



TOWN OF CONCORD
MASSACHUSETTS

**Town Manager's Proposed
Enterprise Budgets
FY2014**

For the Fiscal Year
July 1, 2013 - June 30, 2014



Printed on 30% post consumer recycled paper

March 18, 2013

Government Finance Officers Association

Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Concord, Massachusetts for its annual budget for the fiscal year beginning July 1, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Concord
Massachusetts**

For the Fiscal Year Beginning

July 1, 2012

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Executive Director



Old North Bridge

Town of Concord

TOWN MANAGER'S OFFICE
22 MONUMENT SQUARE – P.O. BOX 535
CONCORD, MASSACHUSETTS 01742

CHRISTOPHER WHELAN, TOWN MANAGER

The Town Manager's Introduction to the Budget Document

To the Residents of Concord,

Thank you for taking the time to explore this document. More than just a list of account codes and dollar figures, Town Staff have worked hard to provide and organize descriptions, narratives, tables, and charts that we hope bring the budget to life and help communicate it to you, the primary stakeholders in Concord's Town Government.

Towards that end, the format and content of this budget document continue to undergo modification and improvement. Many of the changes that we make are guided by the best practices and feedback received as a participant in the Government Finance Officers Association's (GFOA's) *Distinguished Budget Presentation Program*. This awards program incorporates twenty-seven criteria and covers four general categories:

1. The budget as a policy document;
2. The budget as a financial plan;
3. The budget as an operations guide; and
4. The budget as a communication device.

As a result of the ongoing improvements, last year's budget book received the GFOA's Distinguished Budget Presentation Award (see facing page) for the 7th consecutive year. The tireless efforts of the Finance Department, along with the collaborative participation of all Department Heads and their administrative staffs, have been particularly noteworthy in this achievement.

Special thanks are due to Finance Director Anthony Logalbo, Budget and Purchasing Administrator Jon Harris, Budget Analyst Chris Nunes, and Deputy Town Manager Douglas Meagher, all of whom were instrumental in not only bringing this budget document to completion, but also in fashioning it into something that continues to earn the respect of our peers. It's largely because of the collective efforts of all of the above that I think that you will find your time with this document well spent.

Thanks again for your interest.

Sincerely,

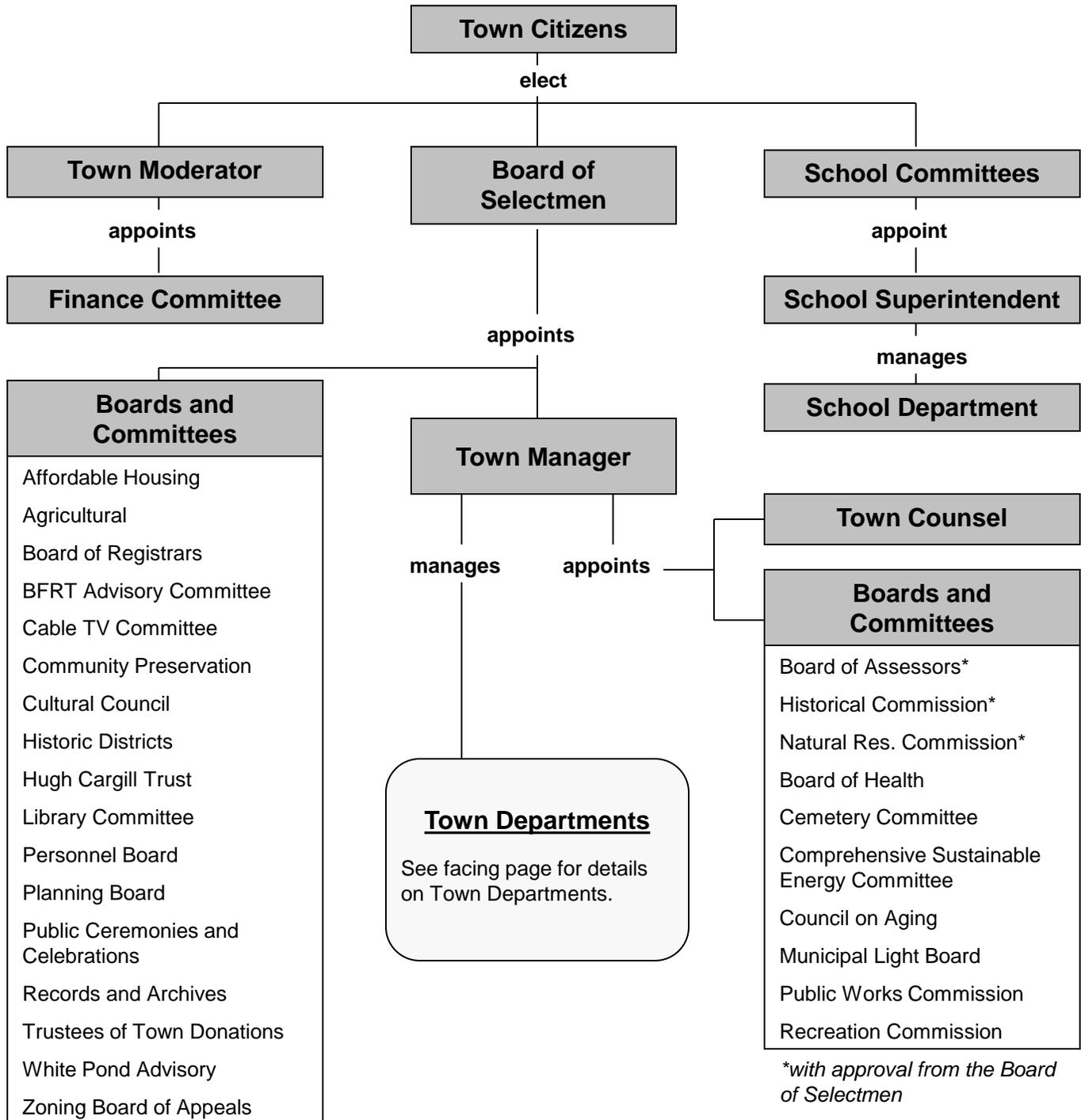
Christopher Whelan
Town Manager

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, can influence and participate in the operations of their government.

On the facing page, a chart shows how Town Government is structured under the Town Manager.

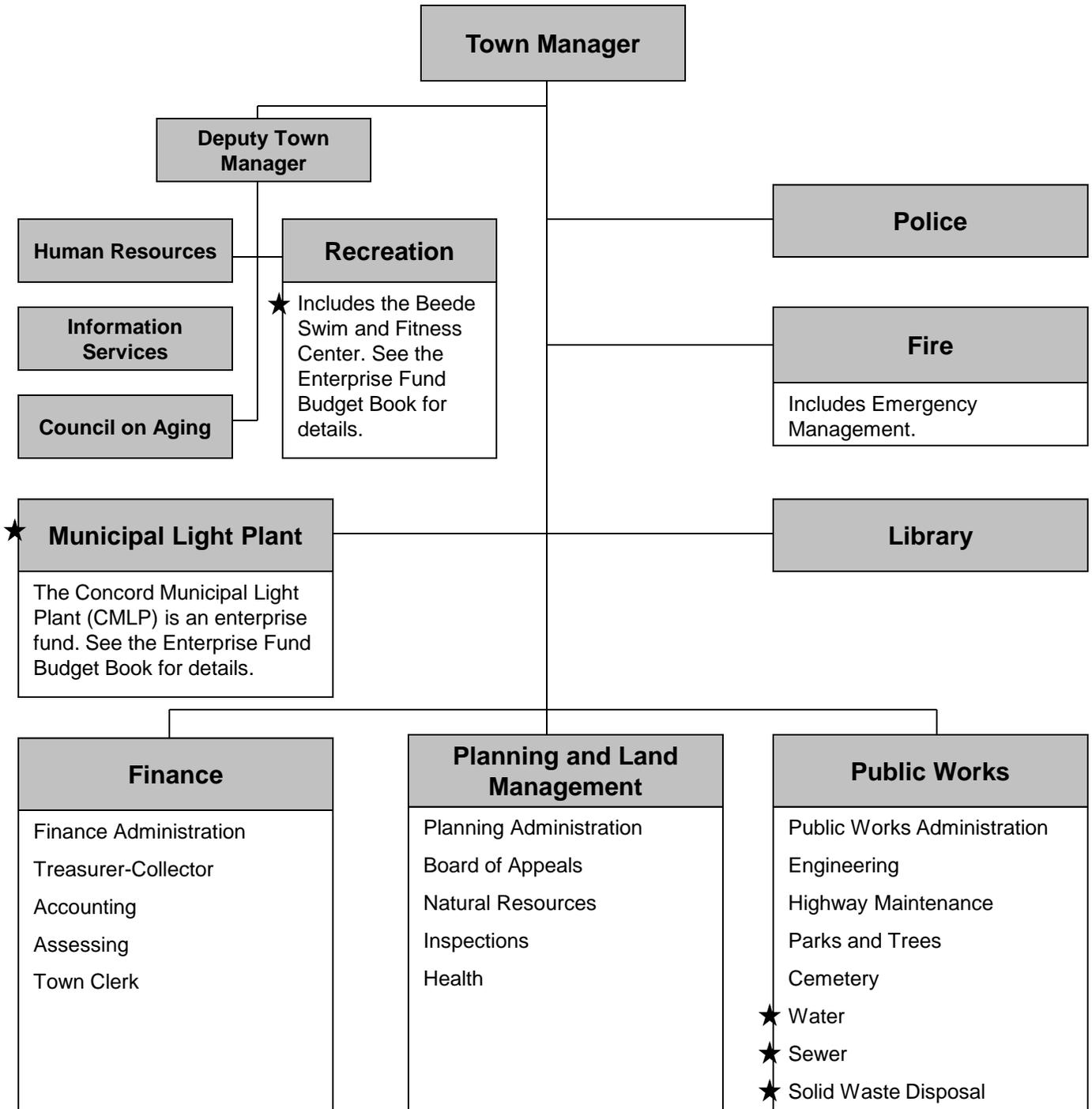


The Town Manager oversees Town Departments, including the following 5 business-type activities:

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

In this budget book, the above 5 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").

See page II-3 for an organizational chart that focuses solely on the Town's business-type activities.



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) and the one special revenue fund (Solid Waste Disposal). 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 FY13 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.

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 – 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 VII – 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 VIII – Appendix

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

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Section I

Letter of Transmittal

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CHRISTOPHER WHELAN, TOWN MANAGER

March 18, 2013

The Honorable Board of Selectmen:

I am pleased to submit for your review the Town Manager's Proposed Enterprise Budgets for Fiscal Year 2014 (July 1, 2013 – June 30, 2014). 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. Five 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 in accordance with rules set forth by the Department of Telecommunications and Energy and its predecessor state regulatory agencies, 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 the General Laws of the Commonwealth. 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 MGL Chapter 164. Rates are subject to rule, regulations and oversight of the Commonwealth of Massachusetts Department of Public Utilities. The Town Meeting annually authorizes the Town Manager to expend the income of the Light Fund without further appropriation. For FY14, this action will be taken under Article 23 of the 2013 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 FY14, this action will be taken under Article 28 of the 2013 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 FY14, this action will be taken under Articles 26 and 27 of the 2013 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 29 of the 2013 Town Meeting Warrant will make an appropriation for the estimated expenses of the Center for the fiscal year beginning July 1, 2013 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 Recreation Director. Rates and fees are set under the authority of the Town Manager pursuant to Section 22F of Chapter 40 of the General Laws adopted by the Town Meeting in 1992. The Recreation Commission, appointed by the Town Manager, also monitors the performance of the Center and provides guidance and advice.

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 FY14, this action will be taken under Article 25 of the 2013 Town Meeting Warrant.

Budgetary Focus

Each of the five 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 FY14 (calendar year 2013 for CMLP), and the related projections of operating and net income, are:

	<u>Operating Revenue</u>	<u>Operating Expenditure</u>	<u>Operating Income</u>	<u>Net Income</u>
Light Fund	\$24,480,458	\$22,609,920	\$1,870,538	\$2,420,520
Water Fund	4,623,000	3,844,708	778,292	634,936
Sewer Fund	2,525,000	3,058,496	-533,496	-54,857
Beede Center Fund	2,430,364	2,524,938	-94,574	-84,574
Solid Waste Fund	1,178,865	1,175,981	2,884	2,884

See also page II-6

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>FY14 Proposed Budgets</u>	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Net Income Projected	\$2,420,520	\$ 634,936	\$ - 54,857	\$ - 84,574
Depreciation Expense	<u>1,595,865</u>	<u>933,551</u>	<u>1,515,246</u>	<u>327,557</u>
Subtotal	4,016,385	1,568,487	1,460,389	242,983
Less:				
Debt Principal Payment	760,000	510,000	603,388	0
CMLP PILOT Payment	447,800	0	0	0
Net Resources derived from Current Operations and available for Capital Purposes	<u>\$2,808,585</u>	<u>\$1,058,487</u>	<u>\$ 857,001</u>	<u>\$ 150,000</u>

The planned FY14 capital expenditures of each enterprise (exclusive of expenditures that will be funded by debt issuance) are as follows:

	<u>Light</u>	<u>Water</u>	<u>Sewer</u>	<u>Beede</u>
Capital Outlay	\$1,325,200	\$1,118,000	\$ 812,000	\$ 150,000

It is not necessary that Net Resources from Current Operations equal or exceed the actual or planned Capital Outlay for each year. In FY14, for example, the Water Fund 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 (see page III-13, cash flow projection).

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. With newly negotiated purchased power contracts, the cost of buying electricity is budgeted to be reduced from \$20.8 million to \$16.5 million, savings that will be passed along to consumers through lower electricity rates.

The Concord Municipal Light Plant is also actively pursuing efforts to promote energy conservation and renewable energy. In 2009, the Light Board voted to implement a new residential tiered rate structure in which the unit price rises at higher monthly or bi-monthly consumption levels. The Light Plant is in the process of implementing the utilization of its Smart Grid infrastructure to allow CMLP and its customers to manage electricity usage. An energy audit to determine optimal electricity usage is available for free to all residential customers and at a reduced cost for commercial customers. 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 current 14% of all purchased power to 30% by 2020.

Even with these energy conservation measures and renewable energy projects within the Town's borders, the configuration of Concord's power grid is reaching its capacity: the transformers which carry power from outside of Concord to Town customers have a limitation of 50 Mega Volt Amperes (MVAs), a measure of electricity capacity. Currently, peak demand is just under 50 MVAs. If demand were to increase beyond 50 MVAs, there would be the possibility of delivery failure or brown-outs. Accordingly, the Light Plant was authorized by the 2012 Annual Town Meeting in Article 28 to borrow funds to switch out the 50 MVA transformers with 70 MVA transformers. The bid for purchase of the transformers has been awarded and this \$3.7 million project is expected to be completed this fall.

Water Fund

The Water Fund is in sound financial condition and needed capital improvements are proceeding on schedule. With the passage of Article 23 of the 2010 Town Meeting warrant, an amount of \$1.9 million of bond financing has been made available for improvements at the Town's surface water supply, Nagog Pond. These improvements include an enhanced

disinfection treatment system and repair to the 100-year old dam and related structures. Once completed, this project will ensure the continued availability of the Nagog water supply in accordance with federal and state mandates. On the near-term horizon is a projected \$8.4 million investment at Nagog Pond for intake design and filtration plant construction. The 10-year plan (page IV-14) provides for these investments.

To maintain sufficient funds to cover operating and capital costs, a rate increase of 4.0% is proposed to be effective June 1, 2013, which is an annual dollar increase of approximately \$15.30 for the average residential customer.

Sewer Fund

It has been noted above that the Sewer Fund's projected operating income and net income are 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-11). The main cause of this deficit is an increase in the depreciation expense, from \$628,375 in FY05 to \$1,515,246 projected for FY14, 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 manufacturer/installer, Cambridge Water Technology, Inc. (CWT), that would repay the Town's \$3 million Sewer Fund investment with interest if the CoMag process proved effective and marketable. CWT has since been acquired by Siemens Industry, Inc. but the contractual agreement remains in force. As a result, the Town has already received and credited to the Sewer Fund the sum of \$1,164,008 from incentive payments. Most recently, we received payment of \$1,006,882 from Siemens, Inc. on August 17, 2012. We anticipate receipt of a further \$603,000 during FY14 (see page V-9, "Non-operating revenue").

A rate increase of 5.0% is proposed to be effective June 1, 2013, which is an annual dollar increase of approximately \$28.80 for the average residential customer.

Beede Center Fund

Completing seven years of operation as of April 2013, the Beede Swim and Fitness Center continues to operate successfully. Given that it is the only one of the Town's enterprises that operates in a competitive market, the Beede Center is very dependent upon the satisfaction of its members and on the overall condition of the regional and national economy to maintain

membership levels for what may be seen as a discretionary expense. Thus far, the Beede Center has been received enthusiastically by the community and is increasingly perceived as an important contributor to the community's physical health.

Despite the challenging economic conditions of recent years, the Beede Center has been able to maintain its memberships. Although family memberships have declined from 554 to 531 from January 2012 to January 2013, individual memberships have increase from 966 to 1,035 in the same period.

To adjust to these membership changes, the Beede Center has trimmed some of its expenses while maintaining its high level of customer service. For the financial period ending on June 30, 2012, the Beede Center produced a net income of \$53,476. In addition, due to careful management, the Beede Center's unreserved fund balance available for any contingency is about \$1.42 million as of June 30, 2012. This is projected to decline to \$1.29 million at June 30, 2014.

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 the members of his staff: Jon Harris (Budget and Purchasing Administrator), and Gail Henry (Town Accountant). Deputy Town Manager Douglas Meagher also participated as a member of the budget review team.

Preparation of the individual enterprise budget submissions was carried out under the direction of David Wood (CMLP Director), Richard Reine (Public Works Director), Alan Cathcart (Water & Sewer Superintendent), Rod Robison (Recycling and Disposal Program Administrator), and Danner DeStephano (Recreation Director). In addition, assistance was provided by Dale Cronan (CMLP Assistant Director), Sherman Chapman (CMLP Financial Administrator), Paul Reinhardt (Public Works Management Analyst), Paul Cote (Assistant to the Water/Sewer Superintendent), and Pam Higgins (Assistant Recreation Director).

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

Respectfully Submitted,



Christopher Whelan
Town Manager

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

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Section II

Budget Summary

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Section Overview

This Budget Summary contains charts, schedules, and narratives that describe the FY14 Enterprise Budgets. The level of detail in this summary section allows the reader to grasp the “big picture” relating to the Enterprise Operations’ recent past, present, and near future.

The sub-sections found in this summary are:

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

Enterprise Fund Financial Policy

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

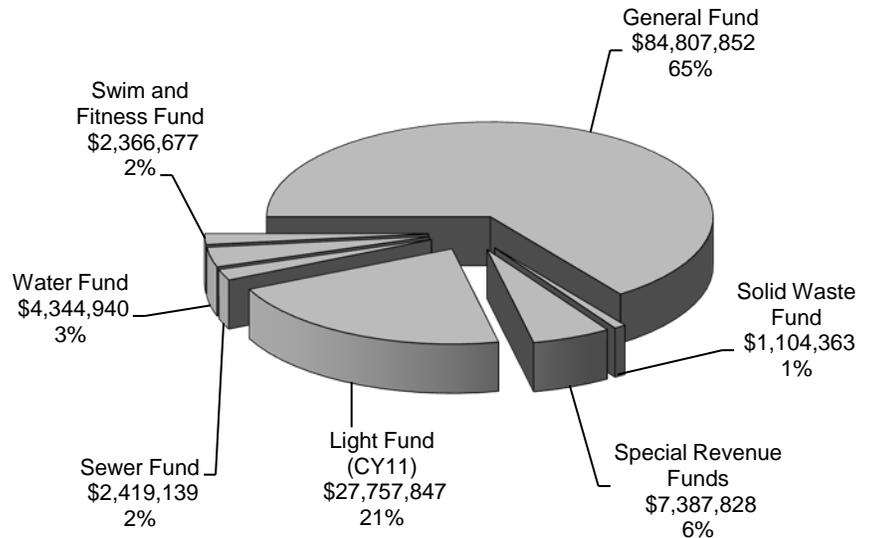
This means that each is expected to cover all costs associated with operations as well as all costs associated with capital maintenance and depreciation by generating the necessary revenue itself (i.e. through user fees).

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

Enterprise Funds

Light Fund	Section III
Water Fund	Section IV
Sewer Fund	Section V
Swim and Fitness Fund	Section VI
Solid Waste Fund	Section VII

Enterprise Revenues as a Percentage of Total FY12 Town Government Revenues
Totaling \$130,188,646



A Note on the Solid Waste Fund

The Town’s Solid Waste Fund is not an enterprise fund; but rather, it is a special revenue fund established by local bylaw. The Solid Waste Fund controls no capital equipment or infrastructure. Its principal purpose is to operate the Curbside Collection and Recycling Program as a business-type activity without taxpayer support. This represents a significant business-type service of the Town and therefore its budget is presented in Section VII of this report.

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 Recreation Department (for Beede Center operations).

Role of Town Meeting

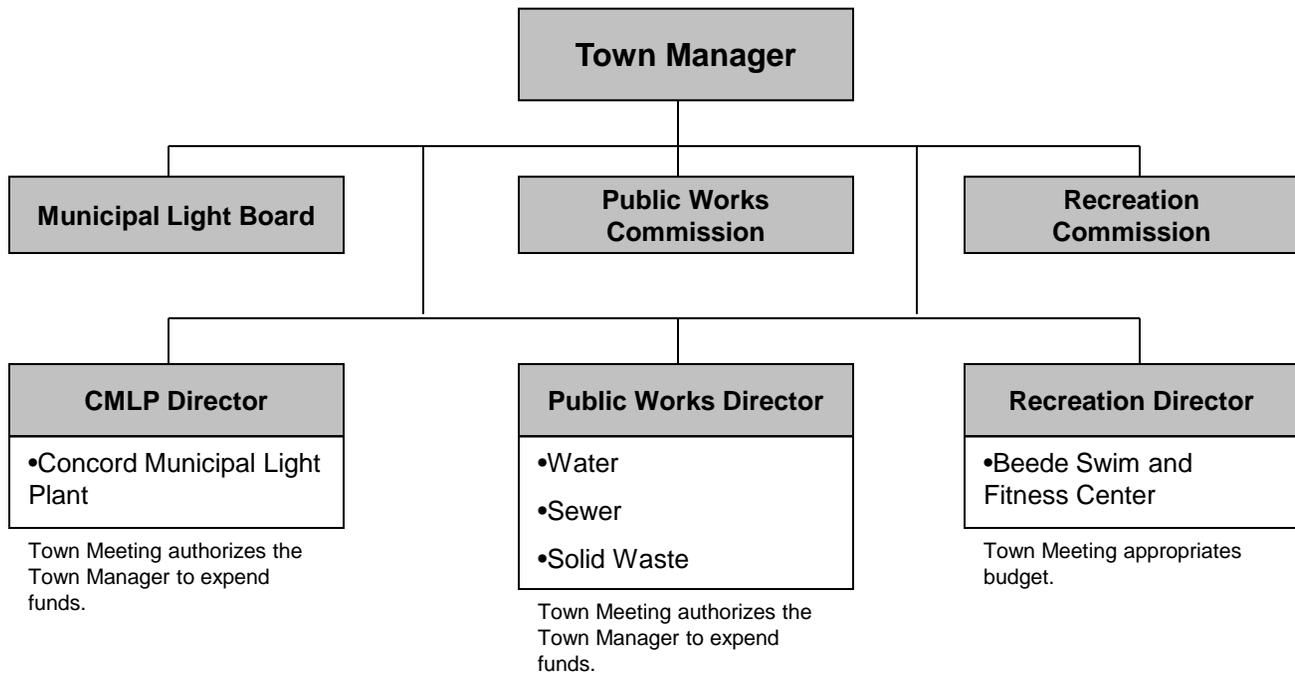
The budgets presented for the Light, Water, Sewer, and Solid Waste funds are *spending plans* and do not carry the same restrictive legal obligations as the voted appropriations made for the Town's General Fund operations. However, the Swim and Fitness Fund's budget is authorized by Town Meeting as an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

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. 40A 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.

