>	<b>\$ 91,127</b>
<b>Natural Resource:</b>				
Planning	\$ 6,531	\$ 7,085	\$ 7,437	\$ 7,407
Natural Resources	6,035	6,270	6,514	6,429
Health	30,175	31,550	32,840	32,783
<b>Subtotals</b>	<b>\$ 42,741</b>	<b>\$ 44,905</b>	<b>\$ 46,791</b>	<b>\$ 46,619</b>
Salary Reserve	\$ -	\$ -	\$ -	\$ 8,551
<b>Totals</b>	<b>\$ 201,022</b>	<b>\$ 206,567</b>	<b>\$ 211,098</b>	<b>\$ 220,740</b>

### Sewer Debt Service Schedule

*Exclusive of betterment financing*

Fiscal Year	Principal	Interest	Admin. Fees	Total
2015	613,557	154,460	10,938	\$778,955
2016	686,432	149,323	10,160	\$845,915
2017	597,016	134,064	9,366	\$740,446
2018	607,814	121,390	8,556	\$737,760
2019	618,831	108,499	7,730	\$735,060
2020	617,570	95,572	6,887	\$720,029
2021	629,036	82,606	6,027	\$717,669
2022	640,734	69,409	5,149	\$715,292
2023	602,668	56,725	4,254	\$663,647
2024	614,843	44,550	3,341	\$662,734
2025	627,265	32,128	2,410	\$661,803
2026	639,936	19,457	1,459	\$660,852
2027	652,865	6,528	490	\$659,883
2028	0	0	0	\$0
<b>Totals</b>	<b>\$8,148,567</b>	<b>\$1,074,711</b>	<b>\$76,767</b>	<b>\$9,300,045</b>

### Sewer Debt Service Chart



**FY17 Capital Plan:****COLLECTION SYSTEM****Station Structures: \$12,000**

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

**Station Equipment: \$1,685,000**

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

**Mains (Sewer Collectors): \$16,000**

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

**Inflow/Infiltration: \$106,000**

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

**Meter Replacement Program: \$34,000**

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

**WASTE WATER TREATMENT PLANT****Structures: \$48,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include the cleaning of structures and rehabilitation of mechanical systems associated with the replacement of the mechanical drive assembly for primary clarifier unit #1 (deferred from FY16) as well as the cleaning and painting of associated odor control covers over both primary clarifiers.

**Equipment: \$150,000**

Annual cost to replace equipment presently used beyond recommended service life, including motors, pumps, motor control panels, chemical feed systems, and process instrumentation. Planned work includes replacement of an intermediate pump, rehabilitation of the detritor grit removal mechanism, power factor correction, rehabilitation of two primary sludge pumps, replacement of outside sump pump, and replacement of a gate valve.

**GENERAL PLANT****Keyes Road Facility: \$27,000**

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

**Vehicles: \$27,600**

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

CAPITAL PLAN	FY 2015	Revised FY 2016	Proposed FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>COLLECTION SYSTEM</b>												
Pumping Plant	0	12,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000
Station Structures	0	154,000	1,685,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000
Other	0	166,000	1,697,000	39,000	41,000	43,000	45,000	47,000	49,000	51,000	53,000	55,000
Subtotal: Pumping												
Collection Plant	0	16,000	16,000	17,000	18,000	19,000	20,000	21,000	22,000	23,000	24,000	25,000
Sewer Mains/Laterals (Note 1)	31,470	105,000	106,000	110,000	114,000	118,000	122,000	126,000	130,000	134,000	139,000	144,000
Inflow/Infiltration	0	0	0	0	0	0	0	0	0	0	0	0
Meter Replacements	0	13,000	34,000	28,000	26,000	29,000	27,000	28,000	29,000	30,000	31,000	32,000
Sewer Service Connections	31,470	134,000	156,000	155,000	158,000	166,000	169,000	175,000	181,000	187,000	194,000	201,000
Subtotal: Collection Plant												
Total: Collection System	31,470	300,000	1,853,000	194,000	199,000	209,000	214,000	222,000	230,000	238,000	247,000	256,000
<b>WASTE WATER TREATMENT PLANT</b>												
Structures	142,627	286,000	48,000	30,000	200,000	206,000	30,000	31,000	32,000	33,000	34,000	36,000
Plant Equipment	0	95,000	150,000	25,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000
Other (7 year life)	42,789	0	0	0	0	400,000	400,000	0	0	0	0	0
Capacity/Treatment Optimization	17,136	17,296	17,807	18,350	18,910	19,480	20,070	20,680	21,310	21,950	22,610	23,290
Personal Services (7 years)	202,552	398,296	215,807	73,350	244,910	652,480	478,070	80,680	83,310	85,950	88,610	92,290
Total: Wastewater Treatment Plant												
<b>GENERAL PLANT</b>												
Keyes Road CPW Facility	0	26,000	27,000	28,000	29,000	100,000	30,000	31,000	32,000	33,000	34,000	36,000
Vehicle Replacements (10 year life)	0	8,000	12,600	9,600	15,000	0	0	10,000	11,000	12,000	13,000	14,000
Vehicle Replacements (7 year life)	0	31,500	15,000	20,000	0	11,000	5,600	10,000	11,000	12,000	13,000	14,000
Miscellaneous Equipment & Billing Software	20,891	0	0	0	0	0	0	0	0	0	0	0
Personal Services (7 years)	20,891	65,500	54,600	57,600	44,000	111,000	35,600	51,000	54,000	57,000	60,000	64,000
Total: General Plant												
<b>WASTEWATER MANAGEMENT PROJECT</b>												
Wastewater Planning	0	150,000	0	0	483,000	1,500,000	1,500,000	0	0	0	0	0
W.R. Grace land acquisition	0	400,000	0	0	0	0	0	0	0	0	0	0
Phase I Construction Cost	0	550,000	0	0	483,000	1,500,000	1,500,000	0	0	0	0	0
Total: Wastewater Management Project audit adjustment												
Total User Fee Supported	180,654	658,796	2,017,407	214,950	373,910	754,480	605,670	227,680	237,310	246,950	256,610	268,290
Total Improvement Fee Supported	74,259	255,000	106,000	110,000	597,000	1,618,000	1,622,000	126,000	130,000	134,000	139,000	144,000
Total Borrowing Supported	0	400,000	0	100,000	100,000	0	0	0	0	0	0	0
<b>Grand Total Sewer Fund:</b>	<b>254,913</b>	<b>1,313,796</b>	<b>2,123,407</b>	<b>324,950</b>	<b>970,910</b>	<b>2,472,480</b>	<b>2,227,670</b>	<b>353,680</b>	<b>367,310</b>	<b>380,950</b>	<b>395,610</b>	<b>412,290</b>

Note 1: Charged to Sewer Improvement Fund

# Sewer Fund

# Revenues and Expenditures

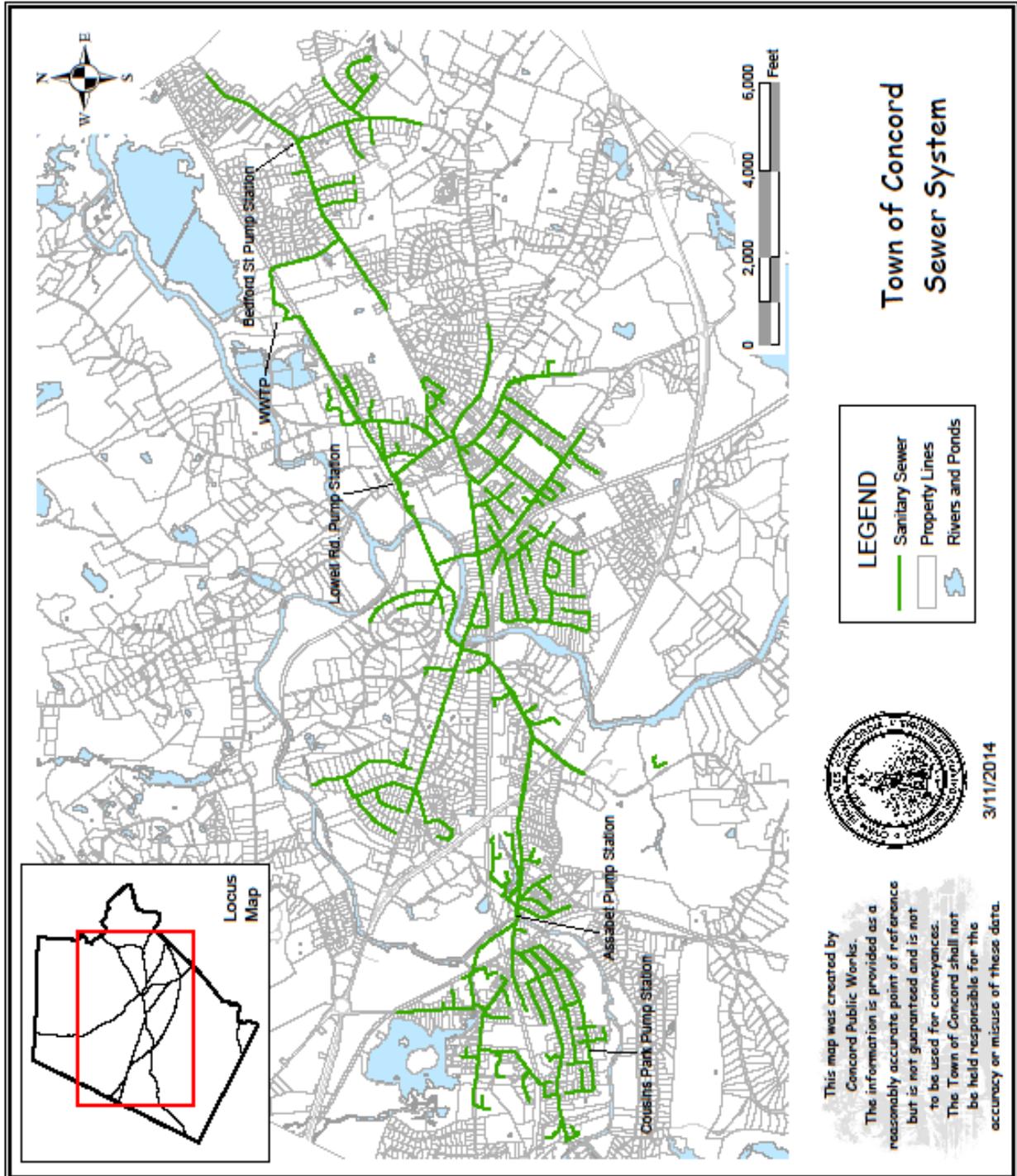
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	10 years FY17-26
<b>Sewer Fund: Plan and Projection</b>													
<b>Operating Revenue</b>													
User Fees	2,429,420	2,521,000	2,625,000	2,790,000	2,917,000	3,050,000	3,190,000	3,334,000	3,485,000	3,640,000	3,803,000	3,971,000	32,805,000
Other	143,205	147,000	151,000	154,000	156,000	159,000	162,000	165,000	167,000	170,000	173,000	176,000	1,633,000
Subtotal	2,572,625	2,668,000	2,776,000	2,944,000	3,073,000	3,209,000	3,352,000	3,499,000	3,652,000	3,810,000	3,976,000	4,147,000	34,438,000
<b>Operating Expense</b>													
O & M	1,540,252	1,698,225	1,735,429	1,787,692	1,841,537	1,897,012	1,954,167	2,013,054	2,073,726	2,136,238	2,200,647	2,267,010	19,906,511
Depreciation	1,451,712	1,460,827	1,580,995	1,673,378	1,734,451	1,194,260	1,247,995	1,250,141	1,247,995	1,192,060	1,128,898	1,132,837	13,383,011
Subtotal	2,991,964	3,159,052	3,316,424	3,461,070	3,575,988	3,091,272	3,202,162	3,263,196	3,321,722	3,328,298	3,329,544	3,399,846	33,289,522
<b>Operating Income</b>													
ADD: Interest Income	-419,339	-491,052	-540,424	-517,070	-502,988	117,728	149,838	235,804	330,278	481,702	646,456	747,154	1,148,478
Bond Premium	16,807	40,113	72,330	99,805	136,568	120,450	91,974	85,979	100,999	118,440	137,920	159,541	1,124,007
Co-Mag Incentive Payments	16,206												
Sewer Improvement Fees	344,102	1,121,507	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	2,010,000
LESS: Interest Expense													
Existing Debt	161,241	150,621	134,242	122,634	110,792	98,710	86,384	73,808	60,979	48,502	34,979	21,182	792,212
New Debt	0	8,863	9,188	7,313	5,438	3,750	6,250	4,350	3,200	2,800	2,400	2,000	46,688
Bond Anticipation Notes (BANs)	0	0	0	0	0	1,250	0	0	0	0	0	0	1,250
Issuance expense	0	0	0	0	100	1,000	0	0	0	0	0	0	1,100
<b>Net Income</b>	-203,465	511,084	-410,523	-346,211	-281,749	334,469	350,178	444,625	568,098	749,840	947,996	1,084,512	3,441,235
<b>Available Resources from:</b>													
Net income	-203,465	511,084	-410,523	-346,211	-281,749	334,469	350,178	444,625	568,098	749,840	947,996	1,084,512	3,441,235
Depreciation expense	1,451,712	1,460,827	1,580,995	1,673,378	1,734,451	1,194,260	1,247,995	1,250,141	1,247,995	1,192,060	1,128,898	1,132,837	13,383,011
subtotal	1,248,247	1,971,911	1,170,472	1,327,167	1,452,702	1,528,729	1,598,173	1,694,767	1,816,093	1,941,900	2,076,894	2,217,349	16,824,246
Funds Provided by Improvement Fees	74,259	255,000	106,000	110,000	597,000	1,618,000	1,622,000	126,000	130,000	134,000	139,000	144,000	100,000
Bond proceeds	400,000	0	0	0	100,000	100,000	0	0	0	0	0	0	100,000
Loan proceeds													100,000
LESS: Principal repayments													
Existing Debt	613,557	623,932	534,516	545,314	556,331	567,570	579,036	590,734	602,668	614,843	627,265	639,936	5,858,213
New Debt	0	62,500	62,500	62,500	62,500	50,000	60,000	60,000	10,000	10,000	10,000	10,000	397,500
BAN Repayment						100,000	0	0	0	0	0	0	100,000
<b>Net Available for Capital Purposes</b>	1,108,949	1,540,479	679,456	829,353	1,530,871	2,529,159	2,581,137	1,170,033	1,333,425	1,451,057	1,578,629	1,711,413	10,668,533
<b>Capital Plan</b>	<b>254,913</b>	<b>1,313,796</b>	<b>2,123,407</b>	<b>324,950</b>	<b>970,910</b>	<b>2,472,480</b>	<b>2,227,670</b>	<b>353,680</b>	<b>367,310</b>	<b>380,950</b>	<b>395,610</b>	<b>412,290</b>	<b>10,029,257</b>
<b>Cash Position</b>													
Beginning balance	7,360,622	8,036,804	8,008,487	6,458,536	6,852,939	6,815,900	5,254,579	3,986,046	4,676,399	5,512,514	6,448,621	7,492,640	
ADD: Net available	1,108,949	1,540,479	679,456	829,353	1,530,871	2,529,159	2,581,137	1,170,033	1,333,425	1,451,057	1,578,629	1,711,413	
LESS: Planned Capital	<b>254,913</b>	<b>1,313,796</b>	<b>2,123,407</b>	<b>324,950</b>	<b>970,910</b>	<b>2,472,480</b>	<b>2,227,670</b>	<b>353,680</b>	<b>367,310</b>	<b>380,950</b>	<b>395,610</b>	<b>412,290</b>	
Sewer Improvement Fee Support	74,259	255,000	106,000	110,000	597,000	1,618,000	1,622,000	126,000	130,000	134,000	139,000	144,000	
Changes in assets & liabilities	103,595												
Ending balance	8,036,804	8,008,487	6,458,536	6,852,939	6,815,900	5,254,579	3,986,046	4,676,399	5,512,514	6,448,621	7,492,640	8,647,763	
(does not include Betterment balance)													
Sewer Improvement Fund Balance	2,795,608	3,662,115	3,757,115	3,848,115	3,452,115	2,035,115	614,115	689,115	760,115	827,115	889,115	946,115	
(included in Ending Balance)													
Ending balance w/o Sewer Improvement	5,241,196	4,346,372	2,701,421	3,004,824	3,363,785	3,219,464	3,371,931	3,987,284	4,752,399	5,621,506	6,603,525	7,701,648	