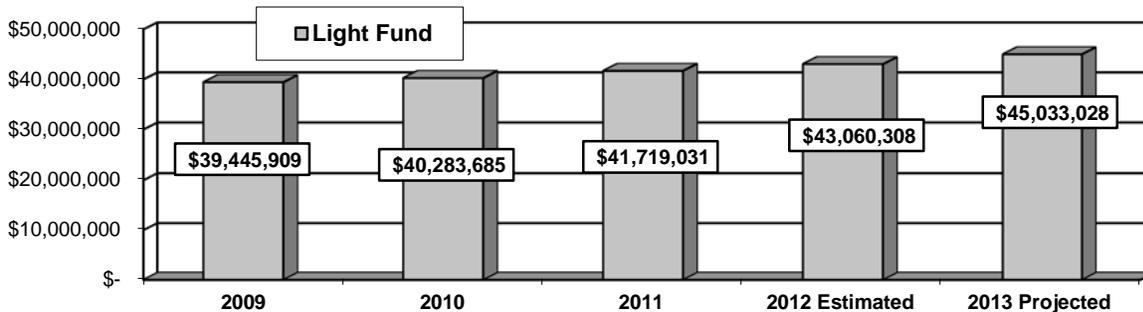
Net Assets as a Financial Measure

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.).

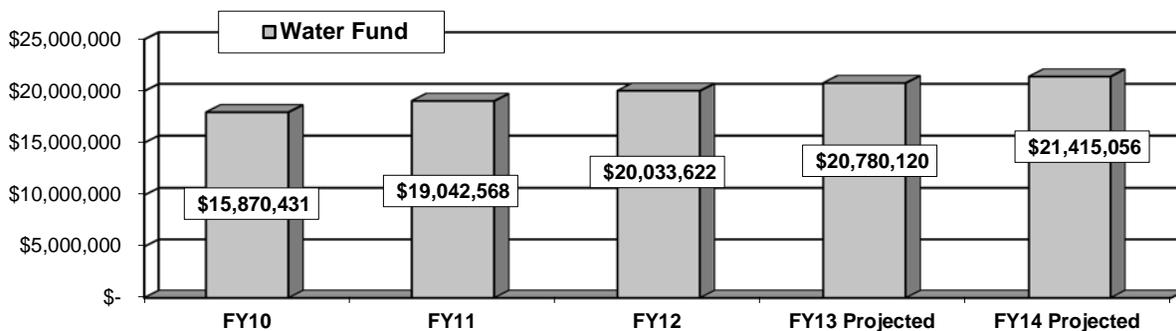
The trend that one would hope to see for a stable enterprise activity would be for Net Assets to increase through the years at roughly the rate of inflation. Any sizeable deviation from this trend (either up or down) should prompt management's consideration of why the adjustment is occurring and whether 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 2009 to 2013



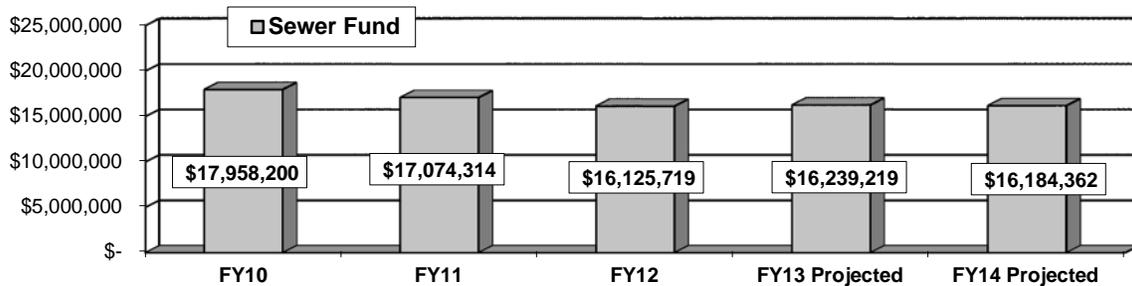
Light Fund Net Asset Discussion: The slight increase in the Light Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels.

Water Fund Net Assets – FY10 to FY14



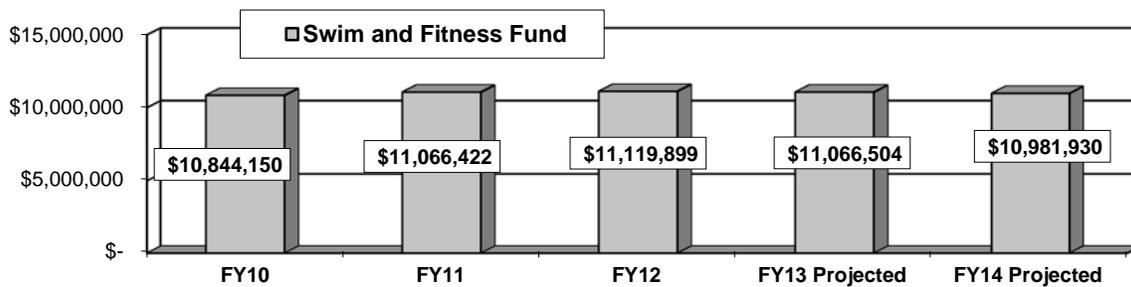
Water Fund Net Asset Discussion: The slight increase in the Water Fund's net assets demonstrates a capital spending plan and rate structure that are sufficient to maintain the current facility and service levels. See page IV-14 for details on the Water Fund's 10-year financial plan.

Sewer Fund Net Assets – FY10 to FY14



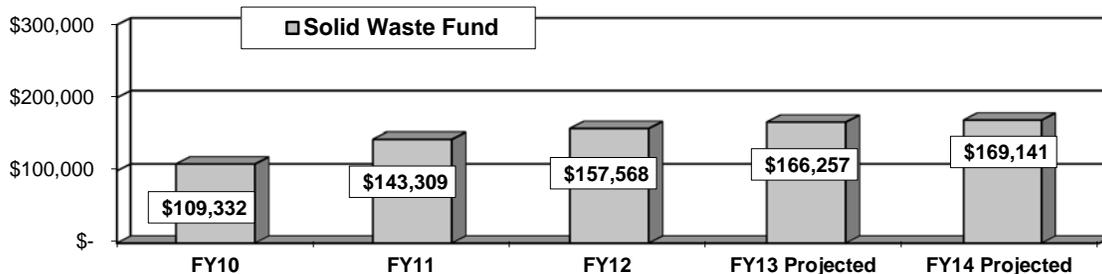
Sewer Fund Net Asset Discussion: The Town’s Sewer activities are the most capital intensive of any of the enterprise activities, and the Sewer Division in 2008 completed a \$15 million renovation of the Wastewater Treatment Plant. With this new investment, the Sewer Fund’s depreciation expense has risen from \$841,574 in FY06 to a peak of \$1,742,653 in FY12. This increased depreciation expense has negatively affected operating income with a corresponding drop in net assets as reinvestment in the plant from internal financing has been limited. However, it has been the position of the Town to meet the increased depreciation expense with a gradual rise in sewer fees, and operating income is projected to turn positive in FY20. 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 – FY10 to FY14



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 – FY10 to FY14



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 negotiated a new three-year Waste Management contract with annual price increases for FY11-13 in the range of 1.7% to 2.5%.

Summary of Comparative Operating & Income Data

	<u>CY11</u> <u>Actual</u>	<u>CY12</u> <u>Unaud. Actual</u>	<u>CY13</u> <u>Budget</u>	<u>% Change</u> <u>CY12 to CY13</u>
1) Light Fund				
Operating Revenues	27,013,148	27,772,502	24,480,458	-11.9%
Less Operating Expenses	<u>(25,793,559)</u>	<u>(26,602,601)</u>	<u>(22,609,920)</u>	-15.0%
Operating Income	1,219,589	1,169,901	1,870,538	59.9%
Net Income	1,806,776	1,726,277	2,420,520	40.2%
Net Available for Capital Expenditures	2,107,132	2,056,671	2,808,585	36.6%
	<u>FY12</u> <u>Actual</u>	<u>FY13</u> <u>Rev. Budget</u>	<u>FY14</u> <u>Prop. Budget</u>	<u>% Change</u> <u>FY13 to FY14</u>
2) Water Fund				
Operating Revenues	4,325,314	4,502,000	4,623,000	2.7%
Less Operating Expenses	<u>(3,159,119)</u>	<u>(3,592,260)</u>	<u>(3,844,708)</u>	7.0%
Operating Income	1,166,195	909,740	778,292	-14.4%
Net Income	991,054	746,498	634,936	-14.9%
Net Available for Capital Expenditures	1,078,949	1,529,206	1,098,487	-28.2%
	<u>FY12</u> <u>Actual</u>	<u>FY13</u> <u>Rev. Budget</u>	<u>FY14</u> <u>Prop. Budget</u>	<u>% Change</u> <u>FY13 to FY14</u>
3) Sewer Fund				
Operating Revenues	2,172,996	2,419,000	2,525,000	4.4%
Less Operating Expenses	<u>(3,198,610)</u>	<u>(3,172,024)</u>	<u>(3,058,496)</u>	-3.6%
Operating Income	(1,025,614)	(753,024)	(533,496)	29.2%
Net Income	(1,151,648)	(113,500)	(54,857)	51.7%
Net Available for Capital Expenditures	9,842	1,170,979	1,457,001	24.4%
	<u>FY12</u> <u>Actual</u>	<u>FY13</u> <u>Rev. Budget</u>	<u>FY14</u> <u>Prop. Budget</u>	<u>% Change</u> <u>FY13 to FY14</u>
4) Swim & Fitness Center Fund				
Operating Revenues	2,355,081	2,379,124	2,430,364	2.2%
Less Operating Expenses	<u>(2,313,201)</u>	<u>(2,444,518)</u>	<u>(2,524,938)</u>	3.3%
Operating Income	41,880	(65,395)	(94,574)	-44.6%
Net Income	53,476	(53,395)	(84,574)	-58.4%
Net Available for Capital Expenditures	349,430	259,036	242,983	-6.2%
	<u>FY12</u> <u>Actual</u>	<u>FY13</u> <u>Rev. Budget</u>	<u>FY14</u> <u>Prop. Budget</u>	<u>% Change</u> <u>FY13 to FY14</u>
5) Solid Waste Fund				
Curbside Program				
Operating Revenues	1,136,560	1,152,354	1,172,865	1.8%
Less Operating Expenses	<u>(1,122,302)</u>	<u>(1,144,665)</u>	<u>(1,170,981)</u>	2.3%
Operating Income	14,258	7,689	1,884	-75.5%
Curbside Fund Balance	153,741	161,430	163,314	1.2%
Landfill / Composting				
Revenues, Other Sources	5,015	6,000	6,000	0.0%
Less Expenses	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	0.0%
Net	15	1,000	1,000	0.0%
Landfill / Composting Balance	3,828	4,828	5,828	20.7%

SECTION II: Budget Summary

Capital Spending

Capital Budgets for Fiscal Year 2014

Expenditures From Debt and Fund Balance

Light Fund (Calendar Year 2013)

Transmission/Subtrans. Plant

Station Equipment \$ 7,700

Distribution Plant

Structures & Improvement \$ 35,000

Station Equipment (Debt) 3,420,000

Poles, Towers, Fixtures 40,000

Overhead Devices 400,000

Underground Devices (UG Fund) 192,500

Transformers 225,000

Street Light and Signal Systems 75,000

Miscellaneous 100,000

Subtotal \$ 4,487,500

General Plant

Structures & Improvements (Debt) \$ 750,000

Transportation Equipment 166,000

Miscellaneous \$ 84,000

Subtotal 1,000,000

Light Fund Total \$ 5,495,200

Water Fund

Distribution

Mains Replacement \$ 400,000

Meter Replacement 105,000

Hydrant Replacement/Additions 34,000

Subtotal \$ 539,000

Structures

Station Structures 57,000

Pumping Station Equipment 22,000

Reservoir Improvements 58,000

Nagog Filtration (400K Debt) 642,000

Subtotal \$ 779,000

General Plant

Building and Equipment \$ 90,000

Keyes Road Facility 77,000

Vehicles 21,000

Supply/Capacity

Source Protection 12,000

Water Fund Total \$ 1,518,000

Sewer Fund

Pumping Plant

Station Structures \$ 10,000

Station Equipment 275,000

Subtotal \$ 285,000

Collection Plant

Sewer Mains/Laterals \$ 15,000

Infiltration/Inflow Remediation 100,000

Meter Replacement Program 26,000

Subtotal \$ 141,000

Wastewater Treatment Plant

Structures \$ 150,000

Plant Equipment 75,000

Subtotal \$ 225,000

Other Capital Costs

Keyes Road Facility \$ 28,000

Vehicle Replacement 20,000

Subtotal \$ 48,000

Wastewater Management

Wastewater Planning 113,000

W.R. Grace Acquisition (Debt) 600,000

713,000

Sewer Fund Total \$ 1,412,000

Swim and Fitness Fund

Primary Facility

Building improvements \$ 30,000

Sound System 30,000

Miscellaneous Equipment 10,000

\$ 70,000

Pool Facility (Natatorium)

Miscellaneous Equipment \$ 20,000

Fitness Equipment 60,000

Swim and Fitness Fund Total \$ 150,000

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 VII-8 for more definitions.

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Section III

Light Fund

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Mission Statement

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

Light Fund Highlights

- The cost of purchased power, a pass-through expense to the customer, makes up approximately 75% of operating expenditures. With newly negotiated energy contracts, in CY13 CMLP is budgeting \$16.5 million to purchase electricity, a \$4.3 million decrease from the purchase power expense in CY12.
- 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.
- Installation of a new Town-wide fiber-optic Smart Grid infrastructure is complete. This infrastructure will enable CMLP and customers to better manage electricity usage.
- Electricity from renewable energy sources equals approximately 14% of all purchased power. The Light Plant Board's goal is to increase the percentage of renewable energy to 30% by 2020.

Light Fund Contents

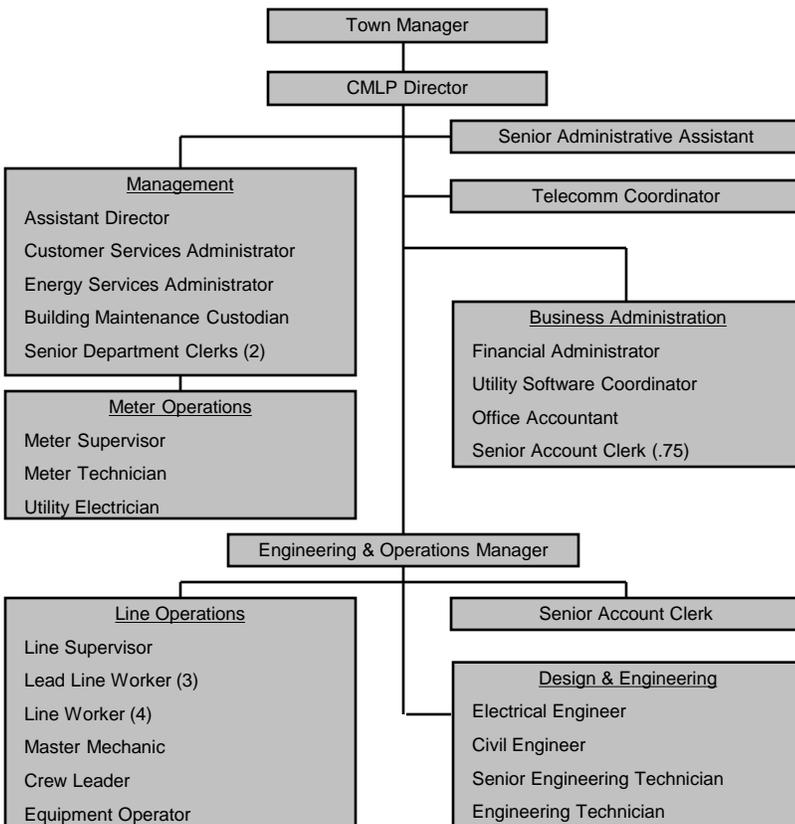
Overview	pp. 1-3
Revenues and Expenditures	pp. 4-12
Cash Flow Statement	P. 13
Electricity Sales Chart	p. 14
Rate Comparison	p. 15
Supplier Information	p. 16

Operating and Net Income Summary				
	2010 Actual	2011 Actual	2012 Preliminary	2013 Budgeted
Operating Income	\$ 902,326	\$ 1,409,560	\$ 1,169,901	\$ 1,870,538
Net Income	\$ 1,217,776	\$ 1,815,346	\$ 1,726,277	\$ 2,420,520

Description

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

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



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 is in the process of upgrading its transformers and increasing 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.

With the current configuration of Concord's power grid, the Town has a capacity limitation of 50 mega volt amperes (mva); the substation which acts as a gateway for electricity coming into the Town has two redundant transformers each capable of handling 50 mva. Current electricity demand is just under 50 mva. If demand becomes greater than 50 mva, this event could trigger a delivery failure or brown-out. With the passage of Article 28 of the 2012 Annual Town Meeting, the Light Plant has the authorization to borrow funds to switch out the 50 mva transformers with 70 mva transformers. The expected cost is \$3.7 million with installation expected in the fall of 2013 and bonds to be issued in the spring of 2014.

Purchased Power: Power Supply Portfolio (14% from Renewable Sources)

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

- 85% - from a contract with Morgan Stanley primarily from natural gas
- 14% - from renewable sources including hydro, landfill gas-fired, wind and solar photovoltaic
- 1% - from spot market and purchased as needed on a daily basis

Purchased Power: Local Conservation Initiatives

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

In addition to these internal programs and policies, the Light Plant provides home energy audits at no cost to residential customers and shares the cost of energy audits with commercial customers.

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

Electricity Rate Revenue

The total revenue raised through electricity rates in 2013 is projected to be **\$25,447,469**, with \$10.9 million to be received from residential customers, \$12.9 million from commercial customers, and \$1.6 million from municipal customers.

Of a total of 178.7 mWh of electricity to be provided in 2013, it is forecasted that residential sales will be approximately 72.9 mWh, commercial 94.2 mWh, and municipal 11.6 mWh. Usage varies with the weather, economic conditions, and other factors.

Electric Rate Highlights

- Effective on January 1, 2013, the residential rate (R-1) is set at a meter charge of \$8.05 per month for a single phase system and the following three-tiered energy rates: \$0.14327 per kWh for the first 1,400 kWh, \$0.15678 per kWh for the next 800 kWh, and \$0.17029 per kWh for additional kWh. In addition, there are surcharges for undergrounding, conservation, and power supply.
- As a result of newly negotiated energy contracts, the cost of purchased power has decreased and this decreased cost is being passed along to electricity customers in the form of lower electricity rates.

Surcharges

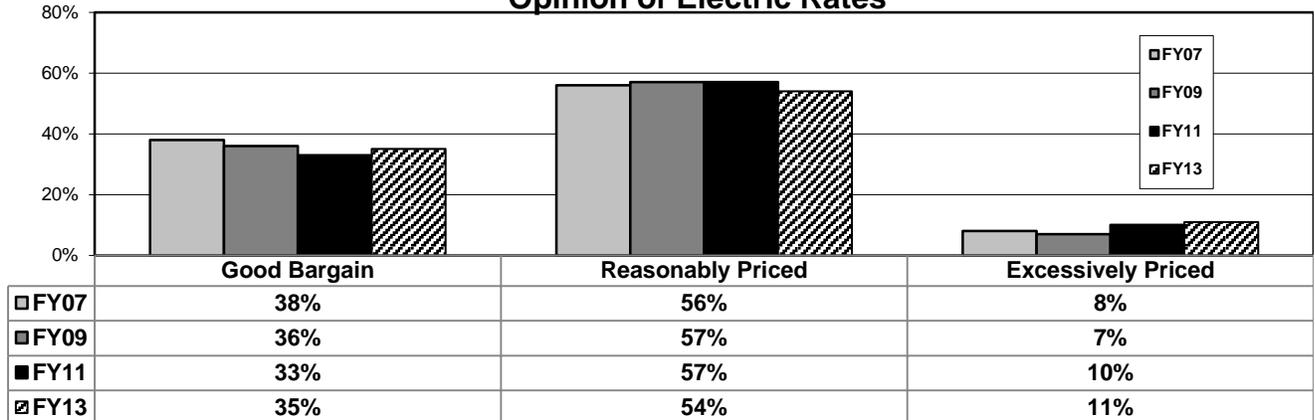
Each electric utility bill includes a 1.5% underground surcharge and a 0.52% Conservation and Renewable Energy Service (CARES) surcharge. The money raised through the underground surcharge is used to place power lines underground. As a result of this activity and in association with zoning requirements 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 September 2006, November 2008, and September 2010, and November 2012, the Town conducted a telephone survey of over 300 randomly selected Concord residents. For the Light Plant, the following question was asked: "What is your opinion of the price of electric rates?" In FY13, the response was that 35% thought that the price is a Good Bargain and 54% thought that it is Reasonably Priced, and 11% thought it was Excessively Priced.

Opinion of Electric Rates



Program Implementation

For Calendar Year 2013, the Concord Municipal Light Plant is projecting that it will have \$24.4 million in operating revenues and \$22.6 million in operating expenditures.