**SEWER RATES**

(Per Cubic Foot)

Class of Customer	Current FY16	Effective 6/1/16	%Chg.
<b>S-16</b>	(1 cubic foot = 7.48 gallons)		
1 <b>Residential Service</b> Rate billed year around but uses wintertime average consumption for non-wintertime months.	\$ 0.1086	\$ 0.1119	3%
2 <b>Non-Residential Service</b> Rate billed year around using actual readings for each billing period.	\$ 0.1086	\$ 0.1119	3%
3 <b>Chiller/Cooling System Discharge Sewer Service</b> For large non-residential sewer customers with dedicated cooling-system water supply	\$ 0.0217	\$ 0.0224	3%

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1 <b>Average Residential Customer</b> (1,000 cu ft bimonthly wintertime use)	\$ 652	\$ 671	\$ 19.80	\$ 1.65	3%
2 <b>Typical Non-Residential Customer</b> (1,800 cu ft bimonthly)	\$ 1,173	\$ 1,209	\$ 35.64	\$ 2.97	3%



# **Section VII**

## **Solid Waste Fund**

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Mission Statement

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

Solid Waste Fund Contents

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

**Solid Waste Fund Highlights**

- Revenues are budgeted to grow to \$1,314,623 in FY17 from \$1,257,998 in FY16 (a 4.5% increase).
- Expenses are budgeted at \$1,313,568, a 4.8% increase from the FY16 budget of \$1,253,651.
- The curbside subscription fee for FY17 is proposed to increase by \$12 to \$242.00 per year. There will be no price increase for barrel stickers or weekly disposal tags.

Expenditure Summary				
	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
Operating Income	\$ 31,488	\$ 45,683	\$ 4,347	\$ 1,055
Net Income	\$ 31,488	\$ 45,683	\$ 4,347	\$ 1,055
Undesignated Fund Balance	\$ 184,189	\$ 229,872	\$ 234,219	\$ 235,274



**Description:**

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

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

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

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

Collection and Disposal Contract:

The Town signed a favorable five-year contract extension with Waste Management last year for FY17-FY21. Annual contract increases during this five-year period will range from 2.7% - 3.1% based on the number of curbside subscribers depicted in the Town's contract with Waste Management. Waste Management will purchase two new dual stream recycling trucks during the first half of FY17 for use on Town routes per the contract extension.

Collection Rate Highlights

*With the FY17 proposed Curbside Collection Rates, the average cost per household (based on 1 barrel per week) is:*

**\$320.00 per year**

•The FY17 cost represents a 3.9% increase over the FY16 amount of \$308.00.

**FY14 – FY17 Contract Charges and Collection Rates**

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	
Trash and Recycling	\$195.00	\$198.84	\$202.80	\$209.15	per subscriber per year
Recycling Only	\$114.00	\$116.28	\$118.60	\$123.00	per subscriber per year
Dumpster Pickup	\$41.00	\$42.00	\$43.00	\$46.00	per pickup
Recycling Toter	no charge	no charge	no charge	no charge	
Public Barrels	\$2.25	\$2.30	\$2.35	\$2.50	per barrel per pickup
Trash Tonnage	\$76.00	\$77.50	\$79.00	\$79.00	per ton
Commingled Containers	\$27.00	\$28.00	\$29.00	\$30.00	per ton
Paper Processing Fee	\$25.00	\$60.00	\$60.00	\$60.00	per ton

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

**Curbside Collection Rates**

(for the periods beginning in May)

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	
Trash and Recycling Subscription	\$210.00	\$220.00	\$230.00	\$242.00	per year
Recycling Only Subscription	\$114.00	\$118.00	\$120.00	\$126.00	per year
Weekly Disposal Tag	\$1.50	\$1.50	\$1.50	\$1.50	per barrel per week
Barrel Sticker	\$78.00	\$78.00	\$78.00	\$78.00	per year
Cost per Household	\$288.00	\$298.00	\$308.00	\$320.00	

(Based on 1 barrel per week)

**Key Performance Measures**

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



**Recycling Rate & Tonnage**

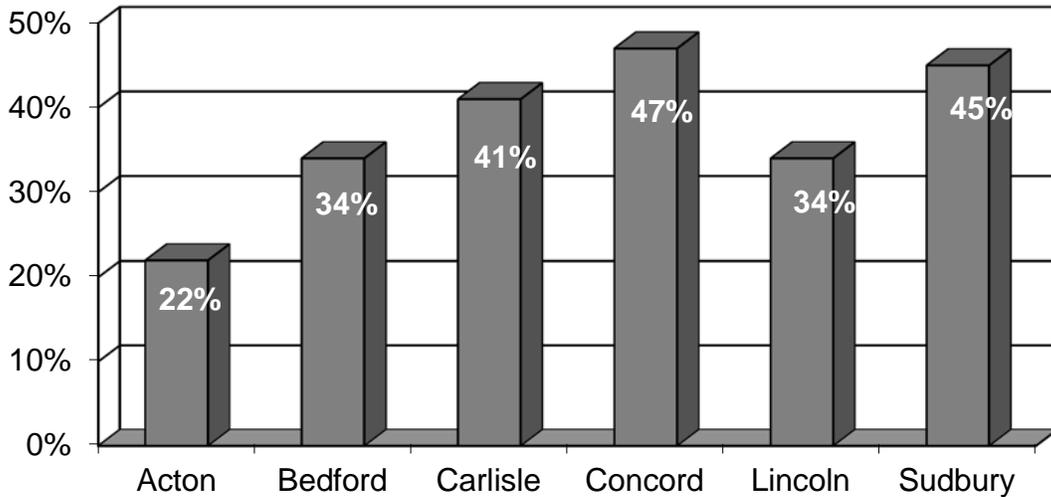
Concord continues to be one of the top curbside recycling communities in Massachusetts. As of December 31, 2015, curbside subscribers recycled an average of 42% of the total materials collected. In FY15, subscribers to the municipal curbside collection program disposed of 2,574 tons of trash, and recycled 1,200 tons of paper and 568 tons of comingled containers. Historical tonnages and recycling rates are outlined below.

	No. of subscribers	Change	Trash	Recycling	Total	Percent Recycled
	as of 6/30	# subscribers	tons	tons	tons	%
FY96	2,309	192	1,984	1,312	3,296	40%
FY97	2,132	-177	2,226	1,189	3,415	35%
FY98	2,557	425	2,351	1,264	3,615	35%
FY99	2,724	167	2,173	1,598	3,771	42%
FY00	2,828	104	2,254	1,809	4,063	45%
FY01	2,907	79	2,269	1,830	4,099	45%
FY02	3,009	102	2,267	1,902	4,169	46%
FY03	3,077	68	2,376	1,954	4,330	45%
FY04	3,140	63	2,380	1,975	4,355	45%
FY05	3,218	78	2,571	1,998	4,569	44%
FY06	3,224	6	2,551	1,981	4,532	44%
FY07	3,270	46	2,559	1,982	4,541	44%
FY08	3,305	35	2,467	2,025	4,492	45%
FY09	3,323	18	2,387	1,864	4,251	44%
FY10	3,407	84	2,426	1,810	4,236	43%
FY11	3,468	61	2,483	1,780	4,263	42%
FY12	3,488	20	2,484	1,794	4,278	42%
FY13	3,514	26	2,513	1,734	4,247	41%
FY14	3,517	3	2,544	1,760	4,304	41%
FY15	3,539	22	2,574	1,768	4,341	40%

## Benchmarking Recycling Rates

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

**Residential Recycling Rates**  
(Latest DEP figures)



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

## Hauler Comparison

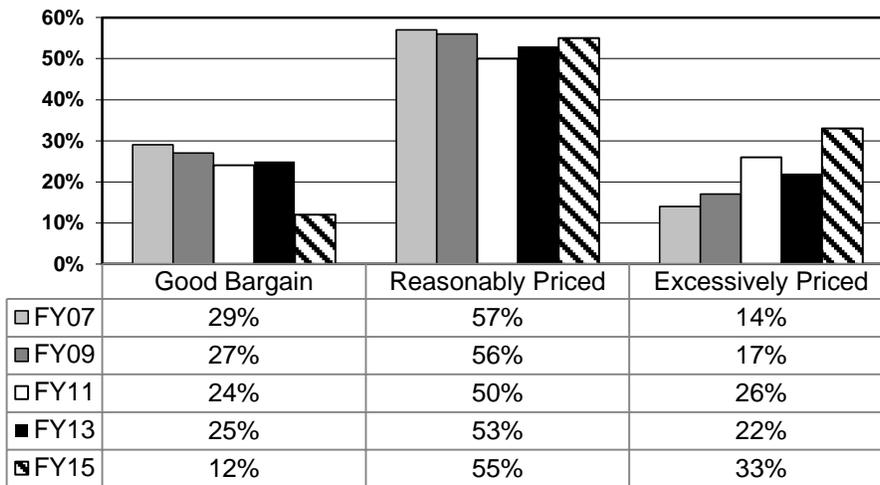
Subscription fees and disposal fees (barrel stickers and weekly tags) are established each year to allow the Division to meet its yearly expenditures while remaining competitive, typically well below the rate private haulers charge. A comparison of annual cost to curbside subscribers with those of private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

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
*TOWN	\$326.08	\$336.08	\$348.08
Mr. Trashman	\$444.00	\$468.00	\$468.00
Old Colonial	\$468.00	\$468.00	\$468.00
Moreau & Son	\$468.00	\$480.00	\$480.00

### Town Residential Survey

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

#### Opinion of Collection Rates



Program Implementation

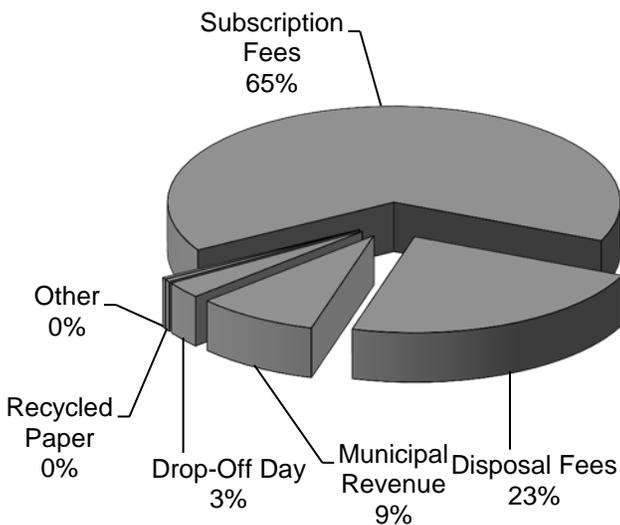
Eighty-eight percent of the Solid Waste Division's revenues in FY17 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,153,757 of the total). Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$114,497 (approximately 8.7% of the total). Revenue from DropOff Day, brush fees, and sales of recycling bins & compost bins is projected at \$46,369 (approximately 3.5% of the total).

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

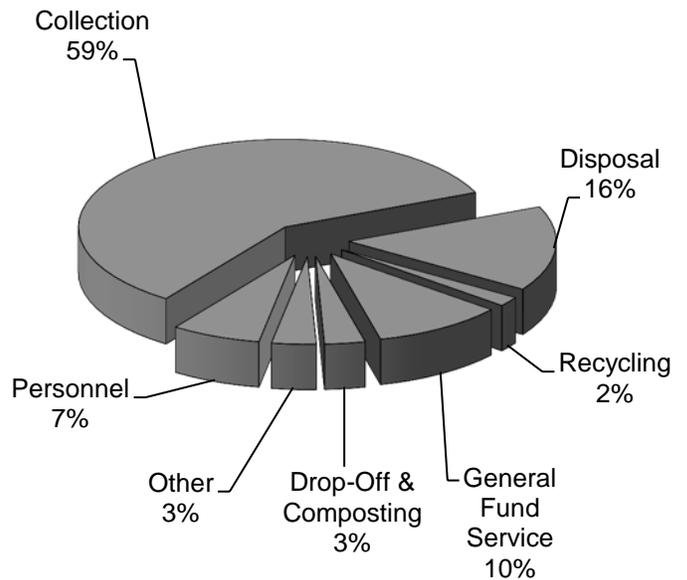
FY17 collection costs, based on Waste Management's FY17 contract pricing, are budgeted at \$772,259. This represents a 5.7% increase over the FY16 budget of \$730,483

Disposal costs are projected to increase slightly in FY17. Disposal costs, based on Waste Management's FY17 contract pricing, are budgeted at \$205,401. This represents a 2% increase from the FY16 budget of \$201,422.

**Operating Revenues**  
Totaling \$1,314,623



**Operating Expenses**  
Totaling \$1,313,568



**Operating Revenues**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budget		Estimate	
Subscription Fees (Collection)	\$	748,026	\$	783,452	\$	796,890	\$	853,680
Disposal Fees (Tags and Stickers)		290,273	\$	301,812		298,110		300,077
Town Facilities and Public Barrels		48,673	\$	48,897		49,857		51,737
Schools		66,933	\$	68,484		69,270		62,760
Compost Bins		2,358	\$	1,804		2,860		2,860
Recycling Bins		820	\$	933		1,080		1,080
Drop-Off Day		36,577	\$	35,081		33,931		36,429
Brush Fees		2,895	\$	2,580		6,000		6,000
Sale of Recycled Paper		5,904	\$	2,046		-		-
<b>Operating Revenues Total</b>	<b>\$</b>	<b>1,202,458</b>	<b>\$</b>	<b>1,245,089</b>	<b>\$</b>	<b>1,257,998</b>	<b>\$</b>	<b>1,314,623</b>

**Operating Expenses**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budget		Estimate	
<b><u>Curbside Program</u></b>								
Personnel Services	\$	81,486	\$	84,816	\$	88,331	\$	91,803
Curbside Collection Contract		675,344		675,734		730,483		772,259
Contracted Disposal Services		190,181		199,925		201,422		205,401
Recycling Processing Fees		17,891		18,908		16,791		23,040
Fuel Adjustment Expense		-		-		6,840		-
Customer Rebate		-		-		-		-
Purchased Services		31,161		34,631		30,317		34,049
Supplies and Materials		9,227		5,427		9,528		9,528
Other Charges and Expenses		1,005		918		1,900		1,950
Capital Outlay		-		15,000		-		-
General Fund Services		123,995		126,732		129,710		134,109
<b>Subtotal</b>	<b>\$</b>	<b>1,130,290</b>	<b>\$</b>	<b>1,162,091</b>	<b>\$</b>	<b>1,215,322</b>	<b>\$</b>	<b>1,272,139</b>
<b><u>Drop-Off Program</u></b>								
Personnel Services		6,941		4,632		5,223		5,249
Oversized waste collection		-		-		4,080		4,680
Oversized waste disposal		9,347		10,030		5,394		5,208
Recyclable Materials processing		16,856		15,618		15,972		18,632
Purchased Services & Supplies		2,536		2,035		2,660		2,660
<b>Subtotal</b>	<b>\$</b>	<b>35,681</b>	<b>\$</b>	<b>32,315</b>	<b>\$</b>	<b>33,329</b>	<b>\$</b>	<b>36,429</b>
<b><u>Composting Site Program</u></b>								
General Fund Services		5,000		5,000		5,000		5,000
<b>Subtotal</b>	<b>\$</b>	<b>5,000</b>	<b>\$</b>	<b>5,000</b>	<b>\$</b>	<b>5,000</b>	<b>\$</b>	<b>5,000</b>
<b>Total Expenses</b>	<b>\$</b>	<b>1,170,971</b>	<b>\$</b>	<b>1,199,406</b>	<b>\$</b>	<b>1,253,651</b>	<b>\$</b>	<b>1,313,568</b>

**Personnel Services Detail**

	FY16 Revised Budget		FY17 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>Curbside Collection Program</b>				
5111 - Recycling and Disposal Program Administrator	1.00	\$ 86,931	1.00	\$ 90,403
5178 - Medicare Tax	N/A	1,400	N/A	1,400
<b>Subtotal</b>	1.00 FTEs	\$ 88,331	1.00 FTEs	\$ 91,803
<b>Drop-Off Day Program</b>				
5130 - Drop-Off Day Overtime	100.0 hrs.	\$ 2,627	56.0 hrs.	\$ 2,653
5131 - Police Overtime	40.0 hrs.	2,596	44.0 hrs.	2,596
<b>Subtotal</b>	0.00 FTEs	\$ 5,223	0.00 FTEs	\$ 5,249
<b>Total Personnel Services</b>	1.00 FTEs	\$ 93,554	1.00 FTEs	\$ 97,052

**Detail of General Fund Services by Program**

	FY14 Actual	FY15 Actual	FY16 Budget	FY17 Estimate
<b>Curbside &amp; Drop-Off Programs</b>				
Town Manager	\$ 4,885	\$ 5,078	\$ 4,916	\$ 5,483
Human Resources	1,239	1,252	1,367	1,349
Accounting	4,296	4,296	4,631	4,911
Treasury and Finance Administration	37,993	38,823	39,811	39,819
Town House	1,123	1,124	1,128	1,145
CPW Administration	67,902	69,653	71,215	71,274
Engineering	-	-	-	-
135 Keyes Road	6,557	6,506	6,642	6,709
Salary Reserve	-	-	-	3,419
<b>Subtotal</b>	\$ 123,995	\$ 126,732	\$ 129,710	\$ 134,109
<b>Composting Site Program</b>				
Highway Maintenance	5,000	5,000	5,000	5,000
	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Combined</b>	\$ 128,995	\$ 131,732	\$ 134,710	\$ 139,109

**Net Income and Fund Balance**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budget		Estimate	
<b>Operating Income:</b>								
Operating Revenues	\$	1,202,459	\$	1,245,089	\$	1,257,998	\$	1,314,623
Less Operating Expenses		(1,170,971)		(1,199,406)		(1,253,651)		(1,313,568)
<b>Operating Income</b>	\$	31,488	\$	45,683	\$	4,347	\$	1,055
<b>Non-Operating Income:</b>								
Non-Operating Revenues	\$	-	\$	-	\$	-	\$	-
Non-Operating Expenses		-		-		-		-
<b>Non-Operating Income</b>	\$	-	\$	-	\$	-	\$	-
<b>Net Income</b>	\$	31,488	\$	45,683	\$	4,347	\$	1,055
<b>Fund Balance:</b>								
Beginning Fund Balance	\$	152,701	\$	184,189	\$	229,872	\$	234,219
Net Income		31,488		45,683		4,347		1,055
<b>Ending Fund Balance</b>	\$	184,189	\$	229,872	\$	234,219	\$	235,274

**Fund Balance by Program**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budget		Estimate	
<b>Curbside &amp; Drop-Off Program</b>								
Revenues	\$	1,199,564	\$	1,242,509	\$	1,251,998	\$	1,308,623
Expenses		(1,165,971)		(1,194,405)		(1,248,651)		(1,308,568)
Other Adjustments (Capital)		-		-		-		-
<b>Net Income</b>	<b>\$</b>	<b>33,593</b>	<b>\$</b>	<b>48,104</b>	<b>\$</b>	<b>3,347</b>	<b>\$</b>	<b>55</b>
Beginning Fund Balance	\$	149,687	\$	183,280	\$	231,384	\$	234,731
Net Income		33,593		48,104		3,347		55
<b>Ending Fund Balance</b>	<b>\$</b>	<b>183,280</b>	<b>\$</b>	<b>231,384</b>	<b>\$</b>	<b>234,731</b>	<b>\$</b>	<b>234,786</b>
<b>Composting Site Program</b>								
Revenues	\$	2,895	\$	2,580	\$	6,000	\$	6,000
Expenses		(5,000)		(5,000)		(5,000)		(5,000)
Other Adjustments		-		-		-		-
<b>Net Income</b>	<b>\$</b>	<b>(2,105)</b>	<b>\$</b>	<b>(2,420)</b>	<b>\$</b>	<b>1,000</b>	<b>\$</b>	<b>1,000</b>
Beginning Fund Balance	\$	3,014	\$	909	\$	(1,511)	\$	(511)
Net Income		(2,105)		(2,420)		1,000		1,000
<b>Ending Fund Balance</b>	<b>\$</b>	<b>909</b>	<b>\$</b>	<b>(1,511)</b>	<b>\$</b>	<b>(511)</b>	<b>\$</b>	<b>489</b>

### DropOff-SwapOff

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

The DropOff portion of the event is primarily fee-based, whereas the SwapOff is a free take-it-or-leave-it area. The May 9, 2015 DropOff – SwapOff attracted 929 households. The October 17, 2015 DropOff – SwapOff, was attended by 928 households. These events also included highly successful unwanted medication/sharps collections. There will be another unwanted medication/sharps collection at the upcoming DropOff event on May 14, 2016.

### Business Recycling

Concord Public Works partners with CRS (Complete Recycling Solutions) for two business recycling events a year. These events are typically held on the first Friday in April and the last Friday in September or the first Friday in October at the 300 Baker Ave. Ext. parking lot. The business recycling events are an opportunity for Concord businesses to properly dispose of old computers, printers, fax machines, other electronics, and fluorescent light bulbs. In 2015, 3,414 lbs. of electronics and 3,532 linear feet of fluorescent light bulbs were collected from Concord businesses.

### Hazardous Waste Disposal

Curbside subscribers are given one free pass per year to the Minuteman Hazardous Products Regional Facility in Lexington, where they can drop off chemicals and other hazardous waste for proper disposal. Concord is one of eight Minuteman communities that help manage hazardous waste collection events at the site. The site is open one weekend day a month from April – November. Ninety-six curbside subscribers visited the site in 2015 along with nine non-curbside subscribers who paid the vendor directly. Also, Concord Public works will be hosting a hazardous waste collection for residents on Wednesday, September 21, 2016. This collection will be held at 133 Keyes Rd. from 3:30-7:30.

### Paint Shed / Compost Site

The Paint Shed is open on Saturdays, April – October. During the 2015 season, 432 residents dropped off paint and 196 residents picked up paint for re-use. Concord residents are permitted to drop off yard waste and brush at the Compost Site. The Compost Site is open Saturdays from April to mid-December as well as additional days in January for Christmas tree disposal. Residents can pick up compost and wood chips free of charge.

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# **Section VI**

## **Swim and Fitness Fund**

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Mission Statement

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

Beede Center Budget Contents

Overview	p. 1
Operations and Memberships	pp. 2-3
Programs, Features, and Fees	pp. 4-5
Revenues and Expenditures	PP. 6-9
Financial Statement	pp. 10-11
Capital Spending	pp. 12-13
Fund Balance Charts	p. 14
Proforma	p. 15

Beede Center Highlights

- As of January 2016, a year-round Beede Swim and Fitness membership costs \$938 for an adult individual and \$1,727 for a family (both rates assume Concord residency). \*See pages 4 through 5 for more details on membership rates.
- In FY17, the Beede Center is budgeting for negative operating income results due primarily to a depreciation expense of \$424,181.
- The Beede Center ended FY15 with an undesignated fund balance of \$1.29 million. These funds help the Beede Center to weather years of negative net income operating results, such as may occur in FY16 and FY17.
- A proforma projecting out Beede Center options is available on page VII-15, and includes FY13 to FY21.

Expenditure Summary

	FY14 Actual	FY15 Actual	FY16 Revised	FY17 Proposed
Operating Income	\$ 86,083	\$ (14,915)	\$ (77,274)	\$ (305,058)
Net Income	\$ 95,258	\$ 223,419	\$ (68,274)	\$ (295,058)
Fund Balance	\$ 1,557,875	\$ 1,298,874	\$ 1,230,600	\$ 935,541

Description:

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

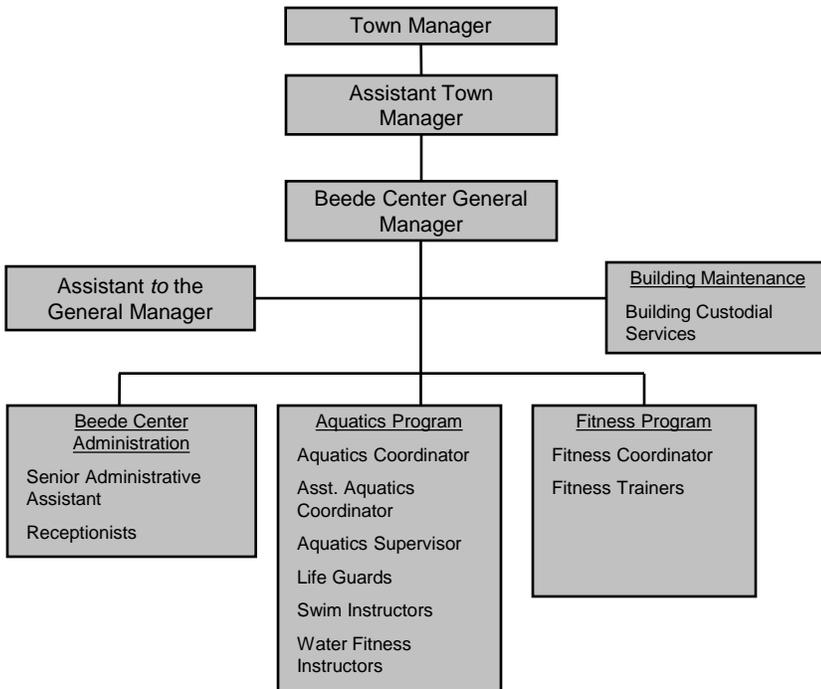
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men's and women's locker/shower rooms, family changing rooms, and staff office space.

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

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

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

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





Current Financial Status:

The Beede Center ended FY15 with an operating income of \$(14,915) and a net income of \$223,419. This set the Beede Center’s undesigned fund balance at \$1,298,874 at fiscal year end.

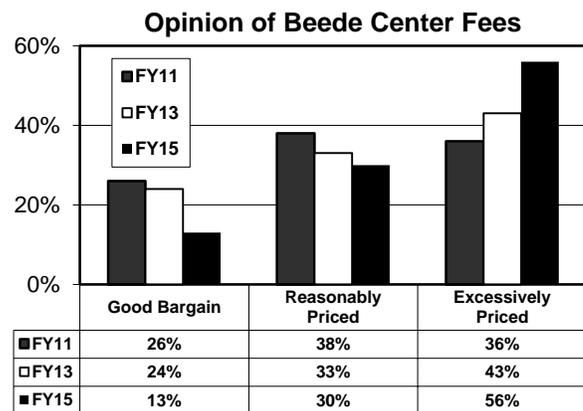
Negative operating income projected for FY17 is a projected (\$305,058) due to increased depreciation expense, conservative revenue projections, and providing for an appropriation that allows for maximum operating levels. However, this is manageable because the Beede Center has a strong reserve fund. This reserve, totaling \$1.29 million at the beginning of FY16, exists precisely so that the Beede Center does not have to sacrifice its service quality, issue sharp fee increases, or deviate from its long-term plans in order to deal with short-term negative operating results

The Beede Center will also continue to meet its obligation to plan and prepare for the long-term maintenance and replacement of the \$11 million facility by fully funding its depreciation expense at approximately \$424,181. Revenues are expected to be greater in FY17 due to a modest 2-3% increase in membership fees. However, the Beede Center is anticipating increased operating expenditures related to providing a first-class swim and fitness experience

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

Programs and Fees:

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



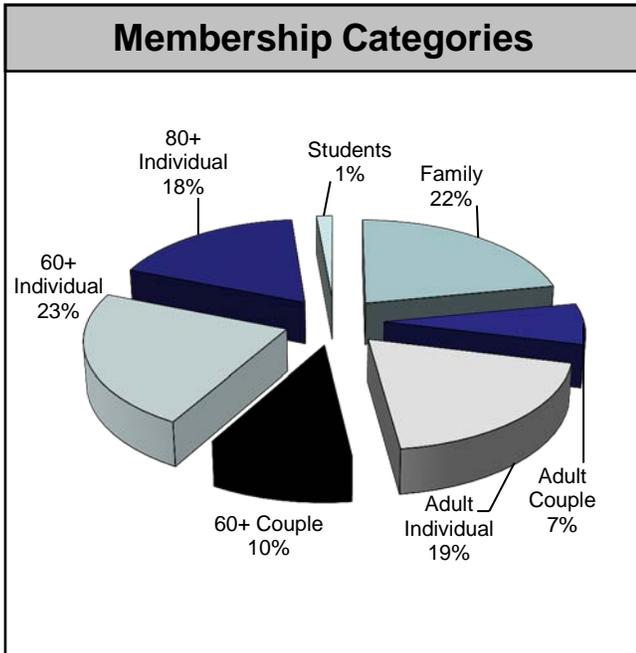
It should be stressed that the Beede Center operates with revenue solely from user fees and **no tax dollars** are contributed to the Center.

Facility Improvements and Upkeep:

The Beede Center will celebrate its 10<sup>th</sup> anniversary this April. The \$1.5 million HVAC project was completed in FY16. All systems are running as designed. Traffic flow on campus is back to normal with the completion of the new high school construction project. This should provide members and potential members with easier access to the facility. More detail of the Beede Center capital projects is available on pages VI-12 through VI-13.