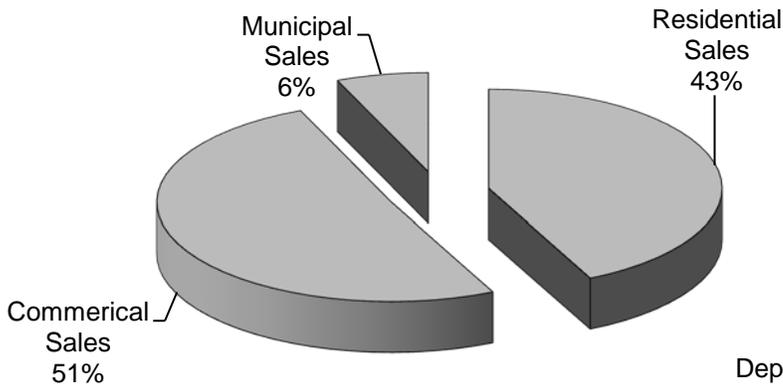
For revenues, funds collected from the sale of electricity are expected to increase from \$23.8 million in 2012 to \$25.4 million in 2013.

For expenditures, the primary cost is the power supply expense. From 2012 to 2013, it is forecast that the power supply expense will decrease from \$20.8 million to \$16.5 million. This is a result of the CMLP entering into new power supply contracts. Since the power supply expense is passed through to the customer, electricity rates have decreased.

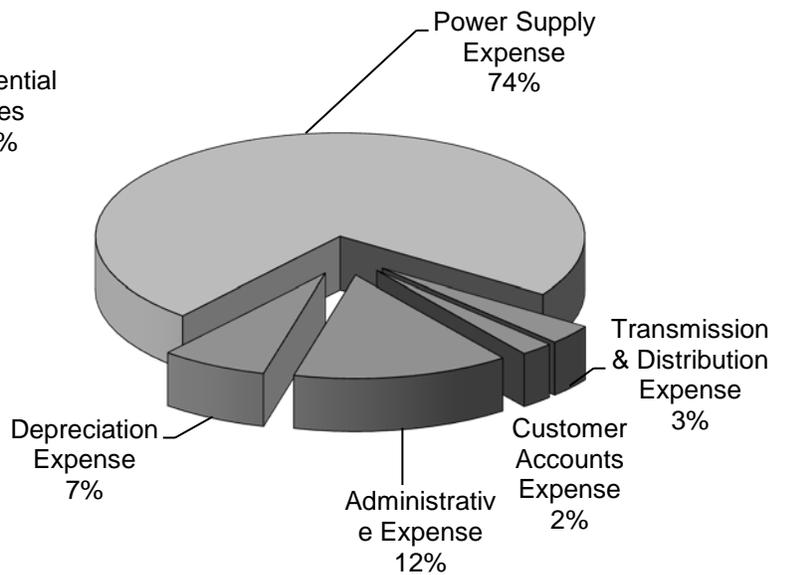
In 2013, the Light Plant is expected to have an operating income of \$1,870,538 and a net income of \$2,420,520. With the addition to the net income of the depreciation expense of \$2,420,520 and the subtraction of \$760,000 for debt principal repayment and \$447,800 for payment in lieu of taxes, the amount of current resources projected to be available for capital purposes is \$2,808,585.

From 2012 to 2013, the cost of the plant (the total worth of the CMLP capital assets) is projected to increase from \$53.8 million to \$58.3 million. As a result, the 2013 rate of return is projected to be 2.8% as compared to 4.4% in 2012.

2013 Operating Revenues
Totaling \$24,480,458



2013 Operating Expenditures
Totaling \$22,609,920



OPERATING REVENUES

Calendar Year:	2010 Actual	2011 Actual	2012 Actual Prelim.	2013 Budget
Sales of Electricity:				
Residential Sales	\$ 9,861,192	\$ 10,622,833	\$ 10,379,720	\$ 10,912,825
Commercial and Industrial Sales	12,293,138	13,073,692	12,027,373	12,923,926
Municipal Sales:				
Street Lighting	49,461	53,437	66,590	69,000
Lighting and Water Heating for Mun. Bldgs. & Reg. School	1,479,749	1,586,585	1,407,368	1,541,718
Miscellaneous Sales	9,907	12,017		-
Operating Revenues Billed Total	\$ 23,693,447	\$ 25,348,564	\$ 23,881,051	\$ 25,447,469
Net Change in Unbilled Revenues	105,669	46,937	(80,318)	-
Provision for CARES	-	(201,950)	-	-
Provision for Rate Refund	594,980	(472,596)	886,202	(967,011)
Provision for Rate Stabilization	3,095,663	2,292,193	3,085,567	-
Operating Revenues Total	\$ 27,489,759	\$ 27,013,148	\$ 27,772,502	\$ 24,480,458

OPERATING SALES (kWh)

Calendar Year:	2010 Actual	2011 Actual	2012 Actual Prelim.	2013 Budget
Kilowatt-hours Sold:				
Residential Sales	72,428,282	71,866,079	70,252,860	72,918,033
Commercial and Industrial Sales	98,318,542	95,629,616	89,810,534	94,242,861
Municipal Sales:				
Street Lighting	469,232	347,597	448,125	479,100
Lighting and Water Heating for Mun. Bldgs. & Reg. School	11,375,674	11,148,165	10,524,850	11,117,006
Electric Sales Billed Total	182,591,731	178,991,457	171,036,369	178,757,000
<i>Source: 2010 & 2011 data are actual data from audited financial statements; 2012 data is from preliminary unaudited financial statements; 2013 data is the budget adopted by the Municipal Light Board.</i>				

OPERATING EXPENSES (\$)

Calendar Year:	2010 Actual	2011 Actual	2012 Actual Prelim.	2013 Budget
Operating Accounts:				
Power Supply Expense	\$21,122,673	\$20,295,422	\$20,884,940	\$16,583,785
Transmission & Subtrans. Expenses:				
Operation	21,697	6,439	4,265	5,000
Maintenance	73,530	97,126	103,289	91,040
	<u>\$95,227</u>	<u>\$103,565</u>	<u>\$107,554</u>	<u>\$96,040</u>
Distribution Expenses:				
Operation	196,950	173,656	230,622	190,500
Maintenance	455,941	425,539	438,140	418,500
	<u>\$652,891</u>	<u>\$599,195</u>	<u>\$668,762</u>	<u>\$609,000</u>
Customer Accounts Expenses:				
Supervision	6,715	5,337	5,340	5,000
Meter-reading Labor and Expenses	2,274	2,579	2,036	7,800
Billing, Collecting, & Assoc. Costs	132,599	143,959	165,714	170,000
Uncollectible Accounts	11,461	12,025	39,378	16,600
Customer Information Services	258,008	312,431	313,841	288,607
	<u>\$411,057</u>	<u>\$476,331</u>	<u>\$526,309</u>	<u>\$488,007</u>
Administrative & General Expenses:				
Operations:				
Administrative & General Salaries	866,602	887,189	914,164	995,554
General Fund Services	265,577	308,290	344,013	342,000
Office Supplies and Expense	97,598	65,928	64,271	86,820
Outside Services Employed	289,080	272,750	169,882	277,440
Property Insurance	44,925	44,962	44,718	42,950
Employee Pensions & Group Ben.	697,865	666,160	695,362	871,747
Employee Training	59,458	48,445	39,429	52,400
Sick Leave/Vac. Leave/Holidays	378,890	351,663	407,222	345,938
Miscellaneous Expenses	4,024	41,757	80,195	59,275
Maintenance of General Plant	166,685	186,546	180,388	163,100
	<u>\$2,870,706</u>	<u>\$2,873,690</u>	<u>\$2,939,642</u>	<u>\$3,237,224</u>
Operating Accounts Subtotal	\$25,152,554	\$24,348,203	\$25,127,207	\$21,014,055
Depreciation Expense	\$1,425,021	\$1,445,356	\$1,475,394	\$1,595,865
Operating Expenses Total	\$26,577,575	\$25,793,559	\$26,602,601	\$22,609,920

Source: 2010 & 2011 data are actual data from audited financial statements; 2012 data is from preliminary unaudited financial statements; 2013 data is the budget adopted by the Municipal Light Board.

AUTHORIZED POSITIONS

		July 1, 2012 - June 30, 2013		July 1, 2013 - June 30, 2014		
		Fiscal Year 2013		Fiscal Year 2014		
Code	Position Title	Grade	# Positions	\$ Amount	# Positions	\$ Amount
	Director	EM-4	1	123,000	1	123,000
	Engineering & Optns. Mgr.	EM-3	1	105,064	1	105,064
	Assistant Director	EM-3	1	112,704	1	112,704
	Electrical Engineer	EM-2	1	75,992	1	75,992
	Financial Administrator	MP-4	1	86,599	1	86,709
	Telecommunications Coord.	MP-4	1	73,432	1	73,432
	Civil Engineer	MP-3	1	71,892	1	71,892
	Customer Service Admin	MP-3	1	69,523	1	69,523
	Energy Conservation Coord.	MP-3	1	72,748	1	72,748
	Meter Supervisor	EM-1	1	73,145	1	73,145
	Utility Software Coordinator	MP-2	1	64,439	1	64,439
	Senior Eng. Technician	MP-2	1	63,031	1	63,031
	Engineering Technician	MP-1	2	106,309	2	106,309
	Office Accountant	MP-2	1	58,042	1	60,359
	Sr. Administrative Assistant	ACL-5	1	55,443	1	55,458
	Sr. Account Clerk	ACL-3	1.75	88,533	1.75	89,080
	Sr. Department Clerk	ACL-3	2	89,280	2	91,205
	Line Supervisor	EL-6	1	94,316	1	95,986
	Lead Line Worker	EL-5	2	175,769	2	177,209
	Lineworker, Grade 1	EL-4	6	458,691	6	476,798
	Lineworker, Grade 2	EL-3	0		0	0
	Lineworker, Grade 3	EL-2	0	0	0	0
	Utility Electrician	EL-3	1	68,173	1	68,737
	Meter Technician	EL-2	1	54,856	1	55,646
	Master Mechanic	TCL-5	1	63,780	1	64,311
	Crew Leader	TCL-5	1	57,981	1	58,047
	Equipment/Line Operator	TCL-4	1	49,900	1	49,904
	Building Maintenance Cust.	TCL-2	1	45,676	1	46,020
	Technology Director	MP-7	0.40	43,118	0.40	43,118
	GIS / Applications Manager	MP-4	0.00	0	0.20	15,421
	Information Syst. Asst.	MP-2	0.20	12,436	0.20	12,569
	FTE Subtotal		35.35	\$2,343,909	35.55	\$2,381,067
	Line Worker Stand-by Pay		1320 hrs.	46,339	1320 hrs.	46,719
	Engineering Stand-by Pay			31,320		31,320
	Salary Subtotal			2,421,957		2,460,050
	Allowance for Salary Increases					95,243
517X	Group Insurance:					
	Health, Life, Dental			227,918		227,918
	Retirement			321,625		392,747
	OPEB Contribution			165,400		173,855
	Soc. Sec. & Medicare Tax			30,500		34,000
	Clothing Allowance			3,600		3,600
	Benefits Subtotal			749,043		832,120
	Personnel Services Total			\$3,171,000		\$3,387,413

DEBT SERVICE

	FY11 Actual	FY12 Actual	FY13 Actual Prelim.	FY14 Budget
Long Term Debt (Cash Basis):				
Principal	\$530,000	\$765,000	\$760,000	\$760,000
Interest	139,678	172,930	157,699	127,574
Totals	\$669,678	\$937,930	\$917,699	\$887,574
Calendar Year:	2010	2011	2012	2013
	Actual	Actual	Actual Prelim.	Budget
Accrued Interest Expensed	\$109,935	\$160,922	\$160,939	\$190,778

PAYMENTS TO THE GENERAL FUND

Town Fiscal Year Basis	FY11 Actual	FY12 Actual	FY13 Rev. Budget	FY14 Estimate
Financial & Administrative Services:				
Town Manager's Account	\$87,999	\$91,751	\$96,026	\$96,151
Town Accountant:				
General Services	45,673	47,669	49,926	50,644
Audit Services	1,500	1,500	1,500	1,500
Treasurer-Collector	52,082	53,240	54,768	55,006
Finance Administration	38,994	41,643	42,186	42,595
Human Resources	40,223	48,998	53,883	53,665
Town House Facilities	5,824	5,964	5,743	5,456
Subtotal	272,295	290,765	304,032	305,017
Natural Resource Protection:				
Planning	\$8,478	\$8,930	\$9,186	\$9,334
Natural Resources	\$17,276	\$18,629	\$19,241	\$19,165
Subtotal	\$25,754	\$27,559	\$28,427	\$28,499
Landscaping @ Substations:				
Parks & Trees	\$5,310	\$7,225	\$7,225	\$7,225
GIS Administrator:				
CPW Engineering	\$3,301	\$3,434	\$3,576	\$2,825
Accounting Adjustment			\$753	
Total	\$306,660	\$328,983	\$344,013	\$343,566
Payment in Lieu of Taxes (PILOT)	\$380,000	\$380,000	\$385,000	\$447,800
Calendar Year of PILOT Payment	2010	2011	2012	2013

NET INCOME

Calendar Year:	2010 Actual	2011 Actual	2012 Actual Prelim.	2013 Budget
Statement of Net Income:				
Operating Revenues	\$ 27,489,759	\$ 27,013,148	\$ 27,772,502	\$ 24,480,458
Less Operating Expenses	<u>(26,577,575)</u>	<u>(25,793,559)</u>	<u>(26,602,601)</u>	<u>(22,609,920)</u>
Operating Income	912,184	1,219,589	1,169,901	1,870,538
Plus:				
Interest & Dividend Income	\$ 82,172	\$ 54,672	\$ 34,234	\$ 40,000
Underground Surcharge	355,285	380,111	358,490	368,673
Conservation & Renewable Energy	123,180	131,772	124,272	127,807
Power Factor Penalty	-	-	-	60,000
Miscellaneous Income	<u>80,602</u>	<u>178,144</u>	<u>200,319</u>	<u>137,734</u>
Non-Operating Income Subtotal	641,239	744,699	717,315	734,214
Gross Income	1,553,423	1,964,288	1,887,216	2,604,752
Less Non-Operating Expense:				
Interest on Bonds (accrued expense)	(109,935)	(160,922)	(166,707)	(190,778)
Amortization of Debt Expense	(1,553)	2,096	6,350	7,196
Other Expenses	<u>-</u>	<u>1,315</u>	<u>(581)</u>	<u>(650)</u>
Subtotal	(111,488)	(157,511)	(160,938)	(184,232)
Net Income	\$ 1,441,935	\$ 1,806,776	\$ 1,726,277	\$ 2,420,520
Gains/Losses on Retirement of Plant	(224,159)	8,570	-	-
Transfers Out - Pilot	(380,000)	(380,000)	(385,000)	(447,800)
Change in Net Assets	837,776	1,435,346	1,341,277	1,972,720

AVAILABLE RESOURCES

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

	Calendar Year:	2010	2011	2012	2013
		Actual	Actual	Actual Prelim.	Budget
From:					
Depreciation Expense		\$1,425,021	\$1,445,356	\$1,475,394	\$1,595,865
Net Income		1,441,935	1,806,776	1,726,277	2,420,520
	Subtotal	2,866,956	3,252,132	3,201,671	4,016,385
Less:					
Debt Principal Repayment		(530,000)	(765,000)	(760,000)	(760,000)
Payment in Lieu of Taxes		(380,000)	(380,000)	(385,000)	(447,800)
	Subtotal	(910,000)	(1,145,000)	(1,145,000)	(1,207,800)
Net from Current Operations Available for Capital Purposes:		\$1,956,956	\$2,107,132	\$2,056,671	\$2,808,585
Cost of Plant @ Year End: (Utility Plant in Service)		\$48,862,397	\$49,863,660	\$53,879,361	\$58,320,323
Net from Current Operations as % of Cost of Plant:		4.0%	4.2%	3.8%	4.8%
<u>Cost of Plant:</u>					
Beginning		48,184,554	48,862,397	49,863,660	53,879,361
Additions		1,194,417	1,337,589	4,222,045	5,495,200
Less Retirements		(516,574)	(336,326)	(206,344)	(1,054,238)
	Ending	\$48,862,397	\$49,863,660	\$53,879,361	\$58,320,323

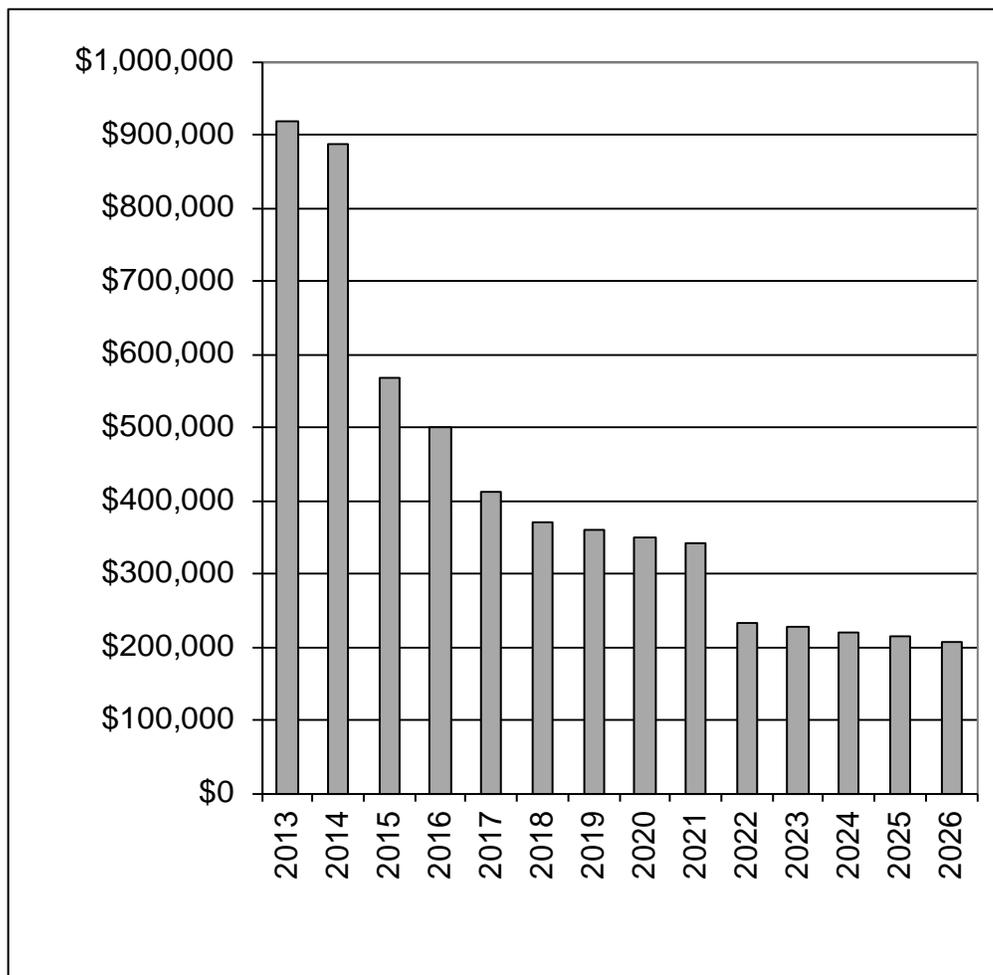
RATE OF RETURN

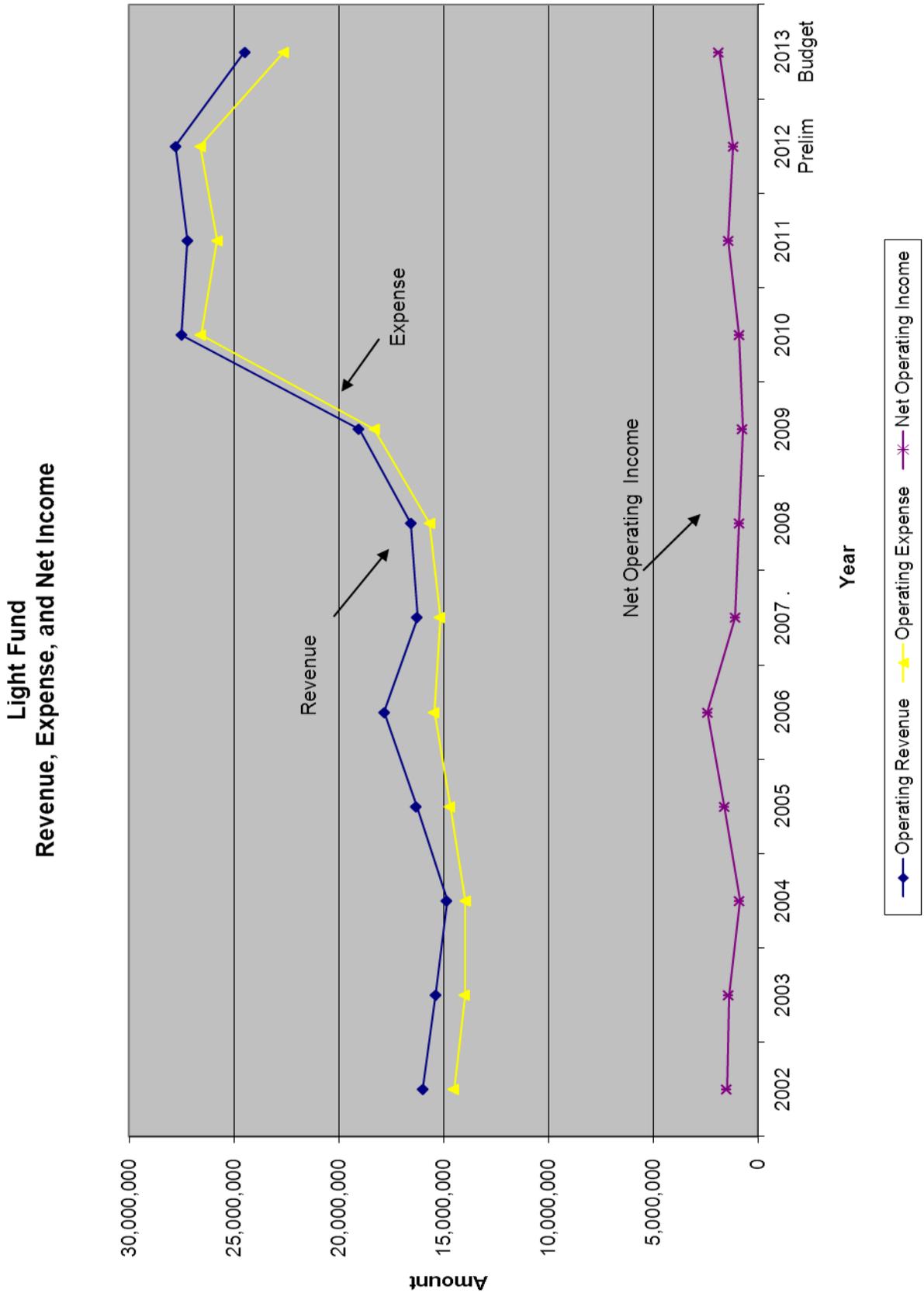
Rate of Return Analysis:

	Calendar Year:	2010	2011	2012	2013
		Actual	Actual	Actual Prelim.	Budget
Net Income		\$1,441,935	\$1,806,776	\$1,726,277	\$2,420,520
Less Debt Principal Repaid (accrual basis)		530,833	670,417	634,167	(760,833)
	Net Return	1,972,768	2,477,193	2,360,444	1,659,687
Cost of Plant @ Year End		\$48,862,397	\$49,863,660	\$53,879,361	\$58,320,323
% Return (Net Return ÷ Cost of Plant)		4.0%	5.0%	4.4%	2.8%

LIGHT FUND DEBT SERVICE

Calendar Year	Principal	Interest	Total
2013	760,000	157,699	917,699
2014	760,000	127,574	887,574
2015	460,000	107,894	567,894
2016	405,000	95,700	500,700
2017	330,000	81,450	411,450
2018	300,000	71,250	371,250
2019	300,000	59,250	359,250
2020	300,000	50,250	350,250
2021	300,000	41,250	341,250
2022	200,000	32,250	232,250
2023	200,000	26,250	226,250
2024	200,000	20,250	220,250
2025	200,000	13,750	213,750
2026	200,000	7,000	207,000
Totals	\$4,915,000	\$891,817	\$5,806,817



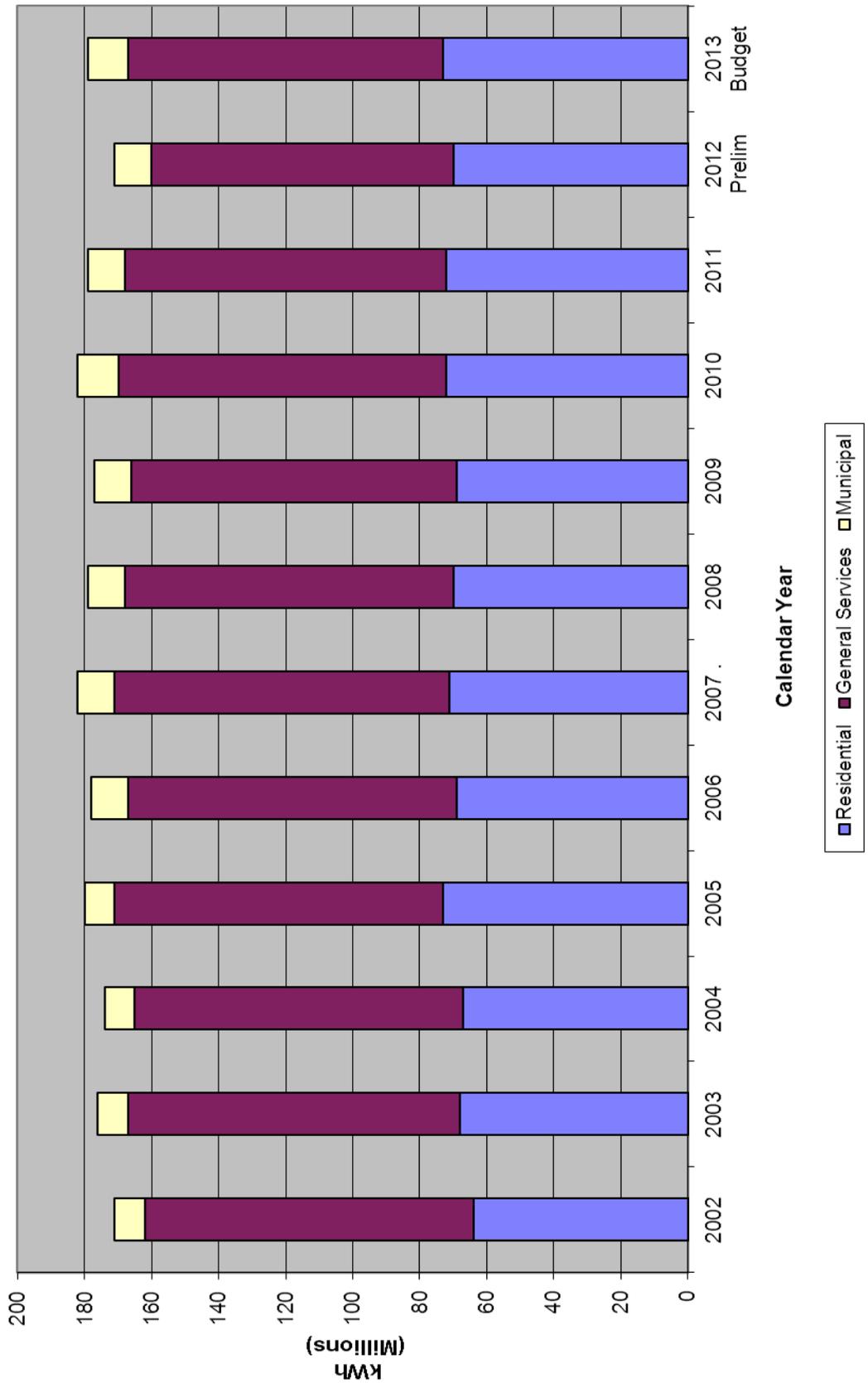


CMLP CASH FLOW PROJECTION - CY2013

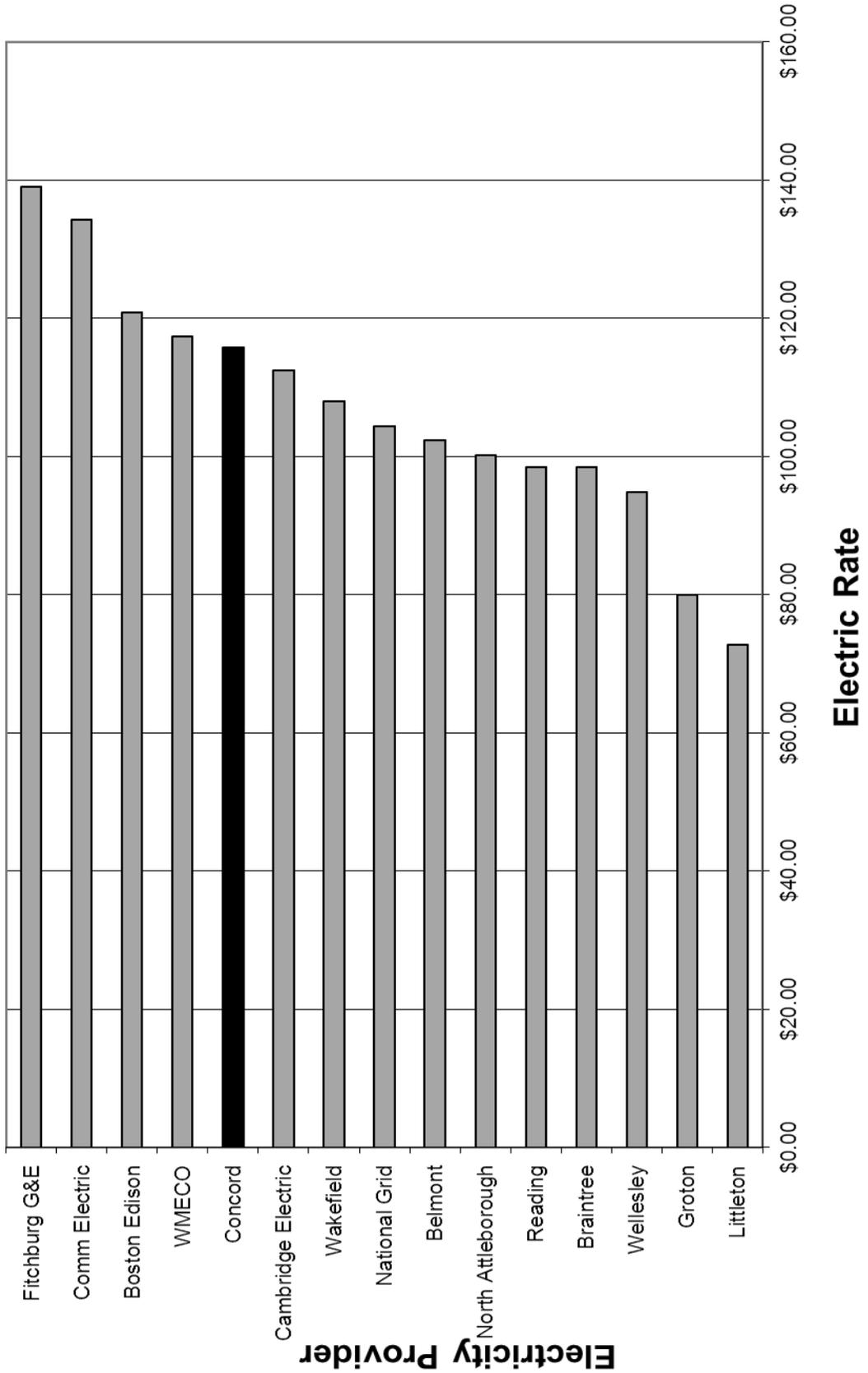
Line No.	Description (a)	Operating (b)	Customer Deposits (c)	Emergency Reserve (d)	Rate Stab. Reserve (e)	Other (f)	Subtotal (g)	Depreciation (h)	Underground (i)	CARES Fund (j)	Total (k)
1	Cash @ 1/1/13	\$ 6,257,358	\$ 324,123	\$ 1,130,000	\$ 280,068	\$ 1,439,801	\$ 9,431,350	\$ 1,540,844	\$ 430,206	\$ 195,285	\$ 11,597,685
2	ADD SOURCES:										
3	Depreciation Expense							1,595,865			1,595,865
4	Surcharges (UG and CA RES)								368,673	127,807	496,480
5	Transfer										
6	Operating Income	1,870,538					1,870,538				1,870,538
7	Other Income	197,734					197,734				197,734
8	Bond Proceeds										
9	Rate Stabilization charge										
10	Interest Earned	34,000	see note 1	see note 1	see note 1	see note 1	34,000	4,500	1,500	see note 1	40,000
11	Subtotal - sources	\$ 2,102,272	\$ -	\$ -	\$ -	\$ -	\$ 2,102,272	\$ 1,600,365	\$ 370,173	\$ 127,807	\$ 4,200,617
12	LESS USES:										
13	System Improvements										
14	Bond Interest Expense	161,776					161,776				161,776
15	Use of Rate Stabilization										
16	Misc. non-oper. expenses	(6,546)					(6,546)				(6,546)
17	PLOT (to Town General Fund)	447,800					447,800				447,800
18	Bond Principal repayment	760,000					760,000				760,000
19	Subtotal - uses	\$ 1,363,030	\$ -	\$ -	\$ -	\$ -	\$ 1,363,030	\$ 1,132,700	\$ 192,500	\$ -	\$ 1,688,230
20	Cash @ 12/31/13 (projected)	\$ 6,996,600	\$ 324,123	\$ 1,130,000	\$ 280,068	\$ 1,439,801	\$ 10,170,592	\$ 2,008,509	\$ 607,879	\$ 323,092	\$ 13,110,972

* NOTE 1: Interest on these funds is credited to the Operating Fund

Concord Municipal Light Plant
Electricity Sales



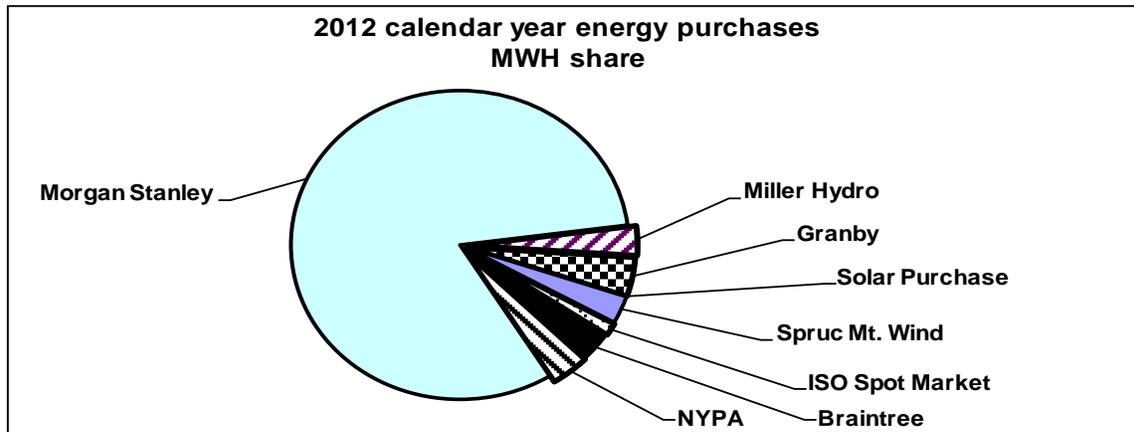
Residential Electric Rate Comparison
at 750 kWh for November 2012



2012 Energy Purchases

	<u>MWH</u>	<u>Cost</u>	<u>\$ per MWH</u>	<u>Share of MWH</u>	<u>Share of cost</u>
ISO Spot Market	2,390	\$220,677	\$92.33	1.32%	1.50%
Braintree	5,426	\$334,615	\$61.67	3.00%	2.27%
NYPA	6,721	\$88,129	\$13.11	3.72%	0.60%
Morgan Stanley	147,889	\$12,951,622	\$87.58	81.85%	87.81%
Miller Hydro	5,554	\$352,672	\$63.50	3.07%	2.39%
Granby	7,410	\$455,476	\$61.47	4.10%	3.09%
Solar Purchase	64	\$2,733	\$42.70	0.04%	0.02%
Spruc Mt. Wind	5,219	\$342,950	\$65.71	2.89%	2.33%
	<u>180,673</u>	<u>\$14,748,874</u>	<u>\$81.63</u>		

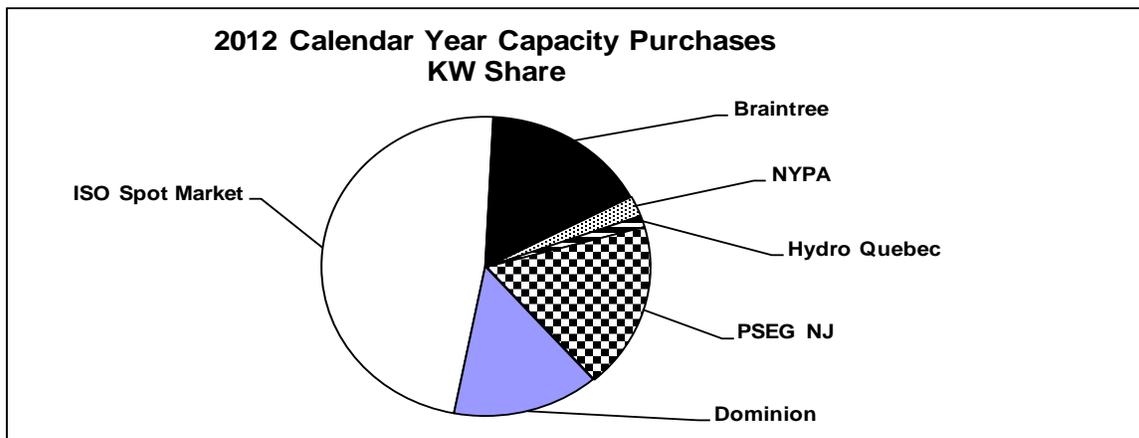
**2012 calendar year energy purchases
MWH share**



2012 Capacity Purchases

	<u>KW</u>	<u>Cost</u>	<u>\$ per KW</u>	<u>Share of KW</u>	<u>Share of Cost</u>
ISO Spot Market	320,490	\$1,095,162	\$3.42	47.74%	32.11%
Braintree	110,472	\$1,171,906	\$10.61	16.45%	34.37%
NYPA	14,879	\$48,103	\$3.23	2.22%	1.41%
Hydro Quebec	8,335	\$56,886	\$6.82	1.24%	1.67%
PSEG NJ	120,000	\$469,474	\$3.91	17.87%	13.77%
Dominion	97,200	\$568,620	\$5.85	14.48%	16.67%
	<u>671,376</u>	<u>\$3,410,151</u>	<u>\$5.08</u>		

**2012 Calendar Year Capacity Purchases
KW Share**



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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Revenues and Expenditures	pp. 6-11
Capital Spending	pp. 12-13
Water Proforma	pp. 14
Water Rates and System Map	pp. 15-16

Water Fund Highlights

- The proposed FY14 base level (Step 1) water rate of \$4.41 per unit represents a 4% increase over the FY13 rate of \$4.24 per unit. *See pages IV-3 and IV-14.
- The proposed FY14 capital investment plan is \$1.5 million.
- Nagog Pond Filtration : A budget allowance of \$642,000 is proposed for a master planning and preliminary design of a Nagog Filtration Plant.
- Water Main Replacement: A budget allowance of \$400,000 is proposed for multi-year activities planned for the Southfield/Riverdale Road neighborhood.
- The proposed FY14 Operating Income is \$778,292 and Net Income is \$634,936.

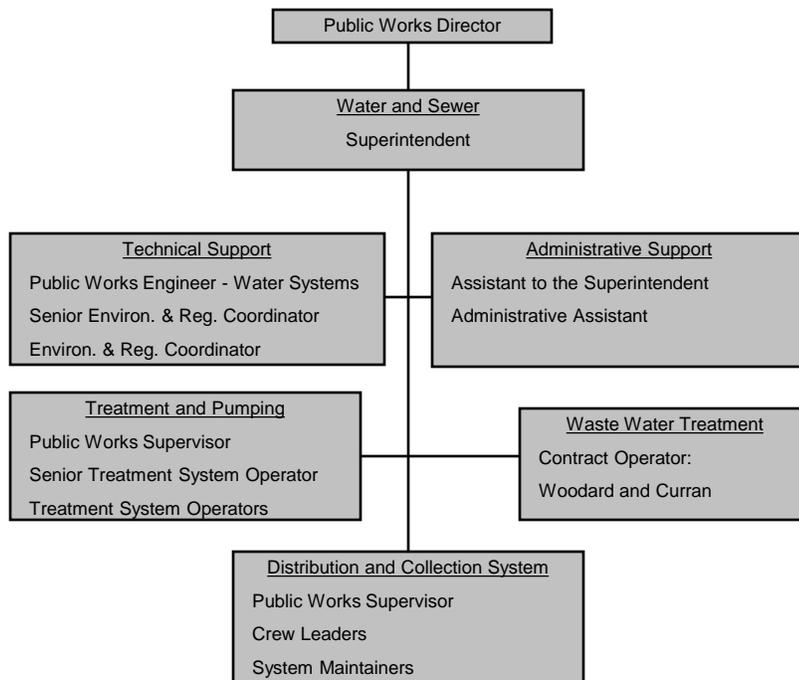
Expenditure Summary				
	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Proposed
Operating Income	\$ 1,199,850	\$ 1,166,195	\$ 909,740	\$ 778,292
Net Income	\$ 1,084,369	\$ 991,054	\$ 746,498	\$ 634,936
Fund Balance	\$ 6,083,940	\$ 5,362,161	\$ 4,962,367	\$ 4,502,854

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 2012, the total value of infrastructure assets was approximately \$19.5 million.

There are presently 5,530 customers receiving potable water service and fire protection from the Town water system. This represents approximately 95% of Concord residents and businesses, along with a small number of Acton properties located on Route 2A.



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



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.

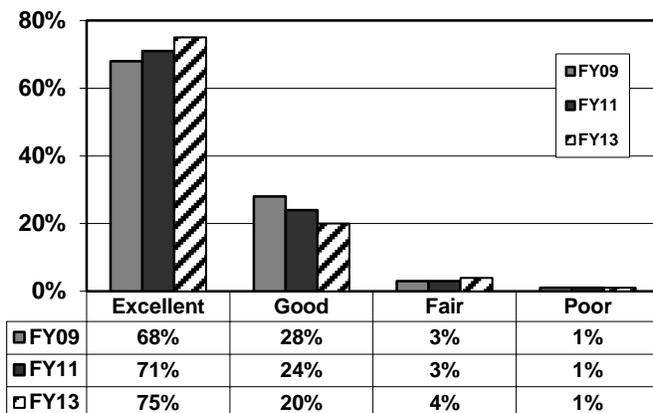
Since the Water Enterprise fund was formally established in 1974, there have been no property tax contributions requested to subsidize annual operations or maintenance of pre-existing infrastructure. Taxpayer contributions would only be sought for major system expansion projects or facility upgrades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

Citizen Survey

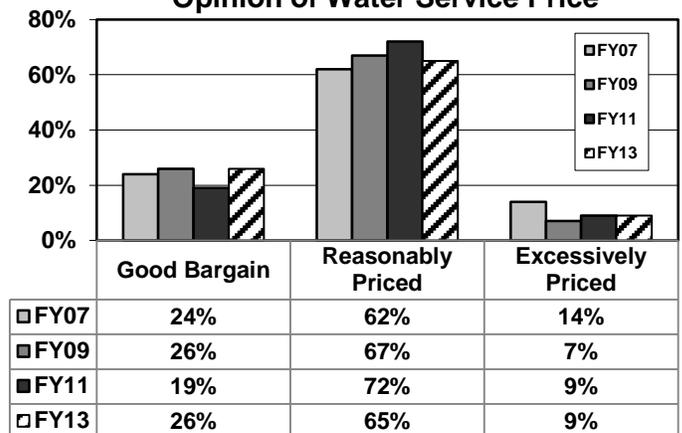
In the fall of 2009, 2011, and 2013 the Town conducted telephone surveys of 300 randomly selected Concord residents. For the Water Division, two questions were asked. Below left are the results of the question, “How would you rate the overall quality of water service?” Of those who said they use the service, the vast majority (75%) thought that the quality is Excellent and another (20%) thought it is Good.

Below right are the results of the question, “What is your opinion of the price of water service?” In FY13, of those who said they use the service, 26% thought that the price is a Good Bargain and 65% thought that it is Reasonably Priced. From FY09 to FY13, 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 FY14 is: **\$4,532,000** which represents 98% of total Water Fund revenues.