**Membership Discussion**

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

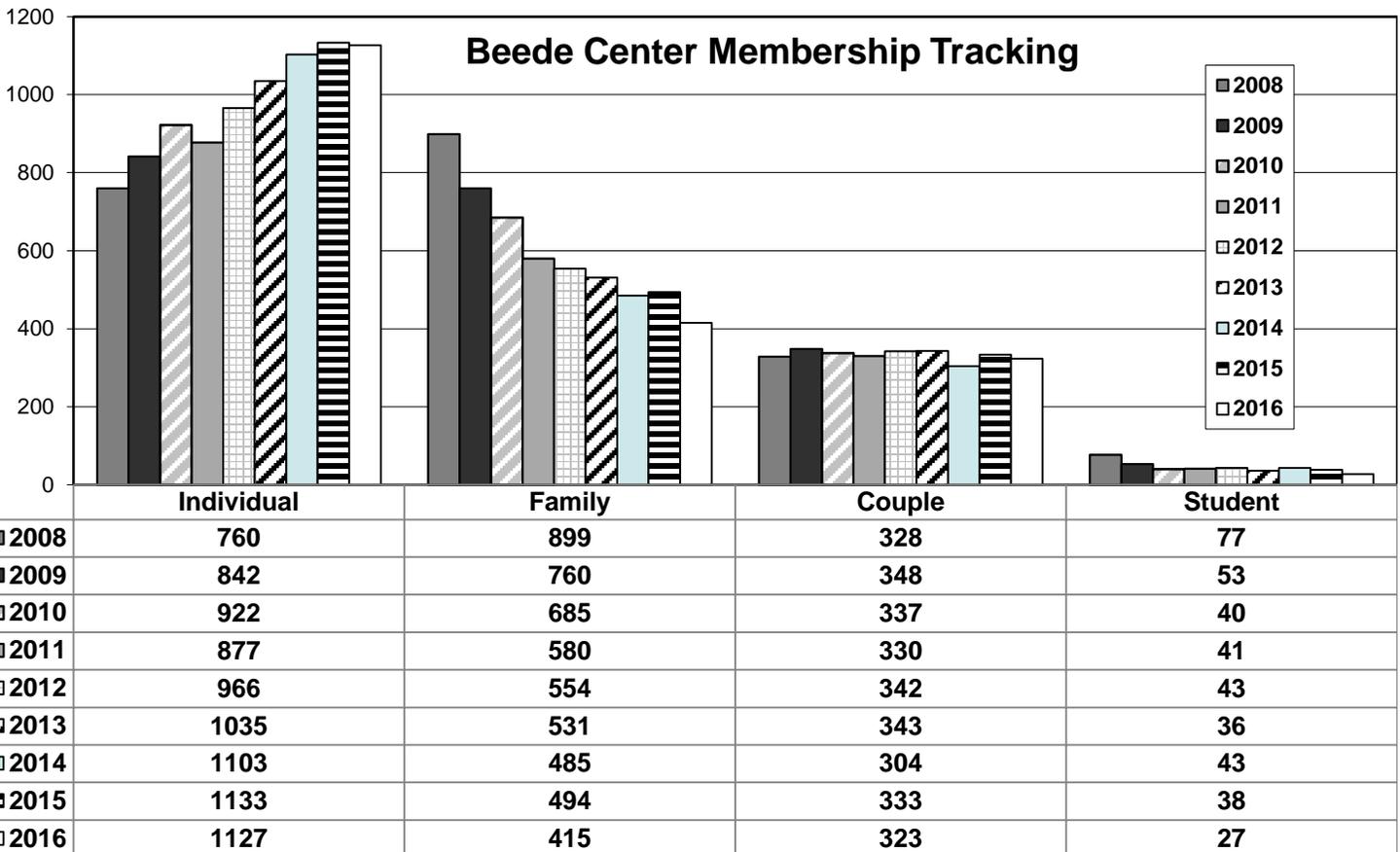


**Membership Trends**

**Beede Center membership, as of January 2016, totals 1,892 with 3,766 members.**

Membership has decreased over the past year from 2015 to 2016.

- Since January 2015, Family Memberships have dropped by 79 from 494 to 415 as of January 2016.
- Individual Memberships have decreased by 6, from 1133 to 1127.
- Couple Memberships have increased by 10, from 333 to 323.
- Student Memberships have decreased by 11, from 38 to 27.



**Beede Center Membership Fees**

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

For the 2016 calendar year, fees will slightly increase.

The following goals are kept in mind when setting fees:

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



**Calendar Year 2016 Membership Rates are as follows:**

**Concord and Carlisle Residents**

	<b>Adult</b>	<b>Couple</b>	<b>Family</b>	<b>60+ Adult</b>	<b>60+ Couple</b>	<b>14+ Student</b>
<b>Swim &amp; Fitness</b>	\$938	\$1,466	\$1,727	\$707	\$1,112	\$707
<b>Swim</b>	\$835	\$1,322	\$1,522	\$646	\$989	\$646
<b>Fitness</b>	\$835	\$1,322	\$1,522	\$646	\$989	\$646

**Non-Residents**

	<b>Adult</b>	<b>Couple</b>	<b>Family</b>	<b>60+ Adult</b>	<b>60+ Couple</b>	<b>14+ Student</b>
<b>Swim &amp; Fitness</b>	\$1,040	\$1,563	\$1,937	\$810	\$1,240	\$810
<b>Swim</b>	\$938	\$1,440	\$1,614	\$810	\$1,240	\$810
<b>Fitness</b>	\$938	\$1,440	\$1,614	\$810	\$1,240	\$810

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

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

**Hours of Operation**

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

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

The Beede Center is closed on the following days:

Patriots Day; Easter; Memorial Day; July 4<sup>th</sup>; Labor Day; and Christmas.

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

## Excerpts From the Beede Center's Membership Brochure

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

### LOCKER ROOMS

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

### CHILD CARE

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

### PARKING

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

### SPECTATOR SEATING

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

### INSTRUCTION

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

### PERSONAL TRAINING

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

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

### SWIMMING AND DIVING

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

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

### FITNESS PROGRAMS

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

Classes include:

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

Program Implementation

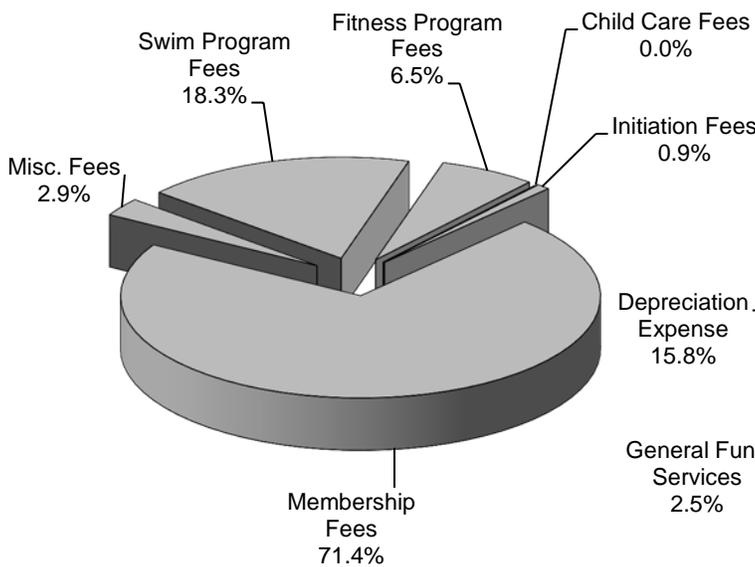
The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,701,114 or 71% of the total). Because of this, membership fees are carefully set each year, and membership levels are monitored. As Beede revenues in general are influenced by economic conditions, the Town also works to manage the enterprise in a way that will allow it to maintain the financial reserves necessary to bridge economic downturns.

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

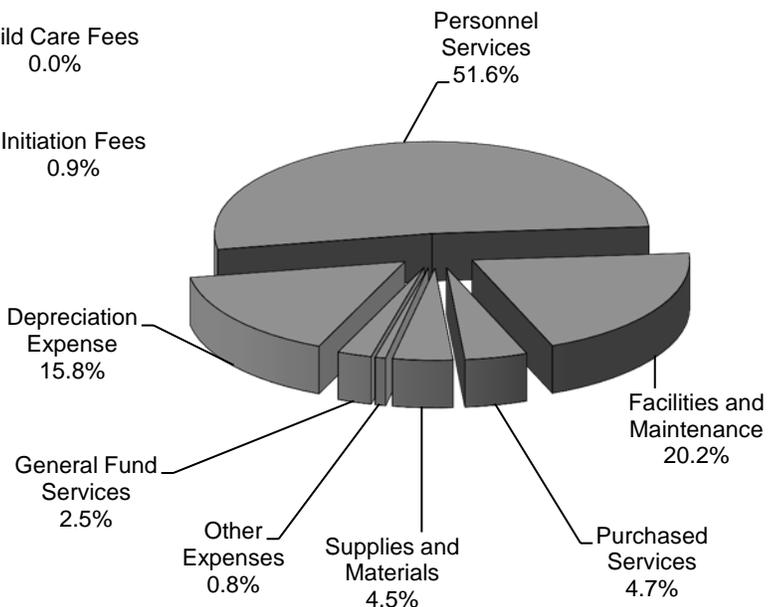
Personnel Services are budgeted to total \$1,386,227 in FY17. This level of expenditure is higher than historical expenses, but provides flexibility for additional staff based on programming needs.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation expense totals \$424,181 in the FY17 budget and is placed in a *depreciation fund*. This increase is reflective of the dehumidification units that were installed in FY15.

**FY17 Operating Revenues**  
**Totaling \$2,382,542**



**FY17 Operating Expenditures**  
**Totaling \$2,687,600**



Operating Results:

The FY17 budget proposes operating expenditures that are \$305,059 *greater than* operating revenues. This results in an operating loss for the year.

This operating loss is slightly offset by the estimated \$10,000 of investment income, and the results is an estimated net income of negative \$295,058 for FY17.

These negative annual results are an expected occurrence with any enterprise activity, especially one like the Beede Center, which competes in the private market for revenues. The Beede Center has built-up an adequate financial reserve (over \$1.29 million at the end of FY15) with which to bridge times of negative operating results.

**OPERATING REVENUES (\$)**

	FY14 Actual	FY15 Actual	FY16 Revised	FY17 Estimate
Initiation Fees	\$ 24,868	\$ 19,616	\$ 20,439	\$ 21,052
Membership Fees	1,746,248	1,648,515	1,642,162	\$ 1,701,114
Miscellaneous Revenue	67,337	65,125	66,727	\$ 68,729
Swim Program Fees	456,811	411,058	422,696	\$ 435,377
Fitness Program Fees	152,130	138,107	151,016	\$ 155,547
Child Care Fees	2,784	1,289	703	\$ 724
<b>Operating Revenues Total</b>	<b>\$ 2,450,179</b>	<b>\$ 2,283,710</b>	<b>\$ 2,303,743</b>	<b>\$ 2,382,542</b>

**OPERATING EXPENSES (\$)**

	FY14 Actual	FY15 Actual	FY16 Revised	FY17 Estimate
<b><u>Personnel Services</u></b>				
Personnel Expenses	\$ 1,238,145	\$ 1,203,286	\$ 1,131,912	\$ 1,386,227
Accrued Employee Benefits	3,270	-	-	-
Audit Adjustment	(9,020)	(27,275)	-	-
<b>Subtotal</b>	<b>\$ 1,232,395</b>	<b>\$ 1,176,011</b>	<b>\$ 1,131,912</b>	<b>\$ 1,386,227</b>
<b><u>Non-Personnel Services</u></b>				
Facilities and Maintenance	502,899	513,499	493,000	543,000
Purchased Services	109,157	103,130	125,000	125,100
Supplies and Materials	107,910	71,683	135,500	120,000
Other Expenses	10,456	10,042	16,900	20,900
Audit Adjustment	(8,746)	16,108	-	-
<b>Subtotal</b>	<b>\$ 721,676</b>	<b>\$ 714,462</b>	<b>\$ 770,400</b>	<b>\$ 809,000</b>
<b><u>General Fund Services</u></b>				
Town Manager	-	-	-	16,709
Human Resources	30,669	30,988	30,076	13,030
Finance Administration	8,867	9,121	9,196	9,473
Treasury	18,205	18,564	18,845	18,967
Accounting	9,717	9,463	9,168	10,014
Recreation Administration	12,279	13,012	-	-
<b>Subtotal</b>	<b>\$ 79,737</b>	<b>\$ 81,148</b>	<b>\$ 67,285</b>	<b>\$ 68,193</b>
<b><u>Depreciation Expense</u></b>				
Depreciation Expense	330,287	327,003	411,420	424,181
<b>Subtotal</b>	<b>\$ 330,287</b>	<b>\$ 327,003</b>	<b>\$ 411,420</b>	<b>\$ 424,181</b>
<b>Total Operating Expense</b>	<b>\$ 2,364,095</b>	<b>\$ 2,298,625</b>	<b>\$ 2,381,017</b>	<b>\$ 2,687,600</b>

**AUTHORIZED POSITIONS (\$)**

	FY16 Revised Budget		FY17 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>5111</b>				
Beede Center General Manager	0.00	\$ -	1.00	\$ 95,000
Asst. Recreation Director	0.66	\$ 52,187	0.00	\$ -
Fitness Coordinator	1.00	\$ 86,782	1.00	\$ 86,782
Aquatics Coordinator	1.00	81,474	1.00	81,474
Assistant Aquatics Coordinator	1.00	59,126	1.00	59,126
Senior Administrative Assistant	0.50	31,414	0.25	15,707
Assistant to the General Manager	0.00	-	1.00	45,000
Senior Department Clerk	1.00	47,920	1.00	47,920
Swim and Fitness Specialists	6.00	236,580	7.00	267,900
<b>Subtotal</b>	<b>11.16 FTEs</b>	<b>\$ 595,482</b>	<b>13.25 FTEs</b>	<b>\$ 698,909</b>
<b>5112</b>				
Recreation Clerk	0.65	\$ 30,266	0.65	\$ 30,266
<b>Subtotal</b>	<b>0.65 FTEs</b>	<b>\$ 30,266</b>	<b>0.65 FTEs</b>	<b>\$ 30,266</b>
<b>5115</b>				
Lifeguards	8561 hrs.	102,730	8561 hrs.	102,730
Receptionists	5481 hrs.	87,696	5481 hrs.	87,696
Custodians	0 hrs.	-	0 hrs.	-
Fitness Trainers	2088 hrs.	31,320	0 hrs.	-
Aquatics Supervisor	988 hrs.	22,724	988 hrs.	22,724
<b>Subtotal</b>	<b>8.20 FTEs</b>	<b>\$ 244,470</b>	<b>7.20 FTEs</b>	<b>\$ 213,150</b>
<b>5120</b>				
Programming (misc. accts.)				
Fitness Prgramming	4176 hrs.	104,400	4176 hrs.	104,400
Swim Programming	3628 hrs.	85,086	3628 hrs.	85,086
<b>Subtotal</b>	<b>3.74 FTEs</b>	<b>\$ 189,486</b>	<b>3.74 FTEs</b>	<b>\$ 189,486</b>
<b>Employee Benefits</b>				
Health Insurance	N/A	70,000	N/A	75,000
Life Insurance	N/A	250	N/A	250
Dental Insurance	N/A	5,000	N/A	5,000
OPEB	N/A	40,000	N/A	40,000
Retirement Contribution	N/A	77,106	N/A	85,666
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 192,356</b>	<b>N/A</b>	<b>\$ 205,916</b>
<b>Payroll Taxes</b>				
Medicare Tax	N/A	15,500	N/A	15,000
Social Security Contribution	N/A	20,000	N/A	20,000
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 35,500</b>	<b>N/A</b>	<b>\$ 35,000</b>
<b>Other Personnel Costs</b>				
Overtime	N/A	2,500	N/A	2,500
Unemployment Compensation	N/A	10,000	N/A	10,000
Car Allowance	N/A	1,000	N/A	1,000
Salary Reserve	N/A	-	N/A	-
<b>Subtotal</b>	<b>N/A</b>	<b>\$ 13,500</b>	<b>N/A</b>	<b>\$ 13,500</b>
<b>Total Personnel Costs</b>	<b>23.75 FTEs</b>	<b>\$ 1,301,060</b>	<b>24.84 FTEs</b>	<b>\$ 1,386,227</b>

**NET INCOME (\$)**

	FY14 Actual	FY15 Actual	FY16 Revised	FY17 Estimate
<b>Statement of Net Income:</b>				
Operating Revenues	\$ 2,450,179	\$ 2,283,710	\$ 2,303,743	\$ 2,382,542
Less Operating Expenses	(2,364,095)	(2,298,625)	(2,381,017)	(2,687,600)
<b>Operating Income</b>	<b>\$ 86,083</b>	<b>\$ (14,915)</b>	<b>\$ (77,274)</b>	<b>\$ (305,058)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Add Investment Income	\$ 9,175	\$ 8,333	\$ 9,000	\$ 10,000
Add Sawyer Trust Contribution		175,000	-	
Add Beede Endowment	-	55,000	-	
<b>Nonoperating Income</b>	<b>\$ 9,175</b>	<b>\$ 238,333</b>	<b>\$ 9,000</b>	<b>\$ 10,000</b>
<b>Net Income</b>	<b>\$ 95,258</b>	<b>\$ 223,419</b>	<b>\$ (68,274)</b>	<b>\$ (295,058)</b>

**AVAILABLE RESOURCES (\$)**

<b>Resources Available from Current Operations for Replacement &amp; Renewal of Facility:</b>				
	FY14 Actual	FY15 Actual	FY16 Revised	FY17 Estimate
<b>Capital Purposes</b>				
Add Depreciation Expense	\$ 330,287	\$ 327,003	\$ 411,420	\$ 424,181
Add Net Income	95,258	223,419	(68,274)	(295,058)
<b>Net Available for Capital</b>	<b>\$ 425,545</b>	<b>\$ 550,422</b>	<b>\$ 343,146</b>	<b>\$ 129,122</b>

**CASH POSITION AND FORECAST**

	FY16		FY17	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
<b>Cash at Year Opening</b>				
<b>Cash on July 1st</b>	\$ 3,525,673		\$ 3,623,346	
Less Cash as Unearned Revenue	(857,527)		(889,055)	
Less Cash held for Liabilities	(469,785)		(469,785)	
<b>Fund Balance on July 1st</b>	<b>\$ 2,198,361</b>		<b>\$ 2,264,507</b>	
<b>Fund Balance Details (projected)</b>				
Fund Balance as of July 1st	1,298,873	899,487	1,230,600	1,033,907
Net Income	(68,274)	-	(295,058)	-
Capital Outlay (non-borrowing)	-	(277,000)	-	(345,000)
Add Depreciation Expense	-	411,420	-	424,181
Balance Projected at June 30th	1,230,600	1,033,907	935,541	1,113,088
<b>Fund Balance on June 30th</b>	<b>\$ 2,264,507</b>		<b>\$ 2,048,629</b>	
<b>Cash at Year End (projected)</b>				
Fund Balance on June 30th	2,264,507		2,048,629	
Add Cash as Unearned Revenue	889,055		915,726	
Add Cash Held for Liabilities	469,785		469,785	
<b>Projected Cash at June 30th</b>	<b>\$ 3,623,346</b>		<b>\$ 3,434,140</b>	

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

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
<b>Operating Revenue</b>						
Deferred Revenue Realized	926,711	894,965	910,453	882,623	857,527	889,055
Current Revenue	2,323,335	2,445,067	2,422,349	2,258,614	2,335,271	2,409,214
Deferred Revenue	(894,965)	(910,453)	(882,623)	(857,527)	(889,055)	(915,726)
Operating Revenue	\$ 2,355,081	\$ 2,429,579	\$ 2,450,179	\$ 2,283,710	\$ 2,303,743	\$ 2,382,542
<b>Operating Expense</b>						
Personnel Services	1,193,687	1,280,930	1,232,395	1,176,011	1,131,912	1,386,227
Non-Personnel Services	739,379	733,725	721,676	714,462	770,400	809,000
Depreciation	295,954	317,622	330,287	327,003	411,420	424,181
General Fund Services	73,970	78,369	79,737	81,148	67,285	68,193
Operating Expense	\$ 2,302,990	\$ 2,410,646	\$ 2,364,095	\$ 2,298,625	\$ 2,381,017	\$ 2,687,600
<b>Operating Income</b>	\$ 52,091	\$ 18,933	\$ 86,084	\$ (14,915)	\$ (77,274)	\$ (305,058)
<b>Nonoperating Revenues and Expenses</b>						
Interest on Investments	\$ 11,596	\$ 9,660	9,175	8,333	9,000	10,000
Belknap Gift	-	-	-	-	-	-
Sawyer Trust Contribution	-	189,318	-	175,000	-	-
Beebe Endowment	-	-	-	55,000	-	-
General Fund Debt Support	-	-	-	-	-	-
Capital Contribution	-	-	-	-	-	-
Coding Correction	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Interfund Loan	-	-	-	-	-	-
Nonoperating Subtotal	\$ 11,596	\$ 198,978	\$ 9,175	\$ 238,333	\$ 9,000	\$ 10,000
<b>Change in Net Assets</b>	\$ 63,687	\$ 217,911	\$ 95,259	\$ 223,418	\$ (68,274)	\$ (295,058)
Net Assets Beginning of Year	\$ 11,066,423	\$ 11,130,110	\$ 11,348,021	\$ 11,198,217	\$ 11,421,636	\$ 11,353,362
Net Assets End of Year	\$ 11,130,110	\$ 11,348,021	\$ 11,443,280	\$ 11,421,636	\$ 11,353,362	\$ 11,058,304

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

See note on following page.

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Proposed
<b>Fund Balance</b>						
Beginning Fund Balance	\$ 2,489,000	\$ 2,768,477	\$ 3,080,511	\$ 3,151,965	\$ 2,198,361	\$ 2,264,507
Add Change in Net Assets	63,687	217,911	95,259	223,418	(68,274)	(295,058)
Less Capital Contribution	-	-	-	-	-	-
Less Bond Liability Reduction	-	-	-	-	-	-
Depreciation Expense	295,954	317,622	330,287	327,003	411,420	424,181
Capital Contributions	(80,164)	(189,318)	(109,029)	(237,358)	-	-
Capital Expenditures		(34,180)		(1,266,668)	(277,000)	(345,000)
End Fund Balance	\$ 2,768,477	\$ 3,080,511	\$ 3,397,027	\$ 2,198,361	\$ 2,264,507	\$ 2,048,629
<b>Fund Balance Detail</b>						
Undesignated Fund Balance	\$ 1,434,025	\$ 1,462,617	\$ 1,557,875	\$ 1,298,873	\$ 1,230,600	\$ 935,541
Depreciation Fund Balance	\$ 1,334,452	\$ 1,617,894	\$ 1,839,152	\$ 899,487	\$ 1,033,907	\$ 1,113,088
<b>Cash Position</b>						
Undesignated Fund Balance	\$ 1,434,025	\$ 1,462,617	\$ 1,557,875	\$ 1,298,873	\$ 1,230,600	\$ 935,541
Depreciation Fund Balance	1,334,452	1,617,894	1,839,152	899,487	1,033,907	1,113,088
Deferred Revenue	894,965	910,453	882,623	857,527	889,055	915,726
Res. for Short-Term Liabilities	100,393	100,560	165,216	227,635	227,635	227,635
Res. for Long-Term Liabilities	34,660	46,553	40,477	242,150	242,150	242,150
Total Cash	\$ 3,798,495	\$ 4,138,077	\$ 4,485,343	\$ 3,525,673	\$ 3,623,346	\$ 3,434,141

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

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

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

*Definition*

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

**Facility Highlights**

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

**Capital Highlights:**

**Fitness Equipment:** Replacement of the Arc Trainers (\$60,000) was deferred to F17. The fitness equipment is high quality Cybex International products. The Beede Center is committed to keeping the fitness equipment updated and in good working order by replacing equipment every three years.

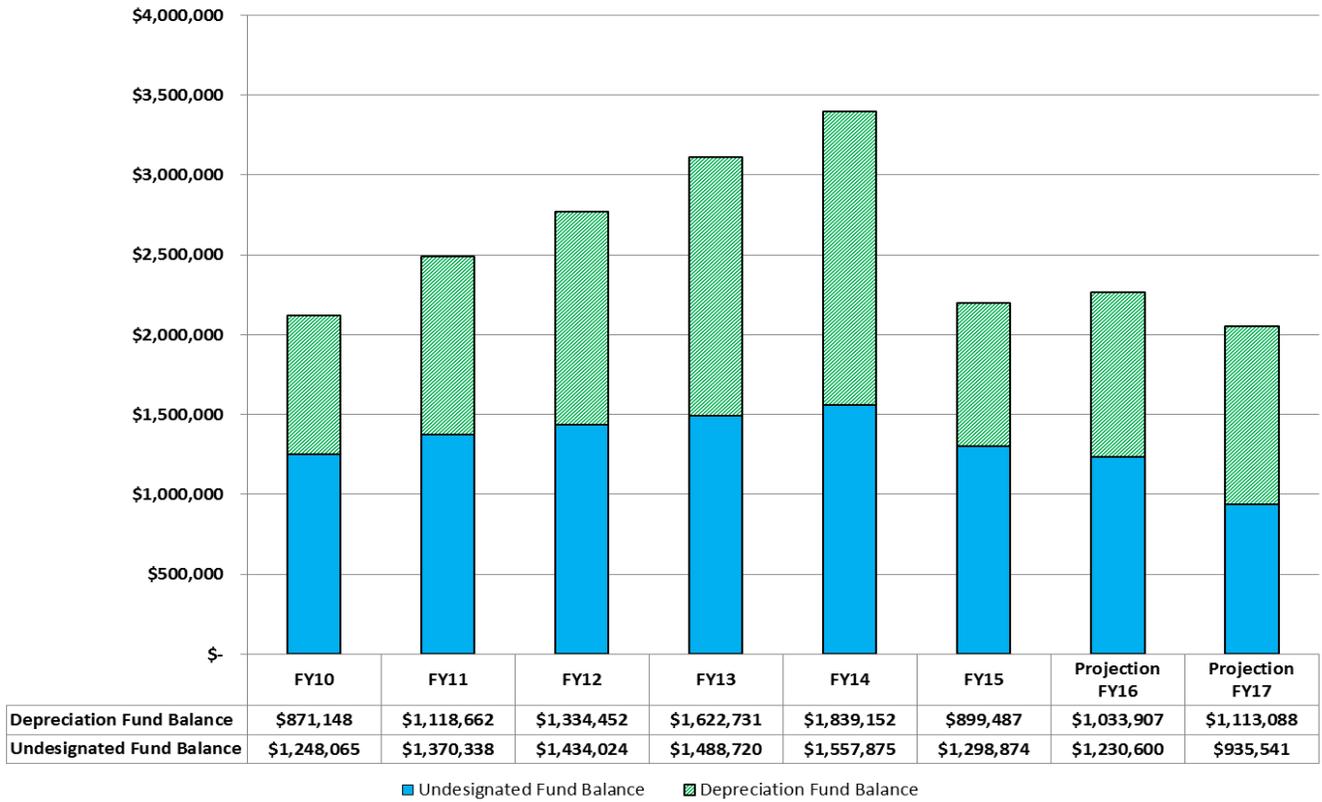
**Lighting Improvements:** In FY16 the exterior lighting (\$70,000) is scheduled to be replaced. This is the second phase of the lighting project begun in FY13. The first phase replaced the lighting in the Natatorium, lobby and stairway. New LED lighting fixtures along the building sidewalk, and in the two parking areas will match those of the new high school in design, finish and lighting color temperature.

**Pool Improvements:** Deck repairs in FY16 included replacement of caulking (\$14,000) around the perimeter of the lap pool and along the edges of the deck drains. The two-part poly sulfide rubber sealant will provide durable protection to critical joint throughout the pool deck.

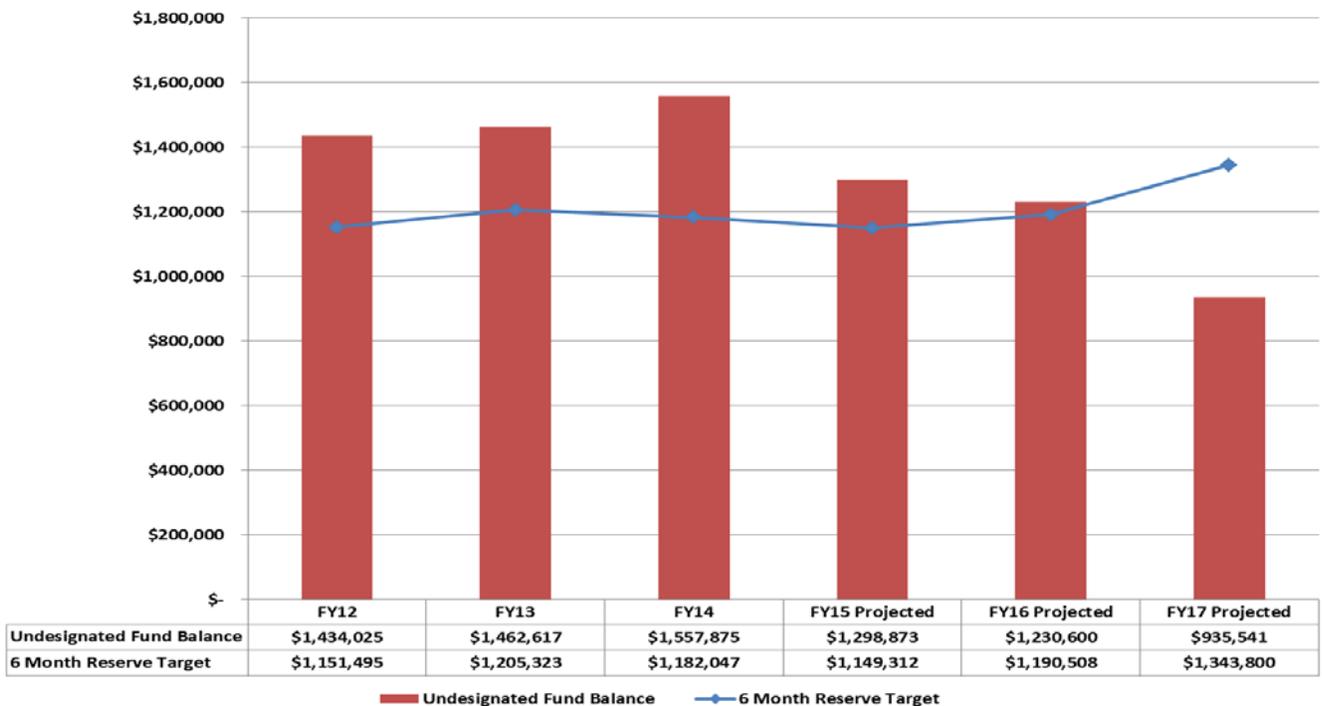
**Building Improvements:** Additional wall tile was installed in wet areas of the men's locker room. Steel door frames and wood doors were replaced with fiberglass frames and doors. Similar work will be done in the women's locker room during the Center's annual shutdown in August of 2016.