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

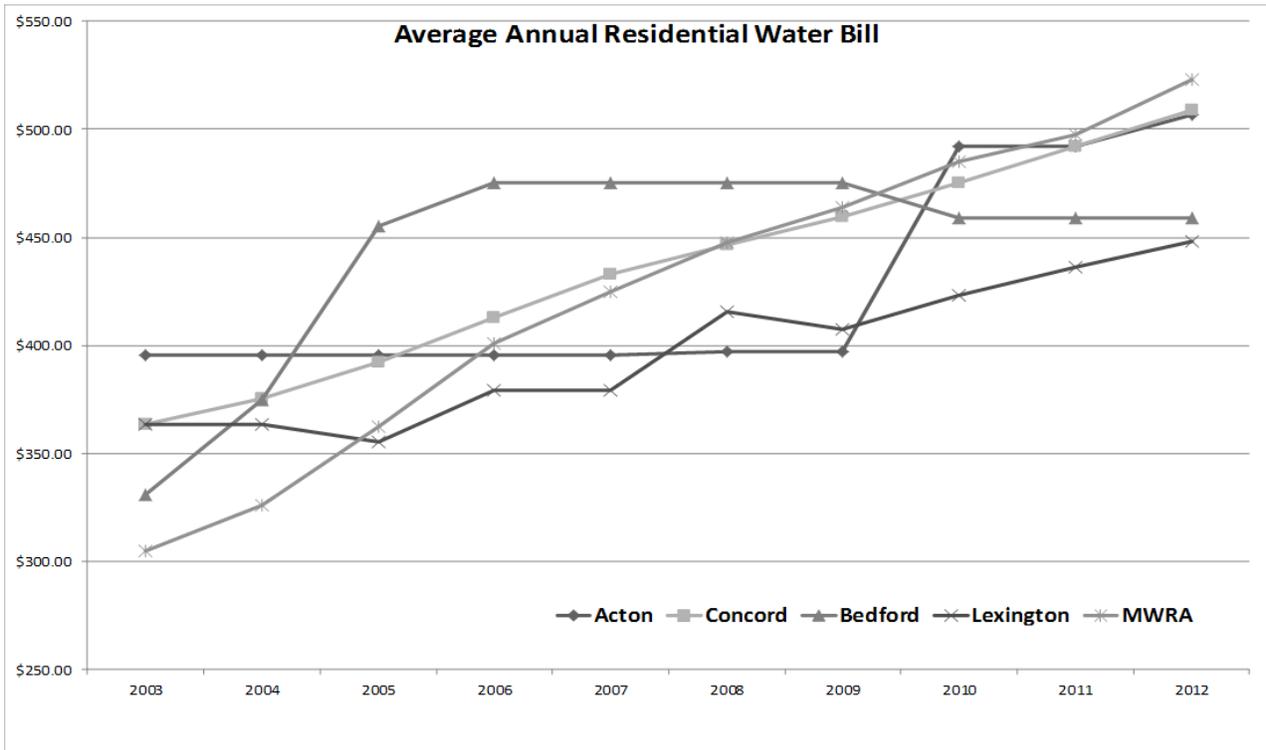
Rates are set each year by the Public Works Commission following a public hearing with the following goals:

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 FY14 proposed Residential Service (step 1) water rate is \$4.41 per unit (1 unit = 748 gallons)

- The FY14 rate of \$4.41 represents a 4% increase over the FY13 rate of \$4.24.
- In FY14, the average residential customer is expected to pay a total of \$397 in water use over the course of the year. The average residential customer is assumed to use 15 units bimonthly at the step 1 residential service cost of \$4.41 per unit.
- Customers who consume 25 or more units 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.



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 3% of systems within Massachusetts which have adopted a seasonal ascending-block conservation rate structure.

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.

State Water Policies:

On November 28, 2012 the Executive Office of Energy and Environmental Affairs (EEA) released a new policy framework outlining how they intended to address long-term drinking water allocation issues in the Commonwealth. While the details have yet to be finalized, it is clear that water utilities and their customers will be held to a high level of accountability, subject to the adoption of new regulations. The result will be significant and restrictive controls placed on all new requests for increased water withdrawals. This framework was developed within a Sustainable Water Management Initiative (SWMI) and will guide the Massachusetts Department of Environmental Protection (MassDEP) as they amend the Water Management Act (WMA) regulations, incorporating streamflow criteria into future permitting decisions. While increased cost for compliance is inevitable, there is growing concern that this program could introduce new uncertainty in long-range planning associated with water supply.

Water Management Act Permit Renewal:

The Water Management Act was established to allow the Department of Environmental Protection “to exercise general care and oversight of the natural resources of the Commonwealth and of its adjacent waters;...” When this Act was first adopted, public water supply systems withdrawal records were audited resulting in a “registered” volume of water which they could withdraw as a matter of “entitlement”, without regulatory conditions or controls. Subsequent to this initial registration, permits are issued to systems which have demonstrated a need to expand their withdrawal based upon system growth.

Concord has both a “registered” volume of 2.1 million gallons per day (MGD) and a permitted allowance of an additional 0.42 MGD. In accordance with Governor Patrick’s permit extension act (Section 173 of Chapter 240); Concord has been granted an automatic extension of its existing WMA permit until August 31, 2015. It is expected that the next permit may actually restrict Concord’s available capacity to the registered volume only.

Nagog Pond Water Treatment Update:

While the Town was able to maintain its federally issued filtration waiver for one more year, the Public Works Commission has determined that, based on increasing system and regulatory pressures, the time has come to evaluate feasible treatment alternatives and identify actual costs for design and construction of a suitable filtration facility. Environmental Partners Group of Weymouth, MA has been hired to perform this analysis with a goal of establishing this value in anticipation of seeking a bond authorization article, which will most likely be presented at the FY15 Annual Town Meeting. Until these numbers can be better quantified, the Water Fund has been carrying a \$6 million estimate within its capital improvement plan. Alternative funding sources, such as sale of property or siting of renewable energy facilities, will also be considered.



Program Highlights (continued)

Water Testing: In accordance with Massachusetts Department of Environmental Protection regulations, all routine and non-routine water quality testing activities continue to demonstrate that the drinking water provided to customers satisfies State and Federal requirements imposed on public water systems. A summary of the water quality test results is available on the Town website. In keeping with Concord's broader "sustainability" initiative, beginning with the spring of 2013 the Annual Water Quality Report will be available on the Town website; printed copies will be provided to interested parties upon request. As always, this report will include information on sources of supply, treatment systems, and water conservation opportunities as well.

Deaconess Satellite Well: Weston & Sampson developed design plans and specifications for the installation and development of a new satellite well and the redevelopment of an existing gravel pack well. All work required to restore the yield of this water supply site to its permitted capacity of 730 gpm was completed with DEP approval. Denis L. Maher Company (Ayer, MA) installed the new 12 by 18-inch diameter gravel-packed production well and redeveloped the original well. Nuwater Inc. (Seekonk, MA), was hired to furnish and install new well pumps, associated variable frequency drives, approximately 120 feet of 6-inch ductile iron water main, approximately 100 feet of flanged ductile iron water main, and associated valving and instrumentation.

Rt 2A Pumping Station: Nagog Pond: Barbato Construction Co. Inc. (Middleboro, MA) completed all construction related activities at the Rt. 2A Pump Station. The work included the installation of new outdoor dry well, emergency generator and UV disinfection equipment as well as the replacement of all chemical storage and feed systems, electric and instrumentation systems, and doors and windows. .

Dam Rehabilitation: Nagog Pond : Pare Associates (Foxborough, MA) completed necessary permitting activities and developed plans and specifications for the scheduled rehabilitation of Nagog Pond Dam. J. D'Amico Inc. (Randolph, MA) completed the actual reconstruction of this 15 foot high, 168 foot long concrete dam located in Acton, Massachusetts. Their work included the installation of cofferdam and control of water measures, removal and replacement of deteriorated concrete along the entire dam structure, the replacement of the low level outlet gate, installation of precast concrete culvert sections for proposed outlet channel alignments, placement of fill along the downstream side of the dam, installation of downstream slope erosion protection stone, and modification of existing water supply and pressurized sampling line configuration.

Mains (New/Replacement): James Fenton & Sons Contracting, Inc. (Acton, MA), as subcontractor to Lazaro Paving, completed water main replacement work along Belknap Street from the intersection of Thoreau Street west approximately 350 feet to an existing hydrant. The scope of work included the installation of a temporary water bypass piping system, the installation of new 8-inch cement-lined ductile iron (CLDI) water main (including the installation of individual service lines from the new main to shut-offs located near each property), and requisite pressure and water quality testing of this new main.

Smart Water Meter Pilot: Now that the Town's "smart grid" communication network is available, the Water and Sewer Division will begin to evaluate and pilot "smart" water meter systems for improved data collection and reporting options. As water becomes an increasingly precious resource, our goal is to provide businesses and residents alike with timely and useful information that will allow for greater awareness and control of site-specific water use practices. This results of the pilot program will also provide data as to where best to direct meter hardware and software investments in the immediate future as well as over the next decade.

SEMS Asset Management Initiative. Operations staff worked with a specialist from Woodard & Curran to develop a new water facility asset management database using an industry standard "SEMS" platform. The system will allow for automated and improved tracking and reporting of routine and non-routine operations and maintenance activities performed at each of our facilities.

Program Implementation

The proposed FY14 budget provides for an operating income of \$778,292 and a net income of \$634,936.

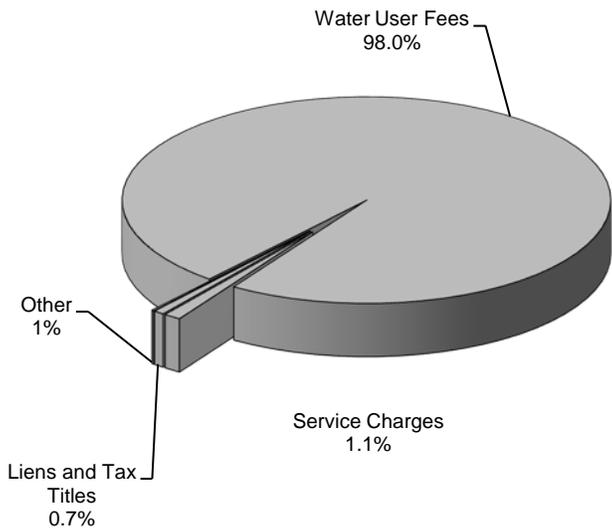
Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Water Division's approximately \$19.5 million worth of infrastructure (as of the end of FY12). The budgeted depreciation expense, totaling \$933,551, represents a depreciation of roughly 4.8% of these capital assets in FY14.

Personnel Services are budgeted to total \$1,205,261 in FY14, a 5% increase from the revised FY13 total of \$1,147,467. This includes a significant increase in the water fund contribution to retirement funds based on the 2012 actuarial valuation. As part of the reorganization of the Geographic Information System (GIS) function in the Town, the FY14 budget proposes that funds presently allocated for the temporary GIS Intern position be re-allocated to partially fund a permanent GIS/IT Program Analyst position which will support all CPW activities.

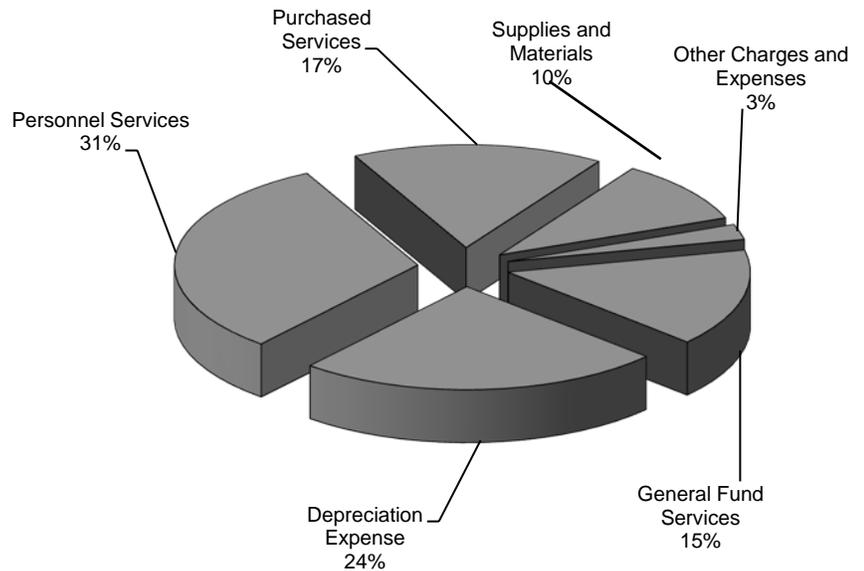
The next largest expense categories are for electricity (\$259,050) and chemicals (\$215,877); these vary widely from year-to-year based on the demand for water. Budgets for these accounts are based on anticipating a relatively strong demand for water. This demand is directly affected by weather trends as well as the water conservation behavior of customers.

The FY14 Budget also includes \$50,000 as the Water Fund's share for the conversion of the billing software to a new version. The cost of the upgrade is shared with the Light Plant which uses the same software for electric billing.

Operating Revenues
Totaling \$4,623,000



Operating Expenditures
Totaling \$3,844,708



OPERATING REVENUES

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Water User Fees	\$ 4,264,308	\$ 4,060,703	\$ 4,412,000	\$ 4,532,000
Service Charges	67,130	215,520	51,000	52,000
Liens and Tax Titles	34,317	35,470	32,000	32,000
Other	8,574	13,621	7,000	7,000
Operating Revenues Total	\$ 4,374,329	\$ 4,325,314	\$ 4,502,000	\$ 4,623,000

OPERATING EXPENSES

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
<u>Personnel Services</u>				
Personnel Expenses	\$ 971,882	\$ 1,039,075	\$ 1,147,467	\$ 1,205,261
Audit Adjustment	(4,560)	(8,866)	-	-
Subtotal	\$ 967,322	\$ 1,030,209	\$ 1,147,467	\$ 1,205,261
<u>Non-Personnel Services</u>				
Purchased Services	521,036	423,434	582,865	643,251
Supplies & Materials	334,581	312,295	371,960	382,376
Other Charges & Expenses	46,969	57,303	81,789	92,621
Audit Adjustment	10,814	9,803	-	-
Subtotal	\$ 913,400	\$ 802,836	\$ 1,036,614	\$ 1,118,248
<u>Other</u>				
General Fund Services	511,732	532,935	555,471	587,648
Transfer to Road Repair Fund	16,840	-	-	-
Retirement Assessment	24,966	35,345	-	-
Depreciation Expense	740,219	757,794	852,708	933,551
Subtotal	\$ 1,293,757	\$ 1,326,074	\$ 1,408,179	\$ 1,521,199
Total Operating Expense	\$ 3,174,479	\$ 3,159,119	\$ 3,592,260	\$ 3,844,708

RETIREMENT AND OPEB ASSESSMENT

<i>For Informational Purposes Only</i>				
	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
<u>Personnel Services</u>				
Retirement Assessment	\$ 24,966	\$ 35,345	\$ 36,158	\$ 63,590
OPEB Assessment	68,097	74,498	81,367	85,582
Total Assessment	\$ 93,063	\$ 109,843	\$ 117,525	\$ 149,172

AUTHORIZED POSITIONS

Regular Staff	FY13 Revised Budget		FY14 Initial Budget	
	\$ Amount	\$ Amount	Positions/Hours	\$ Amount
Water and Sewer Superintendent	\$ 83,747	0.80 FTEs	\$ 84,069	0.80 FTEs
Public Works Engineer	13,602	0.20	13,602	0.20
Assistant to Superintendent	65,876	0.80	65,876	0.80
Sr. Environ. & Regulatory. Coord.	57,465	0.80	57,686	0.80
Environ. & Regulatory. Coord.	37,911	0.80	38,986	0.80
Administrative Assistant	45,214	0.80	46,500	0.80
Public Works Supervisor	120,270	1.60	123,742	1.60
Crew Leader	100,735	1.60	103,712	1.60
Senior Treatment Systems Operator	49,571	0.80	51,004	0.80
Treatment System Operator	88,748	1.60	87,624	1.60
System Maintainer	174,854	4.00	183,731	4.00
Standby Pay (5111)	13,169	0.17	13,510	0.17
Charges to Snow Account	(4,328)	-0.08	(4,328)	-0.08
Charges to Capital Projects	(18,516)	N/A	(19,534)	0
Vacancy Savings	-	0	-	0
Salary Adjustments	-	-	19,599	-
Subtotal	\$ 828,318	13.89 FTEs	\$ 865,779	13.89 FTEs
5120				
Environmental Technology Intern	\$ -	0 hrs.	\$ -	0 hrs.
GIS Project Specialist	14,014	728 hrs.	2,156	112 hrs.
Subtotal	\$ 14,014	0.35 FTEs	\$ 2,156	0.05 FTEs
Employee Benefits				
Health Insurance	\$ 76,582	N/A	\$ 76,582	N/A
Life Insurance	-	N/A	-	N/A
Dental Insurance	-	N/A	-	N/A
Retirement Contribution	36,158	N/A	62,590	N/A
OPEB Contribution	81,367	N/A	85,528	N/A
Subtotal	\$ 194,107	N/A	\$ 224,700	N/A
Payroll Taxes				
Medicare Tax	\$ 9,500	N/A	\$ 10,100	N/A
Social Security Contribution	1,500	N/A	1,900	N/A
Subtotal	\$ 11,000	N/A	\$ 12,000	N/A
Other Personnel Costs				
Overtime (5130)	\$ 82,904	1800 hrs.	\$ 78,679	1900 hrs.
Overtime Adjustments (5130)	-	N/A	1,180	N/A
Salary Adjustment OT (5130)	-	N/A	-	N/A
Police Overtime (5131)	7,400	800 hrs.	7,400	800 hrs.
Mobile Phone Allowance	3,456	N/A	3,456	N/A
IT Salary (5199)	6,268	N/A	9,911	N/A
Subtotal	\$ 100,028	N/A	\$ 100,626	N/A
Total Personnel Costs	\$ 1,147,467	14.24 FTEs	\$ 1,205,261	13.95 FTEs

NET INCOME

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY4 Budget
Statement of Net Income:				
Operating Revenues	\$ 4,374,329	\$ 4,325,314	\$ 4,502,000	\$ 4,623,000
Less Operating Expenses	(3,174,479)	(3,159,119)	(3,592,260)	(3,844,708)
Operating Income	\$ 1,199,850	\$ 1,166,195	\$ 909,740	\$ 778,292
Nonoperating Revenues (Expenses)				
Add Investment Income	\$ 18,111	\$ 19,626	\$ 14,902	\$ 22,788
Add Other Revenue	\$ 43,873	\$ -		
Less Interest Expense	(177,465)	(194,767)	(177,744)	(161,144)
Issuance Expense	-	-	(400)	(5,000)
Nonoperating Income	\$ (115,481)	\$ (175,141)	\$ (163,242)	\$ (143,356)
Net Income	\$ 1,084,369	\$ 991,054	\$ 746,498	\$ 634,936

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Capital Purposes				
Add Depreciation Expense	\$ 740,219	\$ 757,794	\$ 852,708	\$ 933,551
Add Net Income	1,084,369	991,054	746,498	634,936
Add Debt Financing	1,500,000	-	400,000	-
Less Bonds Payable	(550,000)	(670,000)	(470,000)	(510,000)
Net Available for Capital	\$ 2,774,588	\$ 1,078,848	\$ 1,529,206	\$ 1,058,487

CASH POSITION AND FUND BALANCE FORECAST

Cash at Year Opening	FY13		FY14	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash on July 1st	\$ 5,167,220		\$ 4,767,426	
Add Receivables	786,964		786,964	
Add Inventory	44,940		44,940	
Less Cash held for Liabilities	(636,963)		(636,963)	
Fund Balance on July 1st	\$ 5,362,161		\$ 4,962,367	
Fund Balance Details (projected)	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Fund Balance on July 1st	\$ 4,145,847	\$ 1,216,314	\$ 4,052,572	\$ 909,795
Net Income	746,498	-	634,936	-
Borrowing Proceeds (Repayment)	(70,000)	-	(510,000)	-
User Fee Supported Capital Outlay	-	(1,159,227)	-	(1,118,000)
Borrowing Supported Capital	(769,773)	-	(400,000)	-
Add Depreciation Exp./Capital Rsv.	-	852,708	-	933,551
Balance Projected at June 30th	4,052,572	909,795	3,777,508	725,346
Fund Balance on June 30th	\$ 4,962,367		\$ 4,502,854	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 4,962,367		\$ 4,502,854	
Less Receivables	(786,964)		(786,964)	
Less Inventory	(44,940)		(44,940)	
Add Unspent Borrowing	-		-	
Add Cash Held for Liabilities	636,963		636,963	
Projected Cash at June 30th	\$ 4,767,426		\$ 4,307,913	

DEBT SERVICE

	FY11	FY12	Rev. FY13	FY14
Long-Term Debt Repayment	Actual	Actual	Budget	Budget
Principal	\$ 550,000	\$ 670,000	\$ 470,000	\$ 510,000
Interest	177,465	194,767	177,744	161,144
Debt Issuance Expense	-	-	400	5,000
Total	\$ 727,465	\$ 864,767	\$ 648,144	\$ 676,144

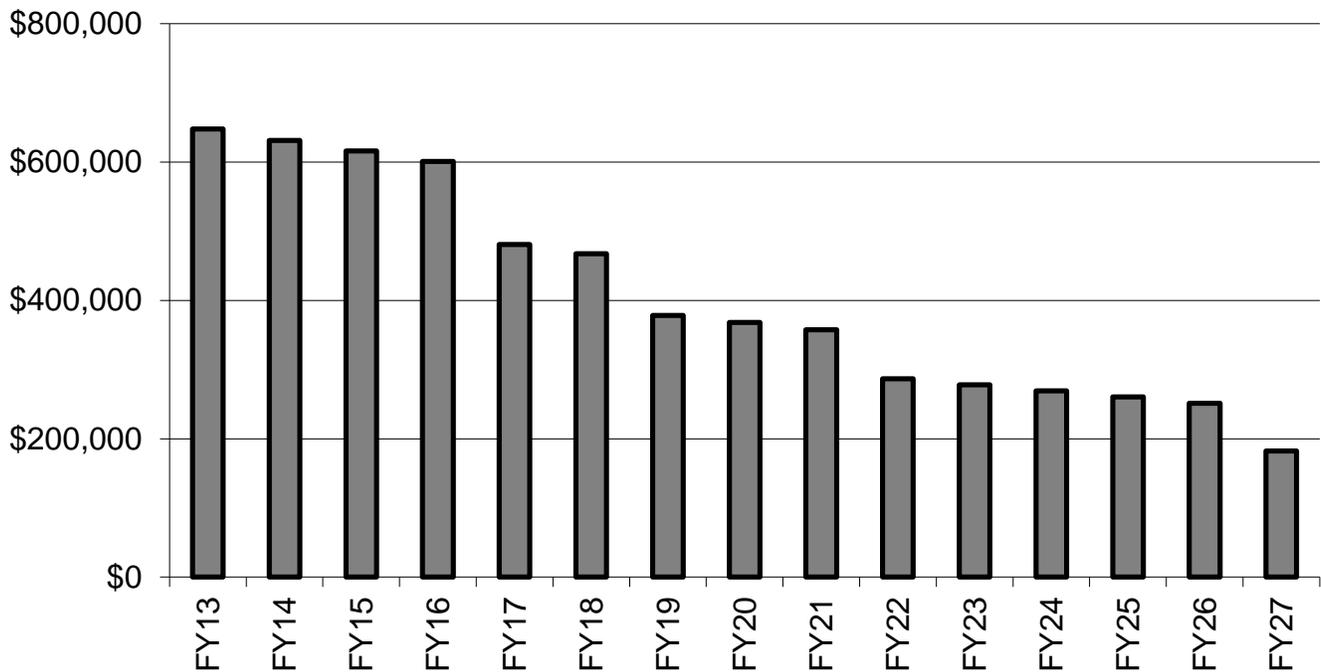
PAYMENTS TO THE GENERAL FUND

	FY11	FY12	Rev. FY13	FY14
	Actual	Actual	Budget	Budget
<u>Management & Engineering</u>				
Highway Maintenance	\$ 15,995	\$ 16,530	\$ 17,192	\$ 17,389
133/135 Keyes Road	49,476	45,511	49,168	47,980
Public Works Engineering	62,752	67,896	69,727	81,767
Public Works Administration	74,190	77,663	82,579	82,178
Subtotal	\$ 202,413	\$ 207,600	\$ 218,666	\$ 229,314
<u>Finance & Administrative</u>				
Town Manager	\$ 52,800	\$ 55,052	\$ 57,616	\$ 57,691
Human Resources	14,233	15,460	16,979	16,890
Town Accountant				
Accounting Services	43,494	45,491	47,661	48,329
Audit Services	6,000	6,000	6,000	6,000
Treasurer-Collector	46,652	48,041	49,876	50,161
Finance Administration	62,390	66,626	67,498	68,153
Information Systems (Direct Charge)	-	-	-	-
Town House Facility	6,990	7,157	6,891	6,547
Subtotal	\$ 232,559	\$ 243,827	\$ 252,521	\$ 253,771
<u>Natural Resources</u>				
Planning Administration	\$ 33,903	\$ 35,709	\$ 36,740	\$ 37,330
Natural Resource Protection	21,065	22,715	23,462	23,372
Health Department Services	21,792	23,084	24,082	24,781
Subtotal	\$ 76,760	\$ 81,508	\$ 84,284	\$ 85,483
Salary Reserve	-	-	-	19,080
Audit Adjustments	-	-	-	-
Totals	\$ 511,732	\$ 532,935	\$ 555,471	\$ 587,648

DEBT SERVICE SCHEDULE

(Issued through 6/30/2012)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY13	470,000	177,744	647,744
FY14	470,000	161,144	631,144
FY15	470,000	146,144	616,144
FY16	470,000	130,681	600,681
FY17	370,000	110,706	480,706
FY18	370,000	97,388	467,388
FY19	295,000	83,213	378,213
FY20	295,000	73,050	368,050
FY21	295,000	62,450	357,450
FY22	235,000	51,850	286,850
FY23	235,000	43,050	278,050
FY24	235,000	34,250	269,250
FY25	235,000	25,300	260,300
FY26	235,000	16,275	251,275
<u>FY27</u>	<u>175,000</u>	<u>7,175</u>	<u>182,175</u>
Totals	\$ 4,855,000	\$ 1,220,420	\$ 6,075,420



DISTRIBUTION SYSTEM

Mains (New/Replacement): \$400,000 - 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. The replacement/rehabilitation program is designed to replace aging and deteriorating main in a methodical and prudent manner. The plan of work for FY14 includes the completion of Phase I and a portion of Phase II activities in the Riverdale and Southfield Road neighborhood.