<b>Beede Swim and Fitness Center</b>									
<b>Capital Program</b>									
	<b>FY14 Actual</b>	<b>FY15 Actual</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>Total FY17-21</b>
<b>Primary Facility</b>									
Building Improvements	\$ -	\$ -	\$ 30,000	\$ 35,000	\$ 20,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 145,000
Carpets and Flooring	-	-	50,000	-	-	-	-	-	\$ -
Dehumidification System	94,529	1,228,611	-	-	-	-	-	-	\$ -
VFD Motors	-	-	-	-	-	-	-	-	\$ -
Roof Top HVAC Units	-	-	-	200,000	-	-	-	-	\$ 200,000
Sound System	-	-	-	-	-	-	-	-	\$ -
Parking System	-	-	12,000	-	-	-	-	-	\$ -
Parking Lighting	-	-	70,000	-	-	-	-	-	\$ -
Beede Center Lighting	-	-	-	-	-	-	-	-	\$ -
Misc. Equipment	5,754	-	10,000	10,000	-	10,000	10,000	10,000	\$ 40,000
Subtotal	\$100,283	\$1,228,611	\$ 172,000	\$245,000	\$ 20,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 385,000
<b>Pool Facility</b>									
Deck Repairs	-	-	15,000	-	-	-	-	-	-
Pool Filters	-	-	-	20,000	-	-	-	-	20,000
Misc. Equipment	-	-	20,000	20,000	20,000	35,000	35,000	35,000	145,000
Subtotal	\$ -	\$ -	\$ 35,000	\$ 40,000	\$ 20,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 145,000
<b>Beede Equipment</b>									
Sidewalk Plow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fitness Equipment I (treadmills)	-	54,053	-	-	-	-	-	-	\$ -
Fitness Equipment II (Ellipticals)	-	-	60,000	60,000	-	-	60,000	-	\$ 120,000
Fitness Equipment III (Strength Machines)	-	-	-	-	60,000	-	-	60,000	\$ 120,000
Fitness Equipment IV (Stationary Bikes)	-	-	-	-	-	60,000	-	-	\$ 60,000
Fitness Equipment V (Miscellaneous)	-	-	10,000	-	-	-	10,000	10,000	\$ 20,000
Audit Adjustment	8,746	-	-	-	-	-	-	-	-
Subtotal	\$ 8,746	\$ 54,053	\$ 70,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 70,000	\$ 70,000	\$ 320,000
<b>Total Capital</b>	<b>\$109,029</b>	<b>\$1,282,664</b>	<b>\$ 277,000</b>	<b>\$345,000</b>	<b>\$100,000</b>	<b>\$135,000</b>	<b>\$145,000</b>	<b>\$145,000</b>	<b>\$ 850,000</b>

**Beede Center  
Fund Balance**



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



Beebe Center: Plan and Projection	Actual	Actual	Actual	Budget	Proposed	Projected	Projected	Projected	Projected
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Operating Revenue</b>									
User Fees	2,429,580	2,450,179	2,283,710	2,303,743	2,382,543	2,442,106	2,503,159	2,565,738	2,629,881
Subtotal	2,429,580	2,450,179	2,283,710	2,303,743	2,382,543	2,442,106	2,503,159	2,565,738	2,629,881
<b>Operating Expense</b>									
O & M	2,093,026	2,033,808	1,971,621	1,969,597	2,263,420	2,036,883	2,076,823	2,117,554	2,159,092
Depreciation	317,622	330,287	327,003	411,420	424,181	435,646	452,786	468,219	465,000
Subtotal	2,410,648	2,364,095	2,298,624	2,381,017	2,687,601	2,472,529	2,529,609	2,585,773	2,624,092
<b>Operating Income</b>	18,932	86,084	-14,914	-77,274	-305,058	-30,423	-26,450	-20,035	5,789
ADD: Interest Income	9,660	9,175	8,333	9,000	10,000	15,409	16,932	18,810	21,138
Sawyer Trust Contribution	189,318	0	175,000	-	-	-	-	-	-
Beebe Endowment	0	0	55,000	0	0	0	0	0	0
<b>Net Income</b>	<b>217,910</b>	<b>95,259</b>	<b>223,419</b>	<b>-68,274</b>	<b>-295,058</b>	<b>-15,014</b>	<b>-9,518</b>	<b>-1,226</b>	<b>26,927</b>
<b>Available Resources from:</b>									
Net income	217,910	95,259	223,419	-68,274	-295,058	-15,014	-9,518	-1,226	26,927
Depreciation expense	317,622	330,287	327,003	411,420	424,181	435,646	452,786	468,219	465,000
<b>Net Available for Capital Purposes</b>	<b>535,532</b>	<b>425,546</b>	<b>550,422</b>	<b>343,146</b>	<b>129,123</b>	<b>420,632</b>	<b>443,268</b>	<b>466,993</b>	<b>491,927</b>
Capital Plan	34,180	109,029	1,282,664	277,000	325,000	100,000	135,000	145,000	145,000
<b>Fund Balance</b>									
Beginning balance	2,768,477	3,080,511	3,151,964	2,198,361	2,264,507	2,048,630	2,369,262	2,677,530	2,999,524
Net Income	217,910	95,259	223,419	-68,274	-295,058	-15,014	-9,518	-1,226	26,927
Depreciation Expense	317,622	330,287	327,003	411,420	424,181	435,646	452,786	468,219	465,000
Capital Contributions	-189,318	0	-237,357	0	0	0	0	0	0
Capital Expenditures	-34,180	-109,029	-1,266,668	-277,000	-345,000	-100,000	-135,000	-145,000	-145,000
Ending balance	3,080,511	3,397,028	2,198,361	2,264,507	2,048,630	2,369,262	2,677,530	2,999,524	3,346,451
<b>Undesignated Fund Balance</b>	<b>1,462,617</b>	<b>1,557,876</b>	<b>1,298,874</b>	<b>1,230,600</b>	<b>935,542</b>	<b>920,528</b>	<b>911,010</b>	<b>909,784</b>	<b>936,712</b>
<b>Depreciation Fund Balance</b>	<b>1,617,894</b>	<b>1,839,152</b>	<b>899,487</b>	<b>1,033,907</b>	<b>1,113,088</b>	<b>1,448,734</b>	<b>1,766,520</b>	<b>2,089,739</b>	<b>2,409,739</b>

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**Section VIII**  
**Recreation Fund**

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Mission Statement

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

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

Recreation Highlights

- Depending on the number of participants in each program, the revenues and expenditure attributed to the Recreation Fund varies from year to year. The goal of the Recreation revolving fund, as a self-sustaining entity, is to deposit amount equal to approximately 10% of the Division's overall revenues. These funds are then allocated to building improvements and capital planning efforts throughout the year.

- FY17 Projected Revenue: \$1,750,158
- FY17 Projected Expenses: \$1,675,244
- FY15 Recreation Fund Balance: \$768,495

Recreation Budget Contents

Overview	pp. 1-2
Strategic Plan	p. 3
Programs, Features, and Fees	pp. 4-6
Revenues and Expenditures	pp. 7-10

**Expenditure Summary**

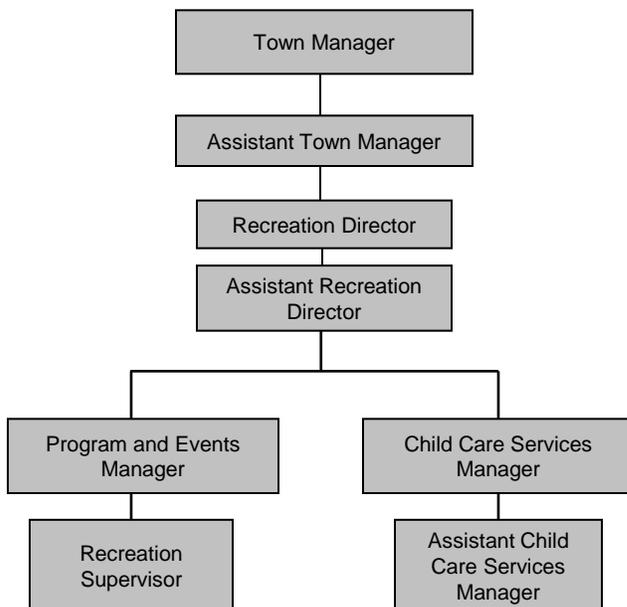
	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Estimate
Operating Revenue	\$ 1,820,381	\$ 1,899,275	\$ 1,754,658	\$ 1,750,158
Operating Expense	\$ 1,643,137	\$ 1,732,133	\$ 1,680,771	\$ 1,675,244
Change in Fund Balance	\$ 177,244	\$ 167,143	\$ 73,887	\$ 74,914

Description:

The Department is in the process of evaluating the community's recreational needs, and hopes to expand special event offerings and specialty classes throughout the next year. Additionally, the Town has retained the services of a recruiting firm to assist in the nationwide search for a new Director of Recreation. The Town Manager hopes to make a permanent appointment for this position by May of 2016.

The Recreation Department operates in several different locations. The Department manages two large facilities as well as an area in the Harvey Wheeler Community Center where the Carousel Preschool is located. The Hunt Recreation Center and Beede Swim and Fitness Center rely on fees collected from programs and memberships to sustain the building operations and improvements.

Restructuring the Division overall under a new Director of Recreation shall work to eliminate any duplication of services (such as payroll and account payable administration) and maximize staff functions.





### **Recreation Programs**

In FY15 the Recreation Department served over 6,200 participants and had total program revenues of \$1,899,275.

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

### **Funding Sources & Scholarships**

All department programs and services are intended to operate on a user fee basis. Program expenses and administrative overhead are covered by the Recreation Fund.

Program fees are used to fund most of the cost of the summer and school-year scholarship programs. In FY15 approximately \$196,000 were provided in scholarships to Concord families who otherwise would not have been able to participate.

Other funding sources that help to support the Recreation Department are the Concord Carlisle Community Chest (\$15,000), Silent Fund (\$4,500), METCO (\$25,000) Shamrock Ball (\$10,000), Touch-a-Truck (\$5,000) and the Destephano scholarship fund (\$1,000).

### **Facility Improvements and Upkeep**

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

Hunt: Reorganization of storage space located adjacent to the second floor Hunt Gym area to include office space for the afterschool program directors and fitness space for personal training sessions. The first floor lobby area and two of the four first-floor offices have the twenty-year-old carpet replaced and now boast new office suite furniture more conducive for meetings and handicapped accessibility.

Hunt Gym: This years' requests in the Capital Budget included refurbishment of the gymnasium ceiling and replacement of the outdoor pool shed.

### **Financial Status**

**Fund Balance:** As of 6/30/15 \$768,495

**Fund Balance Analysis:** At current level the Fund Balance covers 44% of FY15's operating expenses. It is important for the Recreation Department to maintain strong reserves because of the variability in revenues that are dependent on participation fees. The goal for each FY is to save approximately 10% of the projected revenue monies to supplement capital projects or to run free events and programs which increase the quality of life and a sense of community for our citizens.

## Recreation Strategic Plan

### Short-Term

- Work towards strengthening a sense of community within the Town of Concord by offering innovative, new, and free programs and events which encourage citizens to socialize and play outside.
- Work with CPW to improve park amenities at Emerson Field and at the Rideout property.
- Continue working with the newly formed Human Services Team to identify community outreach needs and programming for at-risk and low-income residents.

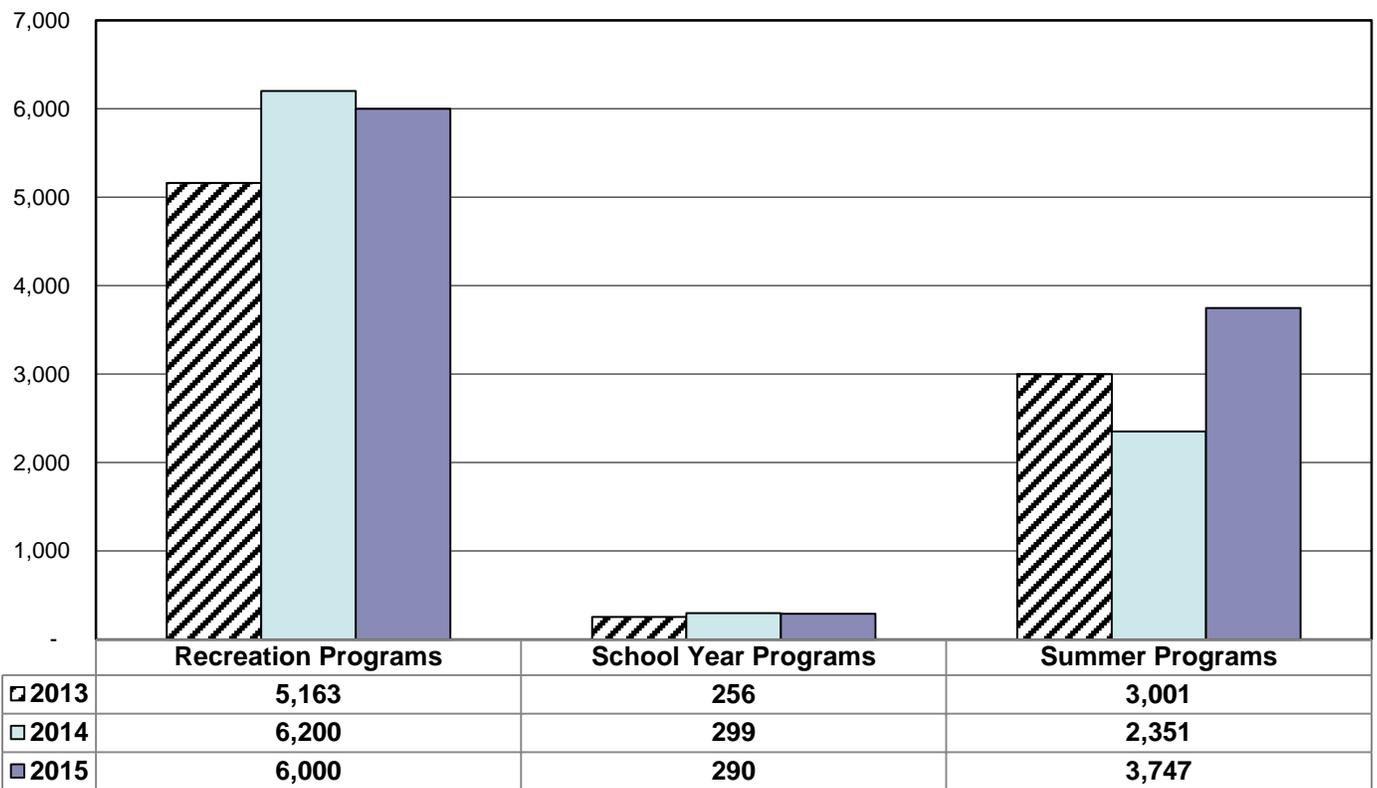
### Mid-Term

- Concentrate on programming efforts which engage the active adult community in Town. Explore the possibility of working with neighboring communities to offer wellness initiatives for these groups at reduced rates.
- Increase program participation by hosting new programming for shorter lengths of time. Add program offerings during night and weekend times to appeal to working groups.
- Begin the process of outlining an outdoor recreation and environmental program which may include: Geocaching, passive recreation programs, kayaking and canoeing or meditation offerings.
- Continue meeting seasonally with heads of sport groups to evaluate field/facility use and scheduling.
- Explore the feasibility of a public bathing beach located at White Pond run by the Department seasonally.