Smart Water Meter Program: \$105,000 - Water fund portion of costs associated with system-wide meter maintenance and replacement efforts. Effort and investment to be expanded to allow for the first phase of a multi-year meter system upgrade designed to improve meter-reading and demand management capabilities.

Hydrants: \$34,000 - The Water Division conducts annual hydrant inspection and replacement activities to insure that all hydrants operate properly. Budget includes costs to replace approximately 15 of the 1,200 hydrants in the distribution system.

STRUCTURES

Station Structures: \$57,000 - Annual capital outlay for improvements and replacement of station structures. Planned work includes rehabilitation of one of the nine groundwater wells and replacement of Second Division Well bulk storage system.

Pumping Station Equipment: \$22,000 - 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.

Reservoir Improvements: \$58,000 - Capital outlay for improvements and replacement of reservoirs. A detailed inspection of the Annursnac Hill Reservoir, a 2.5 million gallon storage structure, revealed long-term rehabilitation needs including the installation of a concrete liner and the replacement of the existing mixing system. Planned work includes costs to complete design effort.

Nagog Treatment Plant: \$642,000 – Due to continuation of successful resource protection and source management efforts, the Water Division has continued to maintain an existing filtration waiver. As a direct result of increasing regulatory and operational pressures, an evaluation of treatment technologies will be performed to better understand feasible alternatives with a goal of designing and constructing a filtration facility within the next few years.

GENERAL PLANT

Keys Road Facility \$90,000 - Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Planned work includes construction of electrical room rehab/upgrades to accommodate SCADA/Records Room needs and evaluation of a new covered storage area for rolling fleet and large equipment.

Vehicles \$77,000 - 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. Budget allowance includes the replacement of two service trucks and one 1-ton dump truck and body.

Miscellaneous Equipment \$21,000 - Miscellaneous equipment not included in 5-year capital equipment/vehicle plan.

SUPPLY/CAPACITY

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

CAPITAL SPENDING PLAN

Capital Activities	FY11	FY12	Rev. FY13	FY14
Distribution System	Actual	Actual	Budget	Estimate
Mains (0111)	\$ 202,003	\$ 229,813	\$ 340,000	\$ 400,000
Meters (0112)	9,616	25,539	50,000	105,000
Hydrants (0114)	28,157	32,129	33,000	34,000
Services (0113)	-	-	-	-
Bridge Main (0116)	-	-	-	-
Subtotal	\$ 239,776	\$ 287,481	\$ 423,000	\$ 539,000
Structures				
Station Structures (0121)	\$ 173,074	\$ 284,813	\$ 218,000	\$ 57,000
Pumping Station Equipment (0122)	20,451	42,611	22,000	22,000
Reservoir Improvements (129)	113,365	50,153	58,000	58,000
Nagog Improvements	87,917	-	224,000	642,000
Nagog - RT Pumping Station (323)	-	876,044	88,000	-
Nagog - Dam Reconstruction (332)	1,567	66,932	525,000	-
Nagog - Intake Design (333)	-	-	249,000	-
Treatment Optimization (0456)	10,837	-	-	-
Subtotal	\$ 407,211	\$ 1,320,553	\$ 1,384,000	\$ 779,000
General Plant				
135 Keyes Road (0135)	\$ 20,604	\$ 3,500	\$ 50,000	\$ 90,000
Vehicles (0236)	55,993	128,233	40,000	77,000
Miscellaneous Equipment	4,659	-	20,000	21,000
Depreciable - Personnel (0899)	15,792	17,521	-	-
Depreciable - Equipment (0899)	-	-	-	-
Subtotal	\$ 97,048	\$ 149,254	\$ 110,000	\$ 188,000
Supply and Capacity				
Source Protection (0124)	\$ 2,050	\$ -	\$ 12,000	\$ 12,000
Subtotal	\$ 2,050	\$ -	\$ 12,000	\$ 12,000
Audit Adjustments				
Audit Adjustment (Personnel)	\$ -	\$ -	\$ -	\$ -
Audit Adjustment (Other)	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -
Total Capital Uses	\$ 746,085	\$ 1,757,288	\$ 1,929,000	\$ 1,518,000
Funding the Capital Plan				
From Debt	98,754	730,227	769,773	400,000
From Water Fund Resources	647,331	1,027,061	1,159,227	1,118,000
Total Capital Sources	\$ 746,085	\$ 1,757,288	\$ 1,929,000	\$ 1,518,000

Water Fund: Plan and Projection	ACTUAL FY 2012	Revised BUDGET FY 2013	PROJECTION		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	10 years FY 14-23
			FY 2014	FY 2015									
Operating Revenue													
User Fees	4,060,703	4,412,000	4,532,000	4,681,000	4,842,000	5,013,000	5,192,000	5,380,000	5,566,000	5,761,000	5,964,000	6,176,000	53,107,000
Other	264,611	90,000	91,000	92,000	93,000	94,000	95,000	96,000	97,000	98,000	99,000	100,000	955,000
Subtotal	4,325,314	4,502,000	4,623,000	4,773,000	4,935,000	5,107,000	5,287,000	5,476,000	5,663,000	5,859,000	6,063,000	6,276,000	54,062,000
Operating Expense													
O & M	2,401,325	2,739,552	2,911,157	3,001,913	3,212,606	3,312,901	3,416,479	3,523,458	3,633,960	3,748,113	3,866,050	3,987,909	34,614,544
Depreciation	757,794	852,708	933,551	1,229,554	1,479,351	1,515,513	1,506,009	1,525,427	1,407,515	1,294,705	1,315,497	1,307,003	13,514,124
Subtotal	3,159,119	3,592,260	3,844,708	4,231,466	4,691,957	4,828,413	4,922,488	5,048,884	5,041,475	5,042,818	5,181,546	5,294,912	48,128,668
Operating Income	1,166,195	909,740	778,292	541,534	243,043	278,587	364,512	427,116	621,525	816,182	881,454	981,088	5,933,332
ADD: Interest Income	19,626	14,902	22,788	30,402	39,062	50,271	58,705	68,674	81,874	97,198	117,166	143,057	709,198
Miscellaneous Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS: Interest Expense	194,767	177,744	161,144	146,144	130,681	110,706	97,388	83,213	73,050	62,450	51,850	43,050	959,676
Existing Debt	0	0	0	12,000	11,400	306,000	290,640	275,280	284,920	267,060	249,200	231,340	1,927,840
Future Debt	0	0	1,000	0	36,900	0	0	6,250	0	0	0	0	44,150
Bond Anticipation Notes (BANs)	0	400	4,000	7,380	73,800	0	500	5,000	0	0	0	0	90,680
Issuance expense (Premium)	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	991,054	746,498	634,936	406,411	29,324	-87,849	34,689	126,047	345,429	583,870	697,570	849,755	3,620,184
Available Resources from:													
Net income	991,054	746,498	634,936	406,411	29,324	-87,849	34,689	126,047	345,429	583,870	697,570	849,755	3,620,184
Depreciation expense	757,794	852,708	933,551	1,229,554	1,479,351	1,515,513	1,506,009	1,525,427	1,407,515	1,294,705	1,315,497	1,307,003	13,514,124
subtotal	1,748,848	1,599,206	1,568,487	1,635,965	1,508,676	1,427,664	1,540,698	1,651,474	1,752,945	1,878,575	2,013,067	2,156,758	17,134,308
Bond proceeds	0	400,000	0	7,380,000	7,380,000	0	500,000	500,000	0	0	0	0	7,880,000
Loan proceeds	0	0	0	0	0	0	0	0	0	0	0	0	7,880,000
LESS: Principal repayments	670,000	470,000	470,000	470,000	470,000	370,000	370,000	295,000	295,000	295,000	235,000	235,000	3,505,000
Existing Debt	0	0	40,000	20,000	20,000	389,000	389,000	389,000	439,000	439,000	439,000	439,000	3,003,000
New Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
BAN Repayment	0	0	0	0	7,380,000	0	0	0	0	0	0	0	7,880,000
Net Available for Capital Purposes	1,078,848	1,529,206	1,058,487	8,525,965	1,018,676	668,664	1,281,698	967,474	1,018,945	1,144,575	1,339,067	1,482,758	18,506,308
Capital Plan	1,757,288	1,929,000	1,518,000	9,114,000	724,000	730,000	1,432,000	789,000	848,000	848,000	881,000	881,000	17,765,000
Cash Position													
Beginning balance	5,625,787	5,167,220	4,767,426	4,307,913	3,719,877	4,014,553	3,953,217	3,802,915	3,981,389	4,152,333	4,448,909	4,906,975	
ADD: Net available	1,078,848	1,529,206	1,058,487	8,525,965	1,018,676	668,664	1,281,698	967,474	1,018,945	1,144,575	1,339,067	1,482,758	
LESS: Planned Capital	1,757,288	1,929,000	1,518,000	9,114,000	724,000	730,000	1,432,000	789,000	848,000	848,000	881,000	881,000	
Changes in assets and liabilities	-219,873												
Ending balance	5,167,220	4,767,426	4,307,913	3,719,877	4,014,553	3,953,217	3,802,915	3,981,389	4,152,333	4,448,909	4,906,975	5,508,733	

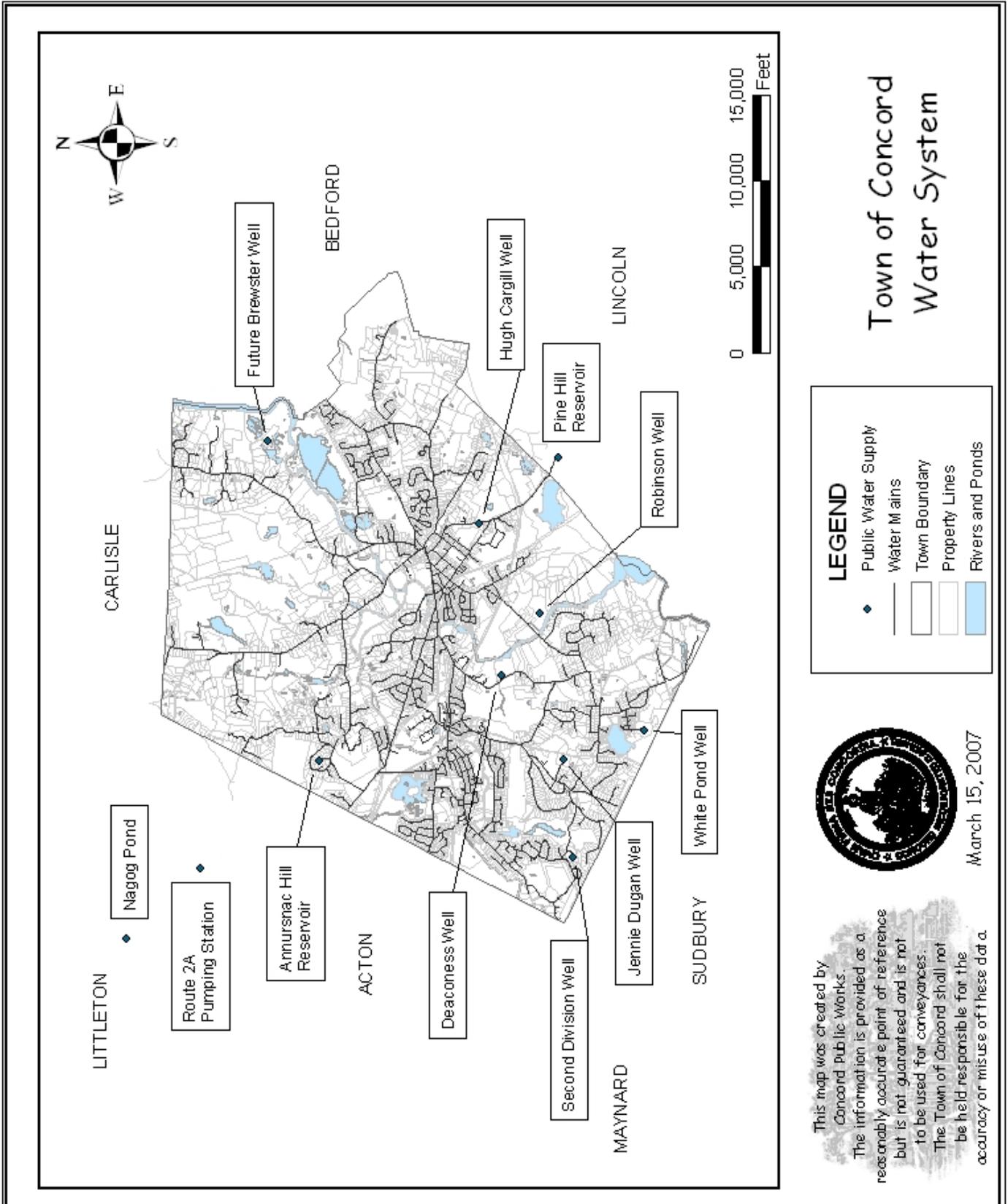
WATER RATES

(Per 100 Cubic Feet)

W-13 Class of Customer	Current FY13	Effective 6/1/13	%Chg.
1 & 2 Residential Service	(1 unit = 100 cubic feet = 748 gallons)		
1st Step: (all year)	\$ 4.24	\$ 4.41 **	4.0%
Conservation Step*: (25 - 48 units)	\$ 8.48	\$ 8.82	4.0%
Conservation Step*: (over 48 units) *May 1st through October 31st	\$ 10.60	\$ 11.03	4.1%
3 General Service			
1st Step: (all year)	\$ 4.24	\$ 4.41	4.0%
2nd Step: (all year) (over 50 units bimonthly)	\$ 5.39	\$ 5.61	4.1%
4 Municipal Service			
1st Step: (all year) Interruptible Outdoor Irrigation use	\$ 4.18	\$ 4.35	4.1%
5 Second Meter Service			
A. Irrigation/Pool or Accessory use:			
1st Step: (all year)	\$ 8.48	\$ 8.82	4.0%
Conservation Step: (over 48 units bimonthly, May 1st through October 31st)	\$ 10.60	\$ 11.03	4.1%
B. Non-Irrigation Commercial/Industrial	\$ 5.39	\$ 5.61	4.1%

**A 50% discount on Step 1 water consumption, up to a maximum of 24 units in a bimonthly billing period, is provided for customers of record who meet certain age and income eligibility criteria.

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1a Average Residential Customer (15 units bimonthly) <i>Approximately two-thirds of residential customers normally use less than the Conservation step threshold.</i>	\$ 382	\$ 397	\$ 15.30	\$ 1.28	4.0%
1b Large Summertime Residential Customer (40 units bimonthly during summer; 25 units bimonthly rest of year)	\$ 1,030	\$ 1,072	\$ 41.31	\$ 3.44	4.0%
1c Larger Summertime Residential Customer (60 units bimonthly during summer; 25 units bimonthly rest of year)	\$ 1,615	\$ 1,680	\$ 64.95	\$ 5.41	4.0%
3a Small Commercial Customer (40 units bimonthly) <i>Approximately two-thirds of commercial/institutional/Gov't customers normally use less than than the 2nd step threshold.</i>	\$ 1,018	\$ 1,058	\$ 40.80	\$ 3.40	4.0%
3b Large Commercial Customer (5,000 units bimonthly)	\$161,355	\$ 167,940	\$ 6,585	\$ 548.75	4.1%
5a Small Municipal Customer (47 units bimonthly)	\$ 1,179	\$ 1,227	\$ 48	\$ 3.99	4.1%
5b Large Municipal Customer (600 units bimonthly)	\$ 15,048	\$ 15,660	\$ 612	\$ 51.00	4.1%



This map was created by Concord Public Works. The information is provided as a reasonably accurate point of reference but is not guaranteed and is not to be used for conveyances. The Town of Concord shall not be held responsible for the accuracy or misuse of these data.



March 15, 2007

LEGEND

- Public Water Supply
- Water Mains
- Town Boundary
- Property Lines
- Rivers and Ponds

Town of Concord Water System

Section V

Sewer Fund

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Mission Statement

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

Sewer Fund Budget Contents

Overview	pp. 1-2
Sewer Rates	p. 3
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Revenues and Expenditures	pp. 6-10
Sewer Financial Statement	p. 11
Debt Service	pp. 12-13
Capital Spending	pp. 14-15
Supplemental Information	pp. 16-17

Sewer Fund Highlights

- The proposed FY14 sewer rate of \$10.14 per unit represents a 5% increase over the FY13 rate of \$ 9.66 per unit.
- The proposed FY14 capital improvement plan is \$1,412,000 which includes \$600,000 to be used for purchase of W. R. Grace land.
- Wastewater treatment capacity limitations imposed by Federal and State permits continue to present a significant challenge in meeting the growing needs of the community, The FY14 budget includes the development of an integrated water resource management framework.
- The proposed FY14 operating budget is \$3,058,496, a decrease of 3.6% from FY13.

Expenditure Summary				
	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Proposed
Operating Income	\$ (951,488)	\$(1,025,614)	\$ (753,024)	\$ (533,496)
Net Income	\$ (844,620)	\$(1,151,648)	\$ 113,500	\$ (54,857)
Undesignated Fund Balance	\$ 3,606,695	\$ 2,908,022	\$ 3,669,001	\$ 3,714,002

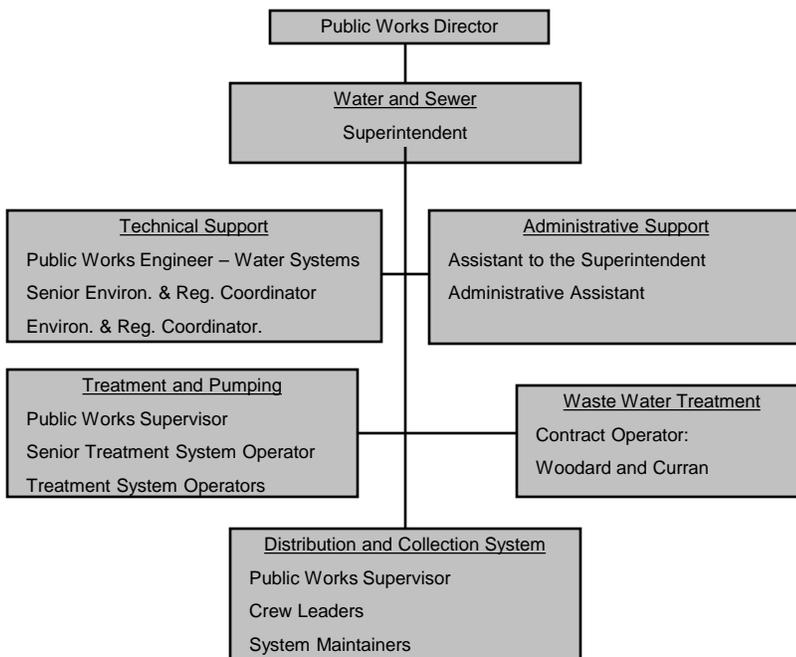
Description:

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 2012 the total value of collection system and treatment plant infrastructure assets was approximately 23.4 million dollars.

The municipal sewer system serves 1,838 residential and commercial customers representing approximately 33% of the community. The wastewater treatment facility continues to process over 1.0 million gallons per year of septage pumped from residential and commercial establishments served by private septic systems within the Town of Concord.

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



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.

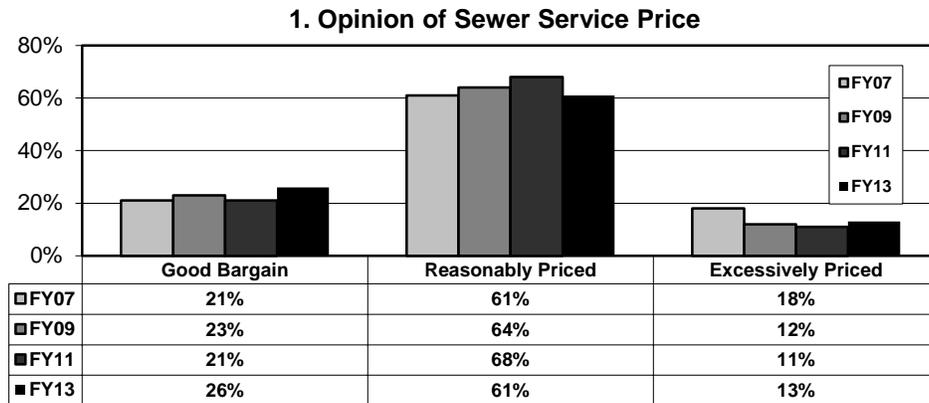
Since the sewer enterprise fund was formally established in 1976, there have been no property tax contributions to subsidize pre-existing operations or infrastructure improvements. Taxpayer support has been sought through Town Meeting for projects which have been designed to expand the sewer collection 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.

Citizen Survey

In the fall of 2006, 2008, 2010, and 2012, the Town conducted a telephone survey of 300 randomly selected Concord residents. For the Sewer Division, the following question was asked:

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 26% of survey respondents even describe it as “a good bargain.”



Sewer Rates:

The total revenue projected to be raised through sewer rates in FY14 is: **\$2,423,000**. This represents 96% of total Sewer Fund revenues.

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

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

Sewer Rate Highlights

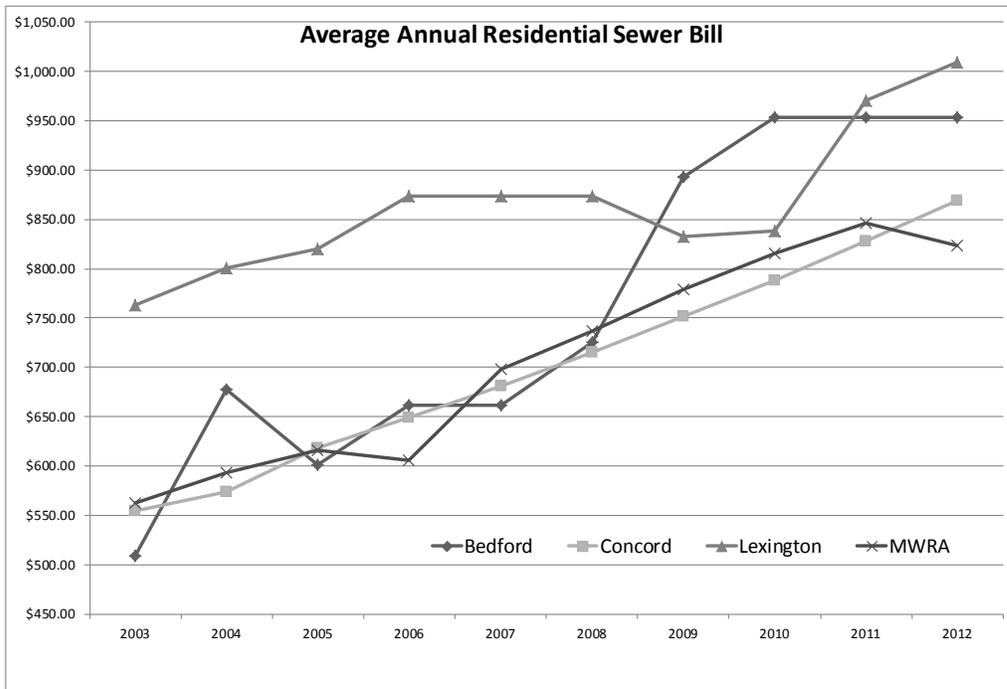
The proposed FY14 sewer rate is \$10.14 per unit (1 unit = 748 gallons).

- The FY14 rate of \$10.14 represents a 5% increase over the FY13 rate.
- Summer/fall residential sewer usage is billed at the level of winter/spring water consumption to eliminate the effect of seasonal outdoor water use.
- Non-residential sewer billing is based on water use year-round.
- The proposed septage rate is \$0.08 per gallon which represents a 2.6% increase from FY13.

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, 58% of communities have adopted a flat rate structure, 31% use an ascending rate structure and 11% assess a flat fee. More sophisticated and flexible rate designs, such as the winter/spring demand basis employed by Concord for residential customers, have been adopted by only 3% of systems across the state.

The table below demonstrates how rate adjustments (and cost of service) over time have impacted Concord and three neighboring systems.



Wastewater Program

In addition to routine operations, maintenance and improvement initiatives planned and performed to ensure reliable and quality service to all municipal customers, the programs and initiatives detailed below are constantly being revisited and revised to 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.



Potential Groundwater Discharge Site

Wastewater Planning Update:

For the first time ever, the wastewater flow leaving the Town's treatment facility exceeded the permitted allowance provided within our National Pollution Discharge Elimination System (NPDES) permit. While flows have lessened, the Wastewater Planning Task Force (WWPTF) continued to evaluate solutions for ongoing wastewater capacity constraints identified within Concord. They have supported ongoing investigations of wastewater treatment and capacity management alternatives (including water conservation measures) which could accommodate wastewater flows above and beyond those flows necessary to meet existing system requirements. "No action" is unacceptable as it would prohibit planned collection system expansion, as detailed in the 2003 Comprehensive Wastewater Management Plan (CWMP), and would stifle economic development interests as detailed in subsequent land-use master planning efforts.

NPDES Surface Water Discharge Permit. A draft wastewater facility NPDES permit was issued to the Town. The draft permit calls for increasingly stringent quality limits but provides no allowance for increased flow. The Town has requested consideration for increased flow in exchange for the development of an integrated water resources management plan. While such an approach has been championed by senior environmental policy administrators within EPA, the Town has been informed that regional administrators are not yet prepared to entertain this approach. As there is general agreement that such an approach may be accepted in the not-too-distant future, the Town will continue to track related developments.

Following a more conventional permitting track, the Town has submitted to Mass DEP a hydrogeological evaluation detailing the potential feasibility of constructing a large-scale groundwater discharge site near the existing wastewater treatment plant. If accepted, the Town will consider options and timing required to proceed with full-scale permitting and constructing this 155,000 gallon per day groundwater discharge site. This new wastewater treatment capacity represents approximately 50% of the capacity needs approved by Article 41 at the 2009 Town Meeting.

Wastewater Task Force Recommendations: With the understanding that existing wastewater capacity expansion alternatives noted above are limited, the WWPTF has identified a need to re-assess timing and prioritization of planned sewer extension "phasing" as detailed in the 2003 CWMP. Such consideration will balance more recent system infill pressures with planned sewer extension needs. The task force has called for public outreach and involvement to determine interest and receptiveness to planned extensions based on updated cost estimates.

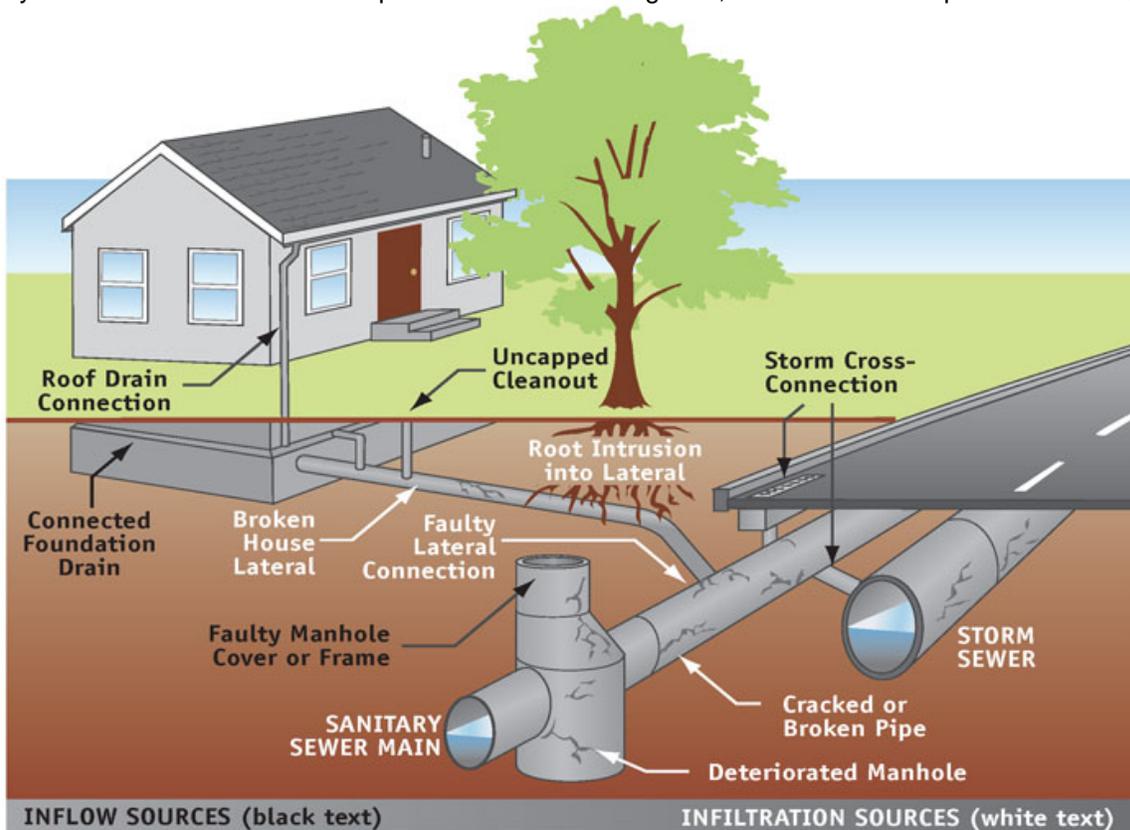
The WWPTF has also recommended that the Public Works Commission re-evaluate its capacity allowance approval model, following DEP concurrence with the findings of the aforementioned hydrogeological report. This will include a re-assessment of the Sewer Improvement Fee (SIF) to ensure it reflects costs associated with the design, permitting and construction of viable wastewater capacity expansion alternatives.

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 maintains excellent compliance with its regulatory requirements in accordance with state and federally issued permits. Notable improvements within the past fiscal year include the completion of an Arc Flash assessment (to ensure electrical components are equipped with appropriate operator safety controls) and the design and development of bid specifications for the rehabilitation of mechanical systems for both primary clarifiers (unit #1 and #2) as well as major concrete repairs required for each overflow channel.

CoMag Incentive Payment: The Wastewater Treatment Plant rehabilitation and upgrade efforts completed in 2009 incorporated a state-of-the-art tertiary treatment process called "CoMag". Following years of evaluation, including an on-site commercial scale demonstration pilot, the Town acquired this innovative technology with an agreement which included a creative performance "incentive" clause. The agreement provided the Town with a means by which it could recover its initial investment if the technology proved to be viable and became accepted within the industry. We are pleased to report that the technology has not only proven to be reliable but commercially "competitive". As a result, the Sewer Fund has already received \$1,164,008 in incentive payments, with more to come.

Inflow and Infiltration (I/I)

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



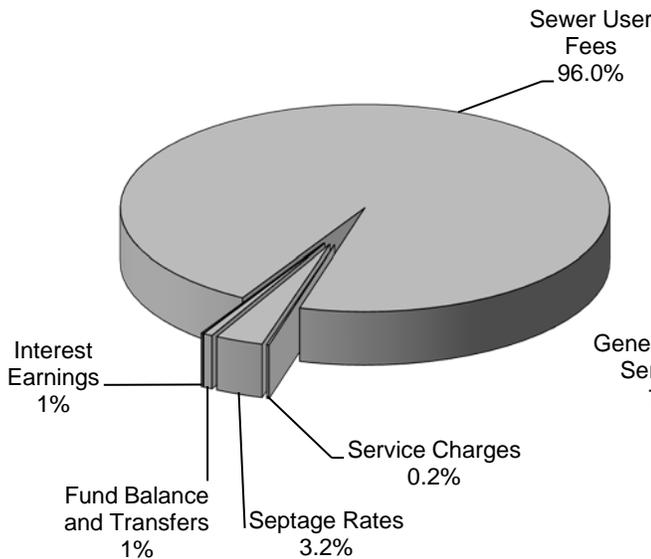
Graphic Credit: King County, Washington, Department of Natural Resources and Parks

Program Implementation:

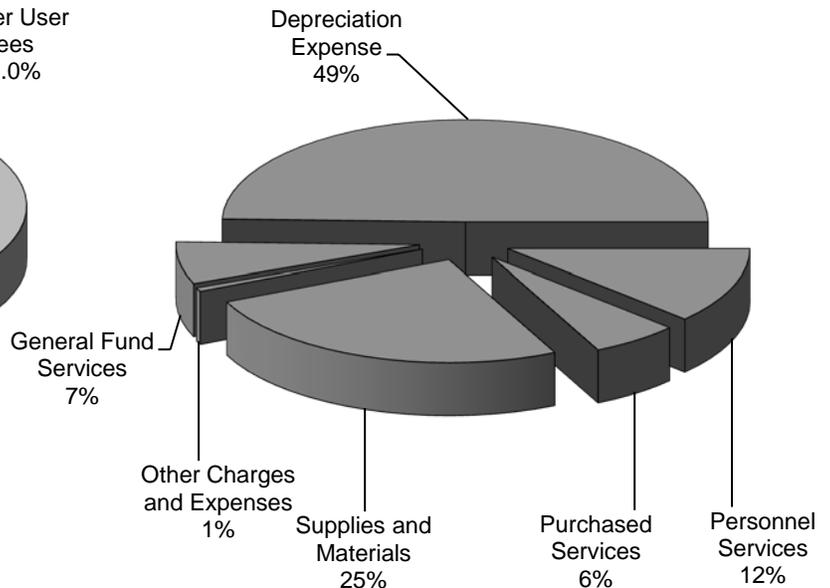
The proposed FY14 operating budget is \$3,058,496. This represents a 3.6% decrease as compared to the Sewer Fund’s revised FY13 operating budget. Depreciation expense reflects the cost of the annual use, or wear-and-tear, of the Sewer Division’s approximately \$23.3 million worth of infrastructure (recorded as of the end of FY12). The FY14 budgeted depreciation expense of \$1,515,246 is roughly 6.5% of these capital assets. Personnel Services are budgeted at \$367,224 in FY14, a 1.3% increase from the revised FY13 total of \$362,504.

The FY14 budget proposes a 4.0% increase in wastewater collection costs and a 0.2% decrease in wastewater treatment costs. 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. While the Sewer Division has met with regulatory personnel, it is too early to predict what changes will be made to this permit. More restrictive water quality limits will result in increased costs for chemicals, electricity and sludge management.

Operating Revenues
Totaling \$2,525,000



Operating Expenses
Totaling \$3,058,496



Operating Income:

This FY14 Budget calls for Operating Expenditures that are \$533,496 above Operating Revenues. This results in an operating loss for the year. However, by FY20, Net Operating Income turns positive as its depreciation expense, which accounts for roughly 50% of all operating expenses, begins to decline and revenues increase (see page V-11, Sewer Financial Statements).

OPERATING REVENUES

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Sewer User Fees	\$ 2,027,829	\$ 2,053,012	\$ 2,302,000	\$ 2,423,000
Service Charges	2,450	2,000	5,000	4,000
Septage Rates	105,612	101,392	94,000	80,000
Liens & Tax Titles	15,215	13,124	15,000	15,000
Other Revenue	2,969	3,468	3,000	3,000
Total Operating Revenues	\$ 2,154,075	\$ 2,172,996	\$ 2,419,000	\$ 2,525,000

OPERATING EXPENSES

Sewer Divisions	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Collection				
Personnel Services	\$ 254,862	\$ 305,607	\$ 313,211	\$ 317,523
Purchased Services	116,566	135,003	134,530	143,873
Supplies & Materials	38,432	51,282	46,149	51,258
Other Charges & Expenses	13,516	18,105	17,821	17,982
General Fund Services	88,252	91,900	95,785	100,881
Audit Adjustments	32,479	25,615	-	-
Subtotal	\$ 544,107	\$ 627,512	\$ 607,496	\$ 631,516
Treatment				
Personnel Expenses	\$ 82,439	\$ 55,112	\$ 49,293	\$ 49,701
Purchased Services	4,066	11,004	30,000	35,000
Management Contract	668,987	667,943	738,551	726,153
Supplies & Materials	-	-	-	-
Other Charges & Expenses	-	-	-	-
General Fund Services	88,253	91,900	95,785	100,880
Subtotal	\$ 843,745	\$ 825,959	\$ 913,629	\$ 911,734
Other				
Depreciation Expense	1,717,711	1,745,139	1,650,899	1,515,246
Capital Reserve	-	-	-	-
Subtotal	\$ 1,717,711	\$ 1,745,139	\$ 1,650,899	\$ 1,515,246
Total Operating Expense	\$ 3,105,563	\$ 3,198,610	\$ 3,172,024	\$ 3,058,496

RETIREMENT AND OPEB ASSESSMENT

<i>For Informational Purpose Only</i>				
	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Retirement Assessment	\$ 6,241	\$ 8,836	\$ 9,039	\$ 12,490
OPEB Assessment	17,025	18,625	20,342	21,382
Total Assessment	\$ 23,266	\$ 27,461	\$ 29,381	\$ 33,872

AUTHORIZED POSITIONS

Collection Personnel Costs	Rev. FY13 Budget		FY14 Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Regular Staff				
Water and Sewer Superintendent	0.20 FTEs	\$ 20,937	0.20 FTEs	\$ 21,017
Assistant to Superintendent	0.20	16,469	0.20	16,469
Senior Env. & Reg. Coordinator	0.20	14,366	0.20	14,422
Env. & Reg. Coordinator	0.20	9,478	0.20	9,746
Administrative Assistant	0.20	11,304	0.20	11,630
Public Works Supervisor	0.40	30,067	0.40	30,936
Crew Leader	0.40	25,184	0.40	25,928
Senior Treatment System Operator	0.00	12,393	0.20	12,751
Treatment System Operator	0.60	22,187	0.40	21,906
System Maintainer	1.00	43,714	1.00	45,933
Charges to Projects	N/A	(5,177)	N/A	(4,034)
Merit Increases	N/A	-	N/A	2,565
Subtotal	3.40 FTEs	\$ 200,922	3.40 FTEs	\$ 209,269
Other Personnel				
GIS Project Specialist	312 hrs.	4,004	208 hrs.	-
Subtotal	0.15 FTEs	\$ 4,004	0.10 FTEs	\$ -
Employee Benefits				
Health Insurance	N/A	\$ 15,290	N/A	\$ 16,145
Life Insurance	N/A	100	N/A	-
Dental Insurance	N/A	755	N/A	-
OPEB	N/A	20,342	N/A	21,382
Retirement Contribution	N/A	9,039	N/A	12,490
Subtotal	N/A	\$ 45,526	N/A	\$ 50,017
Payroll Taxes				
Medicare Tax	N/A	\$ 3,500	N/A	\$ 3,500
Social Security Contribution	N/A	-	N/A	-
Subtotal	N/A	\$ 3,500	N/A	\$ 3,500
Other Personnel Costs				
Overtime (5130)	800 hrs.	\$ 35,865	800 hrs.	\$ 32,912
Overtime Adjustment	N/A	-	N/A	-
Police Overtime (5131)	90	3,600	100	4,000
Standby Pay (5111)	565	19,156	365	13,510
Charges to Snow Account	40	(1,082)	40	(1,082)
IT Salary (5111)	N/A	1,567	N/A	2,479
Salary Adjustments TCL/AC (1.5%)	N/A	153	N/A	2,424
Salary Adjustments TCL/AC (1.5%)	N/A	-	N/A	494
Subtotal	N/A	\$ 59,259	N/A	\$ 54,736
Total Collections	3.55 FTEs	\$ 313,211	3.50 FTEs	\$ 317,523
Treatment Personnel Costs				
Public Works Engineer	0.80 FTEs	\$ 54,406	0.80 FTEs	\$ 54,406
Other Full-Time	N/A	-	N/A	2,176
Charge to Capital Projects	N/A	(9,113)	N/A	(10,881)
Salary Adjustments (2%)	N/A	-	N/A	-
Health	N/A	3,000	N/A	3,000
Life	N/A	-	N/A	-
Dental	N/A	-	N/A	-
Medicare Tax	N/A	1,000	N/A	1,000
Total Treatment	0.80 FTEs	\$ 49,293	0.80 FTEs	\$ 49,701
Total Sewer Personnel	4.35 FTEs	\$ 362,504	4.30 FTEs	\$ 367,224

NET INCOME

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Statement of Net Income:				
Operating Revenues	\$ 2,154,075	\$ 2,172,996	\$ 2,419,000	\$ 2,525,000
Less Operating Expenses	(3,105,563)	(3,198,610)	(3,172,024)	(3,058,496)
Operating Income	\$ (951,488)	\$ (1,025,614)	\$ (753,024)	\$ (533,496)
Non-operating Revenues (Expenses)				
Add Investment Income	\$ 12,242	\$ 9,821	\$ 10,788	\$ 19,994
Add CoMag Incentive Payments	133,045	-	1,006,882	603,675
Add Sewer Improvement Revenues	148,190	65,885	43,000	43,000
Less Int. Exp and Admin. Fees	(186,609)	(201,742)	(194,146)	(188,030)
Non-operating Income	\$ 106,868	\$ (126,036)	\$ 866,524	\$ 478,639
Net Income	\$ (844,620)	\$ (1,151,648)	\$ 113,500	\$ (54,857)

Note: FY12 Net Income of \$(1,151,648) plus Sewer Betterment income of \$170,435 minus expenses of \$69,061 plus the transfer in of \$101,679 for the General Fund portion of the WPAT loan equals the change in net assets of \$(948,595) seen in the FY12 Audited Financial Statements.