### Long-Term

- Enhance park and open spaces by including public drinking fountains, benches, and bike racks.
- Locate and develop additional multi-purpose and youth soccer fields in Town.
- Develop a partnership with the Town's Adult Community Education Program to offer interesting programs which continue the educational process outside of a classroom atmosphere.
- Outdoor Lit Basketball Courts

**Historical Recreation Enrollment**

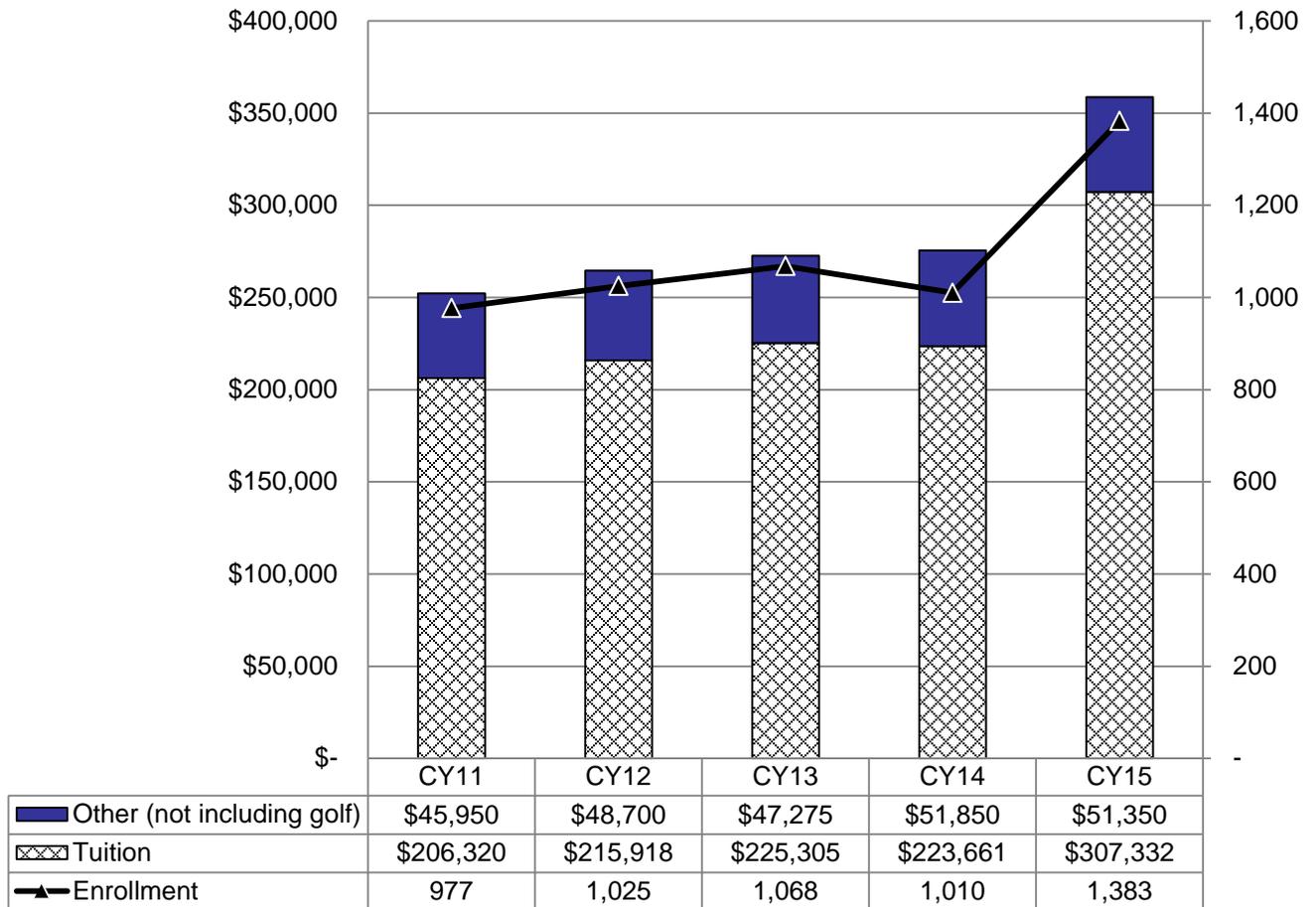


**Recreation Fund**

**Summer Camp**

2015 Summer Service Level					
Program	Participation	Revenue	Expense	Reserved	Net
2015 Day Camp/Summer @ Alcott/Arts & Rec	1,383	\$ 361,332	\$ 329,218	\$ -	\$ 32,114
Boys Basketball Clinics	104	\$ 36,330	\$ 32,798	\$ -	\$ 3,532
Ultimate Frisbee	16	\$ 5,375	\$ 4,300	\$ -	\$ 1,075
Concord Children Center Swim	55	\$ 15,960	\$ 8,000	\$ -	\$ 7,960
Preschool Adventures/Kaelidoscope	76	\$ 39,706	\$ 31,025	\$ -	\$ 8,681
Patriot Youth Football	39	\$ 3,290	\$ 2,961	\$ -	\$ 329
Brine Lacrosse	149	\$ 23,790	\$ 18,659	\$ -	\$ 5,131
Family Swim	55	\$ 5,091	\$ 8,000	\$ -	\$ (2,909)
Workrecreation	197	\$ 38,323	\$ 24,372	\$ -	\$ 13,951
Theater Camp	103	\$ 28,958	\$ 24,615	\$ -	\$ 4,343
Post Camp	41	\$ 14,125	\$ 6,886	\$ -	\$ 7,239
Group Exercise	484	\$ 58,373	\$ 52,330	\$ -	\$ 6,043
Minuteman Road Race	129	\$ 4,350	\$ 4,258	\$ -	\$ 92
<b>Total</b>	<b>2,831</b>	<b>\$ 635,003</b>	<b>\$ 547,422</b>	<b>\$ -</b>	<b>\$ 87,581</b>

**Summer Camp Revenue & Participation**

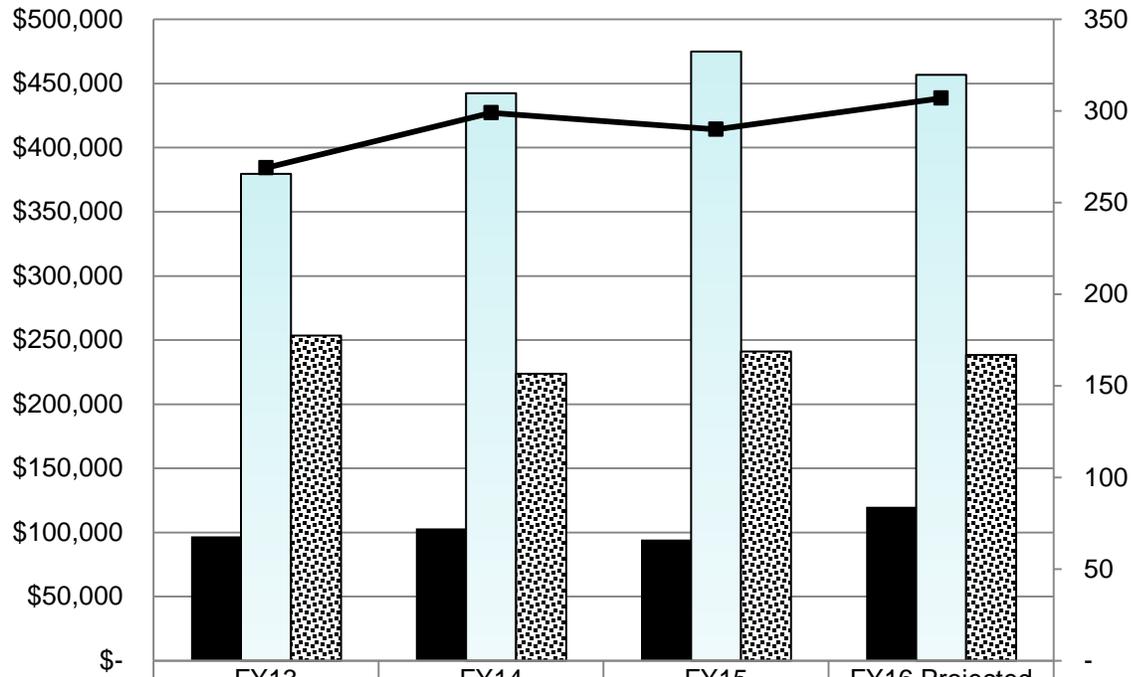


\*Chart is an estimate of Summer Camp participation & revenue

School Year Programs Participation & Revenue						
Program	FY14		FY15		Projected FY16	
	Participation	Revenue	Participation	Revenue	Participation	Revenue
Before School	85	\$103,297	61	\$94,437	84	\$120,000
After School	165	\$442,422	182	\$474,920	175	\$456,758
Carousel Preschool	49	\$223,814	47	\$241,075	48	\$238,400

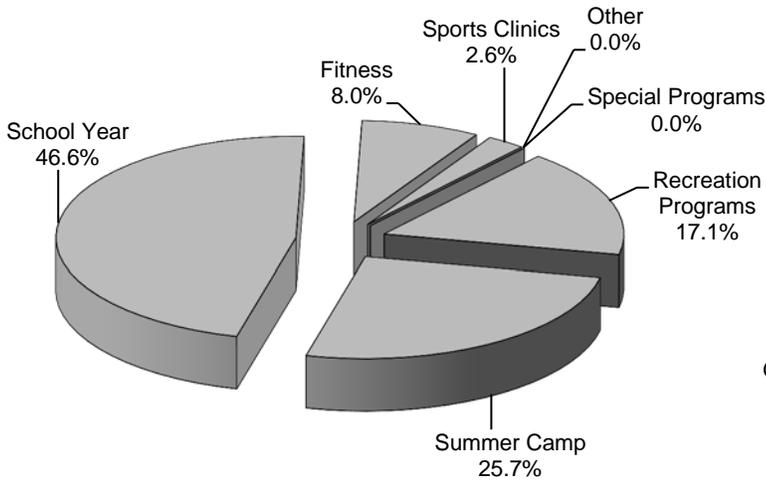
Estimated based on RecTrac reports

### School Year Revenue & Total Enrollment

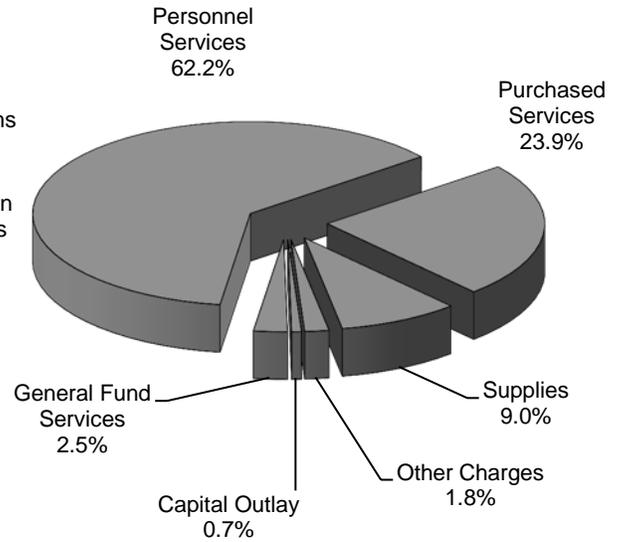


■ Before School	\$96,979	\$103,297	\$94,437	\$120,000
■ After School	\$379,572	\$442,422	\$474,920	\$456,758
■ Carousel	\$253,459	\$223,814	\$241,075	\$238,400
■ Combined Enrollment	269	299	290	307

**FY17 Operating Revenues**  
**\$1,750,158**



**FY17 Operating Expenditures**  
**\$1,675,244**



**Operating Results:**

The FY17 Recreation Fund budget is presented shows a surplus of \$74,914 which will be used for future Recreation purposes.

Operating revenues are projected at \$1,750,158, which is a decrease from FY15 actuals. The General Fund will support the Recreation Department with \$73,175 for the salary of the Recreation Director. Operating expenditures are projected at \$1,675,244, which is estimated based off of prior years.

**Operating Revenues**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budgeted		Estimate	
Recreation Programs	\$	493,147	\$	457,517	\$	300,000	\$	300,000
Summer Camp		536,722		553,465	\$	450,000	\$	450,000
School Year		751,035		879,959	\$	815,158	\$	815,158
Fitness		-		-	\$	140,000	\$	140,000
Sports Clinics					\$	45,000	\$	45,000
Special Programs					\$	-		
Other		39,477		8,334	\$	4,500	\$	-
<b>Operating Revenues Total</b>	\$	1,820,381	\$	1,899,275	\$	1,754,658	\$	1,750,158

**Operating Expenses**

	FY14		FY15		FY16		FY17	
	Actual		Actual		Budgeted		Estimate	
Personnel Services	\$	1,221,642	\$	1,265,664	\$	1,063,843	\$	1,041,316
Purchased Services		245,097		316,717		390,000		400,000
Supplies		115,332		98,187		140,000		150,000
Other Charges		3,000		656		30,000		30,000
Capital Outlay		12,179		9,903		15,000		12,000
General Fund Services		45,887		41,006		41,928		41,928
<b>Subtotal</b>	\$	1,643,137	\$	1,732,133	\$	1,680,771	\$	1,675,244
<b>Total Expenses</b>	\$	1,643,137	\$	1,732,133	\$	1,680,771	\$	1,675,244

**Personnel Services Detail**

	FY16 Budget		FY17 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
<b>Recreation Staff</b>				
5111 Recreation Director	0.50	\$50,000	0.15	\$14,636
Asst. Recreation Director	1.00	\$95,935	1.00	\$95,935
Events & Program Manager	1.00	\$57,265	1.00	\$57,265
Fitness Coordinator	0.55	\$45,981	0.60	\$50,161
Recreation Supervisor	1.00	\$55,692	1.00	\$55,692
Childcare Services Manager	1.00	\$78,801	1.00	\$78,801
Asst. Childcare Services Manager	1.00	\$57,629	1.00	\$57,629
Sr. Administrative Assistant	1.00	\$61,909	1.00	\$61,909
<b>Subtotal</b>	<b>7.05 FTEs</b>	<b>\$503,212</b>	<b>6.75 FTEs</b>	<b>\$472,028</b>
<b>5115 Limited Status</b>				
Recreation Programs	170 hrs.	\$2,998	170 hrs.	\$2,998
Summer Camp	0 hrs.	\$0	0 hrs.	\$0
School Year	0 hrs.	\$0	0 hrs.	\$0
Fitness	1020 hrs.	\$48,450	1020 hrs.	\$48,450
Sports Clinics	0 hrs.	\$0	0 hrs.	\$0
Special Programs	0 hrs.	\$0	0 hrs.	\$0
<b>Subtotal</b>	<b>1190 hrs.</b>	<b>\$51,448</b>	<b>1190 hrs.</b>	<b>\$51,448</b>
<b>5120 Temporary Status</b>				
Recreation Programs	837 hrs.	\$12,825	837 hrs.	\$12,825
Summer Camp	10912 hrs.	\$149,304	10912 hrs.	\$149,304
School Year	10817 hrs.	\$182,847	10817 hrs.	\$186,504
Fitness	515 hrs.	\$24,462	515 hrs.	\$24,462
Sports Clinics	150 hrs.	\$6,905	150 hrs.	\$6,905
Special Programs	0 hrs.	\$0	0 hrs.	\$0
<b>Subtotal</b>	<b>23231 hrs.</b>	<b>\$376,343</b>	<b>23231 hrs.</b>	<b>\$380,000</b>
<b>5130 Overtime</b>				
Recreation Programs				
Summer Camp				
School Year				
Fitness				
Sports Clinics				
Special Programs				
<b>Subtotal</b>		<b>\$6,000</b>		<b>\$6,000</b>
<b>Benefits</b>				
5157 Car Allowance	N/A	\$1,200	N/A	\$1,200
5172 Unemployment Comp.	N/A	\$0	N/A	\$0
5173 Life Insurance	N/A	\$175	N/A	\$175
5174 Health Insurance	N/A	\$49,625	N/A	\$49,625
5176 Health Reimbursement	N/A	\$0	N/A	\$0
5177 Dental Insurance	N/A	\$2,200	N/A	\$2,200
5178 Medicare Tax	N/A	\$11,640	N/A	\$11,640
5180 Social Security	N/A	\$62,000	N/A	\$67,000
<b>Subtotal</b>	<b>11.70 FTEs</b>	<b>\$560,631</b>	<b>11.70 FTEs</b>	<b>\$569,288</b>
<b>Total</b>	<b>18.75 FTEs</b>	<b>\$1,063,843</b>	<b>18.45 FTEs</b>	<b>\$1,041,316</b>

<b>Detail of General Fund Services</b>				
	FY14 Actual	FY15 Actual	FY16 Budget	FY17 Estimate
Human Resources	\$ 6,432	\$ 6,499	\$ 6,742	\$ 6,742
Parks and Trees	15,000	15,000	15,000	15,000
Hunt Gym	24,455	19,507	20,186	20,186
	45,887	41,006	41,928	41,928
<b>Net Income and Fund Balance</b>				
	FY14 Actual	FY15 Actual	FY16 Budgeted	FY17 Estimate
<b>Operating Income:</b>				
Operating Revenues	\$ 1,820,381	\$ 1,899,275	\$ 1,754,658	\$ 1,750,158
Less Operating Expenses	(1,643,137)	(1,732,133)	(1,680,771)	(1,675,244)
<b>Operating Income</b>	\$ 177,244	\$ 167,143	\$ 73,887	\$ 74,914
<b>Fund Balance:</b>				
Beginning Fund Balance	\$ 424,108	\$ 601,352	\$ 768,495	\$ 842,382
Net Income	177,244	167,143	73,887	74,914
<b>Ending Fund Balance</b>	\$ 601,352	\$ 768,495	\$ 842,382	\$ 917,296

# **Section VIII**

## **Appendix**

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## **Appendix: Budget Process**

### **Budget Process**

The Town of Concord operates under state statutes in general; and under the Town Charter as amended, which established the present Selectmen-Town Manager form of government; and under various Town bylaws. The legislative body of Concord is an Open Town Meeting, in which all voters registered in Concord are permitted to participate. While Town Meeting has the sole authority to appropriate funds for the General Fund operating budget and capital projects, it does not appropriate funds for the electric, sewer, and water enterprise funds, or for the special revenue funds. For the three existing enterprise funds and Solid Waste Special Revenue Fund, the responsible department heads, with review by the Town Manager, develop the proposed budgets. The Town Manager then submits these proposed budgets to the Board of Selectmen and Finance Committee, and to the public, prior to the Annual Town Meeting. Each budget is approved by the responsible policy committee as a spending plan, and the Town Meeting authorizes the Town Manager to expend the funds. The new Swim and Fitness Center enterprise fund follows this same pattern, with the additional requirement that the Town Meeting enacts this budget as an appropriation. The Swim and Fitness Center Fund is authorized under MGL c. 44, s. 53F½, a state law enacted in 1986 that sets forth conditions for newly-established enterprise funds. The fiscal year for the electric utility begins on January 1, while the fiscal year for all other funds begins on July 1.

Like prior budgets, these CY16/FY17 budgets have been developed based upon projected assumptions of available revenue. These budgets are based primarily upon fees charged for the services provided by each activity. Added to these service fees are projections for grants and miscellaneous non-operating revenues, such as interest earnings.

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

### **Budget Schedule**

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

Shown on the following pages are a calendar of important dates and a chart of the budget schedules for developing and acting on the CY16/FY17 budgets, including the enterprise/special revenue budgets.

# Appendix: Budget Calendar

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

## Appendix: Budget Process

### FY17 Budget Calendar

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

#### **2015**

August 11	Capital Improvement Program Instructions issued (FY2017-21)
September 14	Budget Instructions issued to all departments, boards and committees
September 15	Capital Improvement Program (FY2017-21) requests due
September 17	FY2017 fiscal planning meeting with Selectmen Board, School Committee, Finance Committee
October 16	FY2017 General Fund Operating Budget Requests due
October 22	Board of Assessors meet to review draft Classification Report from the Town Assessor
November 2–13	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 12	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2016 property tax rate or rates)
November 16	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2016 (based on FY2016 appropriations voted at April 2015 Town Meeting)
November 19	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 1	Preliminary FY2017 Operating and FY2017-21 Capital Budget recommendations compiled by Budget Review Team for Town Manager's review and adjustment
December 5 (Sat)	Selectmen/Committees Coordination Meeting; planning session for 2016 Annual Town Meeting
December 5	Warrant opened for 2016 Annual Town Meeting
December 28	Presentation of Preliminary FY2017 Operating and FY2017-21 Capital Budget recommendations by Town Manager to Select Board

**Continued on next page**

## Appendix: Budget Process

### 2016

January 4	Warrant for Town Meeting closes at 4:00 PM
January 5	Completed PowerPoint Narratives for General Fund Departments due
January 5	90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2017 (General Fund operations and proposed appropriations) is set and submitted to Select Board. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees.) Through February, these committees and Finance Committee conduct review
January 19	Town Manager's Proposed FY2017 General Fund Budget is published
January 20	Proposed FY2017 Enterprise Budget Requests due
January 21	Public Hearings advertised (for FY2017 General Fund operations)
January 22	Legal deadline for mailing of Town Meeting Warrant to residents (10 days prior to Public Hearing)
January 25-29	Enterprise Budget Requests review: meetings with Enterprise Directors and Budget Review Team
February 1	Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2017 and other non-school and non-CPA financial articles on the Town Meeting Warrant
February 3	Finance Committee's Public Hearing on Education budget proposals for FY2017 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act article
February 25	Town Manager's Proposed FY2017 Enterprise Budget published
February 29	Public Hearing on Enterprise Fund budgets and articles
February 29	Finance Committee completes its recommendations for Town Meeting
March 11	Finance Committee Report to printer
March 25	Finance Committee Report mailed (10 days prior to Town Meeting)
April 4	Town Meeting begins

# Appendix: Financial Statements

## TOWN OF CONCORD, MASSACHUSETTS

### PROPRIETARY FUNDS

#### STATEMENT OF NET POSITION

JUNE 30, 2015

(DECEMBER 31, 2014 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>ASSETS</b>					
Current:					
Cash and short-term investments	\$ 6,919,413	\$ 8,808,206	\$ 5,909,266	\$ 3,525,673	\$ 25,162,558
User fees, net of allowance for uncollectibles	1,024,783	379,511	4,446,960	-	5,851,254
Betterment receivables	-	59,000	-	-	59,000
Inventory	87,279	-	961,290	-	1,048,569
Prepaid expenses	-	-	3,283,723	-	3,283,723
Other assets	-	-	230,222	-	230,222
Total current assets	8,031,475	9,246,717	14,831,461	3,525,673	35,635,326
Noncurrent:					
Betterment receivables, net of current portion	-	704,404	-	-	704,404
Restricted cash	-	-	6,023,360	-	6,023,360
Net OPEB asset	41,909	12,040	87,120	30,046	171,115
Capital assets being depreciated, net	16,706,153	19,260,160	35,492,516	9,223,275	80,682,104
Capital assets not being depreciated	3,343,702	100,000	3,650,767	-	7,094,469
Total noncurrent assets	20,091,764	20,076,604	45,253,763	9,253,321	94,675,452
<b>TOTAL ASSETS</b>	<b>28,123,239</b>	<b>29,323,321</b>	<b>60,085,224</b>	<b>12,778,994</b>	<b>130,310,778</b>
<b>LIABILITIES</b>					
Current:					
Warrants payable	368,985	177,923	2,795,055	139,805	3,481,768
Retainage payable	10,926	-	-	72,499	83,425
Accrued liabilities	77,318	107,949	148,673	2,338	336,278
Customer deposits	-	-	249,372	-	249,372
Provision for rate stabilization	-	-	3,179,711	-	3,179,711
Other current liabilities	-	-	245,013	6,046	251,059
Current portion of long-term liabilities:					
Bonds payable	520,000	893,324	785,000	-	2,198,324
Accrued employee benefits	13,263	3,316	6,347	6,947	29,873
Total current liabilities	990,492	1,182,512	7,409,171	227,635	9,809,810
Noncurrent:					
Bonds payable, net of current portion	3,225,000	9,161,894	6,948,307	-	19,335,201
Accrued employee benefits, net of current portion	119,368	29,842	120,596	62,526	332,332
Net pension liability	394,034	103,027	-	209,670	706,731
Total noncurrent liabilities	3,738,402	9,294,763	7,068,903	272,196	20,374,264
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>29,696</b>	<b>7,764</b>	<b>-</b>	<b>857,527</b>	<b>894,987</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>4,758,590</b>	<b>10,485,039</b>	<b>14,478,074</b>	<b>1,357,358</b>	<b>31,079,061</b>
<b>NET POSITION</b>					
Net investment in capital assets	16,304,855	10,697,855	31,748,283	9,223,275	67,974,268
Restricted - debt service	-	1,534,806	-	-	1,534,806
Restricted - capital improvements	-	2,795,608	1,957,878	-	4,753,486
Unrestricted	7,059,794	3,810,013	11,900,989	2,198,361	24,969,157
<b>TOTAL NET POSITION</b>	<b>\$ 23,364,649</b>	<b>\$ 18,838,282</b>	<b>\$ 45,607,150</b>	<b>\$ 11,421,636</b>	<b>\$ 99,231,717</b>

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

# Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (DECEMBER 31, 2014 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Operating Revenues:</b>					
Charges for services	\$ 4,945,876	\$ 2,590,040	\$ 26,378,663	\$ 2,283,710	\$ 36,198,289
Other	-	344,102	-	-	344,102
<b>Total Operating Revenues</b>	<b>4,945,876</b>	<b>2,934,142</b>	<b>26,378,663</b>	<b>2,283,710</b>	<b>36,542,391</b>
<b>Operating Expenses:</b>					
Personnel services	1,161,229	349,467	-	1,117,987	2,628,683
Non-personnel services	821,438	971,386	-	714,462	2,507,286
Depreciation	831,453	1,451,712	1,666,685	327,003	4,276,853
Electric operations	-	-	22,412,198	-	22,412,198
<b>Total Operating Expenses</b>	<b>2,814,120</b>	<b>2,772,565</b>	<b>24,078,883</b>	<b>2,159,452</b>	<b>31,825,020</b>
<b>Operating Income (Loss)</b>	<b>2,131,756</b>	<b>161,577</b>	<b>2,299,780</b>	<b>124,258</b>	<b>4,717,371</b>
<b>Nonoperating Revenues (Expenses):</b>					
Investment income	16,018	16,807	22,182	8,333	63,340
Interest expense	(147,925)	(195,566)	(192,701)	-	(536,192)
Provision for rate refund	-	-	(600,000)	-	(600,000)
Other nonoperating income, net	-	16,206	19,458	230,000	265,664
Other nonoperating expense, net	-	-	(29,721)	-	(29,721)
<b>Total Nonoperating Revenues (Expenses), Net</b>	<b>(131,907)</b>	<b>(162,553)</b>	<b>(780,782)</b>	<b>238,333</b>	<b>(836,909)</b>
<b>Income Before Transfers</b>	<b>1,999,849</b>	<b>(976)</b>	<b>1,518,998</b>	<b>362,591</b>	<b>3,880,462</b>
Transfers in	-	79,292	-	-	79,292
Transfers out - overhead allocations	(664,812)	(219,399)	(458,650)	(139,172)	(1,482,033)
<b>Change in Net Position</b>	<b>1,335,037</b>	<b>(141,083)</b>	<b>1,060,348</b>	<b>223,419</b>	<b>2,477,721</b>
Net Position at Beginning of Year, as restated	22,029,612	18,979,365	44,546,802	11,198,217	96,753,996
<b>Net Position at End of Year</b>	<b>\$ 23,364,649</b>	<b>\$ 18,838,282</b>	<b>\$ 45,607,150</b>	<b>\$ 11,421,636</b>	<b>\$ 99,231,717</b>

# Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (DECEMBER 31, 2014 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 4,698,556	\$ 3,040,026	\$ 26,533,300	\$ 2,246,053	\$ 36,517,935
Payments to vendors and employees	<u>(1,773,647)</u>	<u>(1,366,112)</u>	<u>(23,991,317)</u>	<u>(1,808,216)</u>	<u>(28,939,292)</u>
Net Cash Provided By Operating Activities	2,924,909	1,673,914	2,541,983	437,837	7,578,643
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers in	-	79,292	-	-	79,292
Transfers out	<u>(664,812)</u>	<u>(219,399)</u>	<u>(458,650)</u>	<u>(139,172)</u>	<u>(1,482,033)</u>
Net Cash (Used for) Noncapital Financing Activities	(664,812)	(140,107)	(458,650)	(139,172)	(1,402,741)
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets, net of disposals	(1,457,890)	(254,914)	(2,531,981)	(1,504,026)	(5,748,811)
Contributions in aid of construction	-	-	(92,024)	-	(92,024)
Proceeds from issuance of bonds and notes	-	400,000	-	-	400,000
Principal payments on bonds and notes	(520,000)	(816,352)	(395,000)	-	(1,731,352)
Interest expense	(147,925)	(195,568)	(192,701)	-	(536,192)
Other	-	16,206	(339,550)	237,358	(85,986)
Net Cash (Used For) Capital and Related Financing Activities	(2,125,815)	(850,626)	(3,551,256)	(1,266,668)	(7,794,365)
<b>Cash Flows From Investing Activities:</b>					
Investment income	16,018	16,807	22,182	8,333	63,340
(Increase) in restricted cash and investments	<u>-</u>	<u>-</u>	<u>(322,896)</u>	<u>-</u>	<u>(322,896)</u>
Net Cash Provided By (Used for) Investing Activities	16,018	16,807	(300,714)	8,333	(259,556)
Net Change in Cash and Short-Term Investments	150,300	699,988	(1,768,637)	(959,670)	(1,878,019)
Cash and Short-Term Investments, Beginning of Year	<u>6,769,113</u>	<u>8,108,218</u>	<u>7,677,903</u>	<u>4,485,343</u>	<u>27,040,577</u>
Cash and Short-Term Investments, End of Year	<u>\$ 6,919,413</u>	<u>\$ 8,808,206</u>	<u>\$ 5,909,266</u>	<u>\$ 3,525,673</u>	<u>\$ 25,162,558</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 2,131,756	\$ 161,577	\$ 2,299,780	\$ 124,258	\$ 4,717,371
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	831,453	1,451,712	1,666,685	327,003	4,276,853
Changes in assets and liabilities:					
User fees receivables	(247,320)	(16,918)	123,165	-	(141,073)
Betterments	-	122,802	-	-	122,802
Inventory	16,482	-	(82,520)	-	(66,038)
Prepaid and other assets	-	-	(30,121)	(48,473)	(78,594)
Net OPEB asset	4,680	355	-	-	5,035
Net pension liability	(37,350)	(9,017)	-	(19,591)	(65,958)
Accounts payable and accrued liabilities	258,259	80,449	(1,438,972)	49,263	(1,049,001)
Accrued expenses	(38,754)	(118,477)	(28,158)	2,245	(183,144)
Other liabilities	5,723	1,431	(73,890)	3,132	(63,604)
Provisions	-	-	104,014	-	104,014
Net Cash Provided By Operating Activities	<u>\$ 2,924,909</u>	<u>\$ 1,673,914</u>	<u>\$ 2,541,983</u>	<u>\$ 437,837</u>	<u>\$ 7,578,643</u>

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

## Appendix: Glossary

### A GLOSSARY OF TERMS COMMONLY USED IN MUNICIPAL FINANCE

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

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

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

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

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

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

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

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

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

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

## Appendix: Glossary

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

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

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

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

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

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

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

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

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

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

## Appendix: Glossary

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix: Glossary

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix: Glossary

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

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

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

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

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

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

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

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

### Terms Associated with Proposition 2½

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

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

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

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