AVAILABLE RESOURCES

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Budget
Capital Purposes				
Add Depreciation Expense	\$ 1,717,711	\$ 1,745,139	\$ 1,650,899	\$ 1,515,246
Add Net Income	(844,620)	(1,151,648)	113,500	(54,857)
Add Bond Proceeds	-	-	-	600,000
Less Bonds Payable	(574,072)	(583,649)	(593,420)	(603,388)
Net Available for Capital	\$ 299,019	\$ 9,842	\$ 1,170,979	\$ 1,457,001

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

CASH POSITION AND FUND BALANCE FORECAST

	FY13		FY14	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash at Year Opening				
Cash on July 1st	\$ 3,192,145		\$ 3,953,124	
Add Receivables	372,588		372,588	
Less Cash held for Liabilities	(656,711)		(656,711)	
Fund Balance on July 1st	\$ 2,908,022		\$ 3,669,001	
Fund Balance Details (projected)				
Fund Balance on July 1st	\$ (1,786,122)	\$ 4,694,144	\$ (2,266,042)	\$ 5,935,043
Net Income	113,500	-	(54,857)	-
Bonds Payable	(593,420)	-	(603,388)	-
Capital Outlay (non-borrowing)	-	(410,000)	-	(812,000)
Add Depreciation Expense	-	1,650,899	-	1,515,246
Balance Projected at June 30th	(2,266,042)	5,935,043	(2,924,287)	6,638,289
Fund Balance on June 30th	\$ 3,669,001		\$ 3,714,002	
Cash at Year End (projected)				
Fund Balance on June 30th	\$ 3,669,001		\$ 3,714,002	
Less Receivables	(372,588)		(372,588)	
Add Cash Held for Liabilities	656,711		656,711	
Projected Cash at June 30th	\$ 3,953,124		\$ 3,998,125	
Sewer Improvement Fund Cash	\$ 1,889,531		\$ 1,719,531	
Unrestricted Cash	\$ 2,063,594		\$ 2,278,595	

SEWER IMPROVEMENT FUND

	FY11		FY12		Rev. FY13		FY14	
	Actual		Actual		Budget		Budget	
Cash on July 1st	\$	2,054,748	\$	2,123,260	\$	1,986,531	\$	1,889,531
Revenues		148,190		65,885		43,000		43,000
Expenditures		(79,677)		(202,614)		(140,000)		(213,000)
Adjustment		-		-		-		-
Cash on June 30th	\$	2,123,260	\$	1,986,531	\$	1,889,531	\$	1,719,531
Net Activity	\$	68,512	\$	(136,730)	\$	(97,000)	\$	(170,000)

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

SEWER BETTERMENT CASH FLOW ANALYSIS

	FY11		FY12		Rev. FY13		FY14	
	Actual		Actual		Budget		Budget	
Activity								
Cash at July 1st	\$	616,320	\$	682,842	\$	718,136	\$	669,974
Cash Received		225,061		193,661		110,030		109,540
Cash Expended		(158,540)		(158,367)		(158,192)		(158,012)
Cash at June 30th	\$	682,842	\$	718,136	\$	669,974	\$	621,502
Net Activity	\$	66,520	\$	35,293	\$	(48,162)	\$	(48,472)
Net Assets								
Cash	\$	682,842	\$	718,136	\$	669,974	\$	621,502
Unapportioned Receivable		1,316,680		1,179,889		1,095,611		1,011,333
Other Receivables		14,814		7,325		7,325		7,325
Less Remaining Debt Service		(2,355,292)		(2,196,925)		(2,038,733)		(1,880,721)
Net Assets	\$	(340,958)	\$	(291,575)	\$	(265,824)	\$	(240,561)

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

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

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

Sewer Fund

Revenues and Expenditures

Sewer Fund: Plan and Projection	ACTUAL FY 2012	Revised BUDGET FY 2013	PROJECTION										10 years FY14-23
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Operating Revenue			2,423,000	2,553,000	2,709,000	2,875,000	3,050,000	3,236,000	3,431,000	3,640,000	3,861,000	4,094,000	31,872,000
User Fees	2,053,012	2,302,000	2,423,000	2,553,000	2,709,000	2,875,000	3,050,000	3,236,000	3,431,000	3,640,000	3,861,000	4,094,000	31,872,000
Other	1,19,984	117,000	102,000	103,000	105,000	106,000	108,000	110,000	112,000	113,000	115,000	117,000	1,091,000
Subtotal	2,172,996	2,419,000	2,525,000	2,656,000	2,814,000	2,981,000	3,158,000	3,346,000	3,543,000	3,753,000	3,976,000	4,211,000	32,963,000
Operating Expense			1,543,250	1,590,403	1,639,030	1,689,180	1,740,903	1,794,251	1,849,279	1,906,040	1,964,595	2,025,002	17,741,934
O & M	1,453,470	1,521,125	1,543,250	1,590,403	1,639,030	1,689,180	1,740,903	1,794,251	1,849,279	1,906,040	1,964,595	2,025,002	17,741,934
Depreciation	1,745,139	1,650,899	1,515,246	1,508,307	1,613,067	1,867,281	1,993,047	1,989,770	1,360,374	1,309,099	1,167,337	1,309,099	15,632,626
Subtotal	3,198,610	3,172,024	3,058,496	3,098,709	3,252,097	3,556,461	3,733,950	3,784,021	3,209,652	3,215,139	3,131,932	3,334,101	33,374,560
Operating Income	-1,025,614	-753,024	-533,496	-442,709	-438,097	-575,461	-575,950	-438,021	333,348	537,861	844,068	876,899	-411,560
ADD: Interest Income	9,821	10,788	19,994	29,021	40,971	46,173	46,932	63,449	85,001	113,134	149,698	178,406	772,780
Co-Mag Incentive Payments	0	1,006,882	603,675	263,000	258,000	253,000	248,000	243,000	238,000	233,000	229,000	224,000	603,675
Sewer Improvement Fees	65,885	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	2,232,000
LESS: Interest Expense	188,561	194,146	179,930	165,399	150,621	134,242	122,634	110,792	98,710	86,384	73,808	60,979	1,183,499
Existing Debt	0	0	0	18,000	16,200	14,400	125,100	117,675	115,250	107,325	99,400	91,475	704,825
New Debt	0	0	1,500	0	0	18,750	0	1,250	0	0	0	0	21,500
Bond Anticipation Notes (BANs)	0	0	0	0	0	25,000	100	1,000	0	0	0	0	35,200
Issuance expense	13,181	0	6,600	0	2,500	25,000	100	1,000	0	0	0	0	35,200
Net Income	-1,151,648	113,500	-54,857	-334,087	-308,447	-468,680	-528,852	-362,289	442,389	690,286	1,049,557	1,126,851	1,251,871
Available Resources from:			-54,857	-334,087	-308,447	-468,680	-528,852	-362,289	442,389	690,286	1,049,557	1,126,851	1,251,871
Depreciation expense	1,745,139	1,650,899	1,515,246	1,508,307	1,613,067	1,867,281	1,993,047	1,989,770	1,360,374	1,309,099	1,167,337	1,309,099	15,632,626
subtotal	593,491	1,764,399	1,460,389	1,174,220	1,304,620	1,398,601	1,464,195	1,627,481	1,802,763	1,999,384	2,216,894	2,435,949	16,884,496
Funds Provided by Improvement Fees	202,614	140,000	213,000	501,000	703,000	705,000	57,000	59,000	61,000	63,000	65,000	67,000	3,200,000
Bond proceeds	0	0	600,000	600,000	600,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	3,200,000
Loan proceeds	0	0	600,000	600,000	600,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	3,200,000
LESS: P principal repayments	583,649	593,420	603,388	613,557	623,932	534,516	545,314	556,331	567,570	579,036	590,734	602,668	5,817,046
Existing Debt	0	0	0	60,000	60,000	60,000	185,000	185,000	195,000	195,000	195,000	195,000	1,330,000
New Debt	0	0	600,000	600,000	600,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	3,200,000
BAN Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Available for Capital Purposes	212,456	1,310,979	1,670,001	1,001,663	3,823,688	1,509,085	890,881	945,150	1,101,193	1,288,348	1,496,160	1,705,281	12,937,450
Capital Plan	855,415	410,000	1,412,000	804,000	2,361,000	2,368,000	396,000	324,000	344,000	351,000	365,000	379,000	9,104,000
Cash Position			3,953,124	3,998,125	3,694,788	4,454,476	2,890,561	3,328,442	4,586,784	5,461,133	6,527,293	7,786,574	
Beginning balance	3,421,709	3,192,145	3,953,124	3,998,125	3,694,788	4,454,476	2,890,561	3,328,442	4,586,784	5,461,133	6,527,293	7,786,574	
ADD: Net available	212,456	1,310,979	1,670,001	1,001,663	3,823,688	1,509,085	890,881	945,150	1,101,193	1,288,348	1,496,160	1,705,281	
LESS: Planned Capital	855,415	410,000	1,412,000	804,000	2,361,000	2,368,000	396,000	324,000	344,000	351,000	365,000	379,000	
Sewer Improvement Fee Support	202,614	140,000	213,000	501,000	703,000	705,000	57,000	59,000	61,000	63,000	65,000	67,000	
Changes in assets & liabilities	-616,009												
Ending balance	3,192,145	3,953,124	3,998,125	3,694,788	4,454,476	2,890,561	3,328,442	3,890,592	4,586,784	5,461,133	6,527,293	7,786,574	
(does not include Betterment balance)													
Sewer Improvement Fund Balance	1,986,531	1,889,531	1,719,531	1,481,531	1,036,531	584,531	775,531	959,531	1,136,531	1,306,531	1,470,531	1,627,531	
(included in Ending Balance)													
Ending balance w/o Sewer Improvement	1,205,614	2,063,593	2,278,594	2,213,257	3,417,945	2,306,030	2,552,911	2,931,061	3,450,253	4,154,602	5,056,762	6,159,043	

DEBT SERVICE

Cash Basis	FY11	FY12	Rev. FY13	FY14
	Actual	Actual	Budget	Budget
Long Term Debt Repayment:				
Principal	\$ 574,072	\$ 583,649	\$ 593,420	\$ 603,388
Interest	208,546	195,219	181,698	168,230
BAN Interest Expense	-	-	-	1,500
Administration Fee (WPAT)	13,899	13,181	12,448	11,700
Totals	\$ 796,517	\$ 792,049	\$ 787,566	\$ 784,818

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.

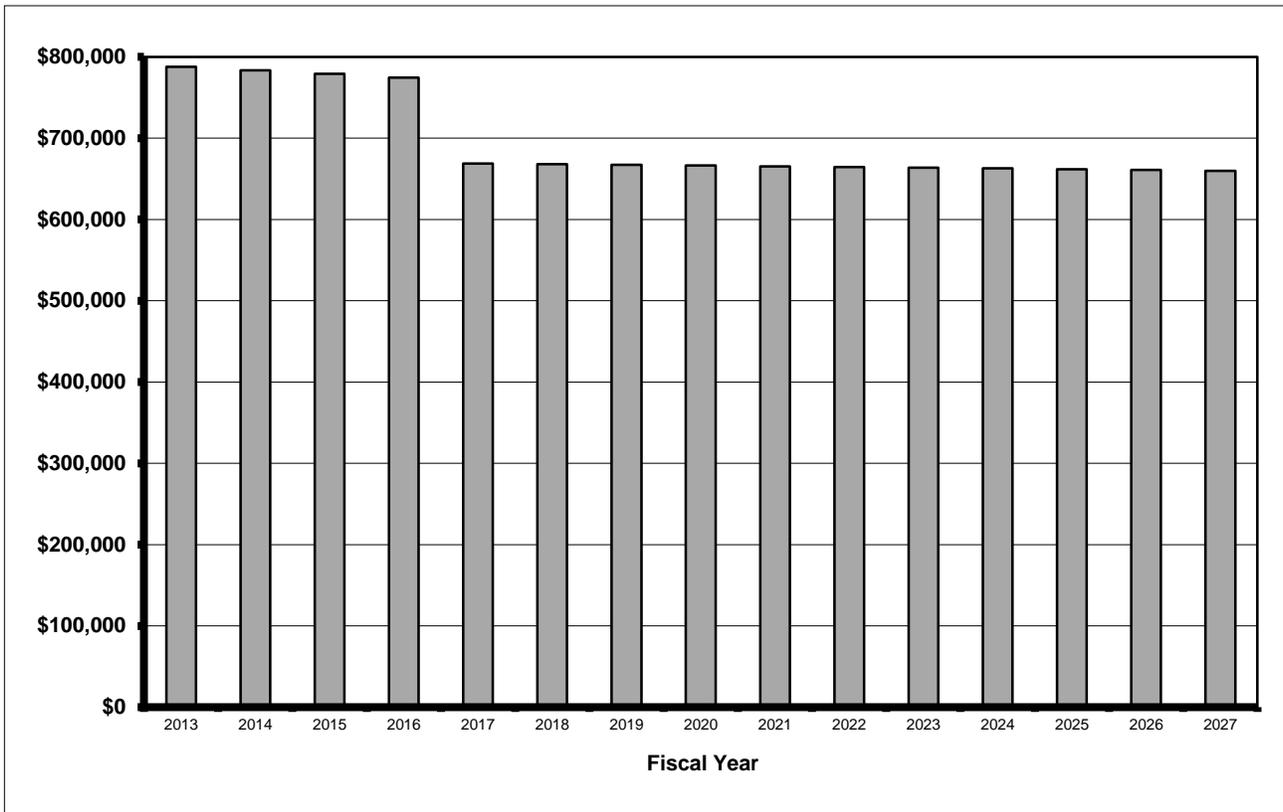
PAYMENTS TO THE GENERAL FUND

	FY11	FY12	Rev. FY13	FY14
	Actual	Actual	Budget	Budget
Management & Engineering:				
Public Works Administration	\$ 29,678	\$ 31,067	\$ 33,032	\$ 32,871
Public Works Engineering	15,690	16,978	17,436	20,947
Highway Maintenance	4,024	4,159	4,324	4,374
133/135 Keyes Road	11,997	10,994	11,900	11,603
Subtotals	\$ 61,389	\$ 63,198	\$ 66,692	\$ 69,795
Financial & Administrative:				
Town Manager	\$ 26,401	\$ 27,527	\$ 28,809	\$ 28,847
Human Resources	4,316	4,688	5,152	5,125
Finance Administration	15,601	16,659	16,876	17,039
Treasurer-Collector	11,521	11,869	12,327	12,399
Town Accountant:				
General Services	10,806	11,299	11,819	11,970
Audit Services	6,000	6,000	6,000	6,000
Town House Facilities	3,495	3,579	3,447	3,275
Subtotals	\$ 78,140	\$ 81,621	\$ 84,430	\$ 84,655
Natural Resource:				
Planning	\$ 5,653	\$ 5,955	\$ 6,125	\$ 6,223
Natural Resources	5,269	5,682	5,868	5,845
Health	26,054	27,344	28,455	28,630
Subtotals	\$ 36,976	\$ 38,981	\$ 40,448	\$ 40,698
Salary Reserve	\$ -	\$ -	\$ -	\$ 6,613
Totals	\$ 176,505	\$ 183,800	\$ 191,570	\$ 201,761

SEWER DEBT SERVICE

Exclusive of betterment financing

Fiscal Year	Principal	Interest	Admin. Fees	Total
2013	593,420	181,698	12,448	\$787,566
2014	603,388	168,230	11,700	\$783,318
2015	613,557	154,461	10,938	\$778,956
2016	623,932	140,461	10,160	\$774,553
2017	534,516	124,876	9,366	\$668,758
2018	545,314	114,078	8,556	\$667,948
2019	556,331	103,062	7,730	\$667,123
2020	567,570	91,823	6,887	\$666,280
2021	579,036	80,357	6,027	\$665,420
2022	590,734	68,659	5,149	\$664,542
2023	602,668	56,725	4,254	\$663,647
2024	614,843	44,550	3,341	\$662,734
2025	627,265	32,129	2,410	\$661,804
2026	639,936	19,457	1,459	\$660,852
2027	652,865	6,529	490	\$659,884
2028	0	0	0	\$0
Totals	\$8,945,375	\$1,387,095	\$100,915	\$10,433,385



FY14 Capital Plan:**COLLECTION SYSTEM****Station Structures: \$10,000**

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

Station Equipment: \$275,000

Annual capital outlay for improvements and replacement of equipment housed within six neighborhood lift stations and two main pump stations. Equipment required to control, monitor, pump, store, and treat wastewater enroute to WWTP including motors, pumps, motor control panels, and air compressors. Planned improvements include the addition of a new standby generator at the Bedford Street pump station, replacement of existing emergency generators at the Lowell Road and Main Street pump stations, replacement of 75-HP pump assembly at the Lowell Road pump station, and installation of new grinder/shredder unit at the Lowell Road pump station.

Mains (Sewer Collectors): \$15,000

Annual capital outlay for improvements to and extension of distribution system. Program intended to insure that aging deteriorating main is replaced in a methodical and prudent manner. The Water & Sewer Division will continue to coordinate system upgrades with other Town departments to insure division needs are considered in light of other public work improvement efforts (such as Roads Program and CMLP initiatives). Planned work includes routine casting replacements and adjustments.

Inflow/Infiltration: \$100,000

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

Meter Replacement Program: \$26,000

Sewer fund portion of costs associated with our system-wide meter maintenance and replacement efforts. Effort and investment to be expanded to allow for the first phase of a multi-year meter system upgrade initiative which will allow for improved meter-reading and demand management capabilities.

WASTE WATER TREATMENT PLANT**Structures: \$150,000**

Annual capital outlay for improvements and replacement of WWTP structures. Planned improvements include the cleaning of structures and rehabilitation of mechanical systems associated with primary clarithickener #1 and secondary trickling filter #2; corrosion abatement of primary clarithickeners #1 and #2 as well as the grit flume; and replacement of several yard hydrants.

Equipment: \$75,000

Annual cost to replace equipment presently used beyond recommended service life, including motors, pumps, motor control panels, chemical feed systems, process instrumentation. Planned work includes replacement of intermediate motor/pumps, 50% of the existing UV lamps, and replacement of sump-pump.

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

Capital outlay for improvements to Water/Sewer administrative office and garage facilities. Planned work includes construction of electrical room rehab/upgrades to accommodate SCADA/Records Room needs and evaluation of new covered storage area for rolling fleet and large equipment

Vehicles: \$20,000

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. Budget allowance includes the replacement of two service trucks and one 1-ton dump truck and body.

GENERAL PLANT**Wastewater Capacity: \$113,000**

Update of the Comprehensive Wastewater Management Plan, integrating related land-use planning studies completed over the past decade. This work will inform and allow for the development of a new "integrated water resource management" framework. If regulatory drivers require, permitting of a 150,000 gallon per day groundwater discharge site at the Wastewater Treatment Plant located off Bedford Road will proceed.

Capital Spending Plan

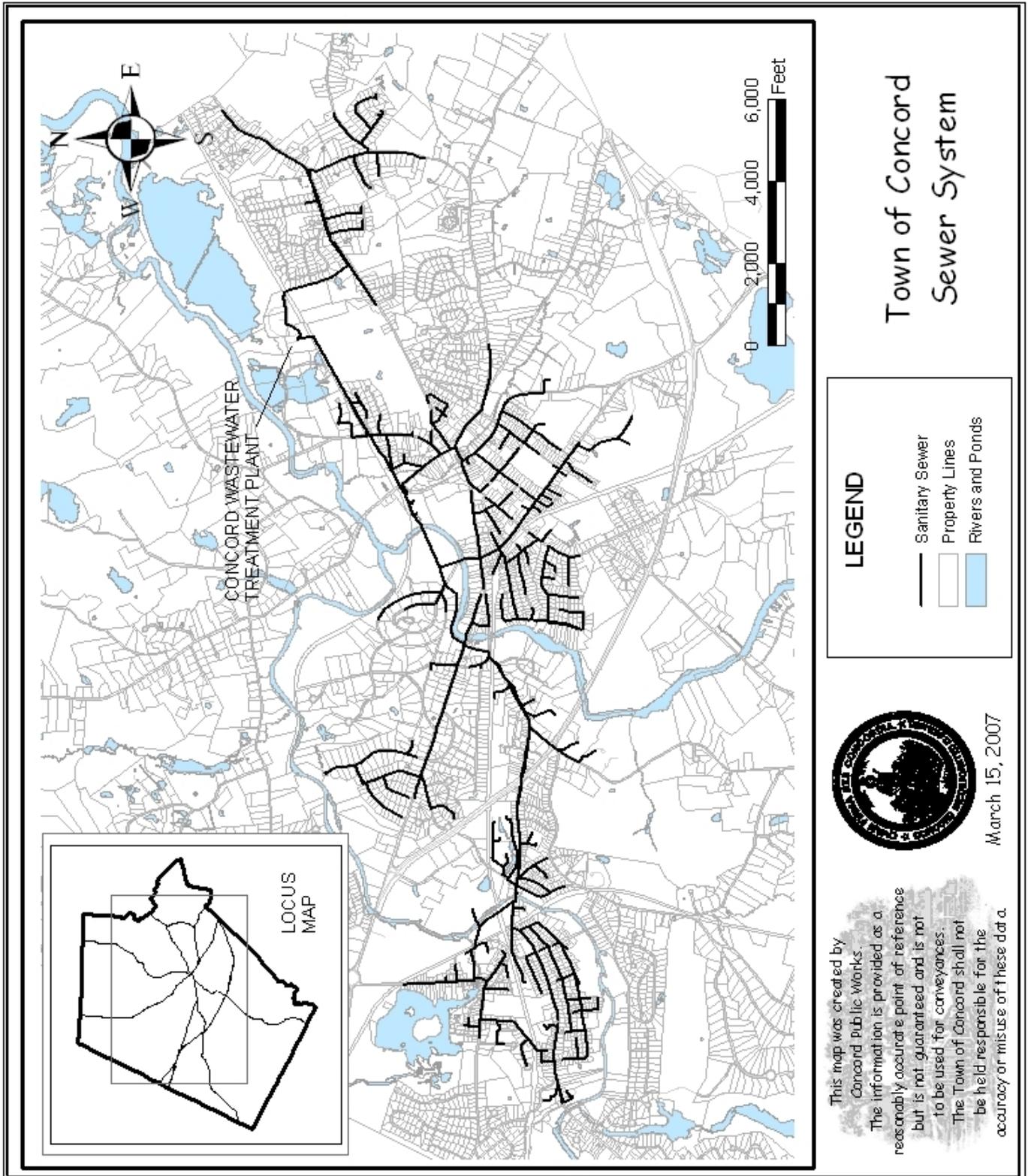
<u>Capital Activities</u>	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Budget
<u>Collection System</u>				
<u>Pumping Plant</u>				
Station Structures	20,351	-	10,000	10,000
Station Equipment	9,537	267,487	111,000	275,000
Other	3,700	-	-	-
Subtotal	33,588	267,487	121,000	285,000
<u>Collection Plant</u>				
Sewer Mains/Laterals	-	17,053	15,000	15,000
Inflow & Infiltration	4,989	115,892	100,000	100,000
Meter Replacement	38	-	14,000	26,000
Sewer Service Connections	2,000	-	-	-
Subtotal	7,027	132,945	129,000	141,000
<u>Wastewater Treatment Plant</u>				
Structures	15,887	89,480	30,000	150,000
Plant Equipment	8,450	12,777	60,000	75,000
Other	-	-	-	-
Facilities Plan Improvements	-	-	-	-
Capacity/Treatment Optimization	-	-	-	-
Personnel Services	7,646	14,845	-	-
Subtotal	31,983	117,102	90,000	225,000
<u>General Plant</u>				
Keyes Road CPW Facility	\$ 5,105	\$ -	\$ 20,000	\$ 28,000
Harris System/GIS	-	-	-	-
Vehicle Replacement	13,998	253,613	10,000	20,000
Miscellaneous Equipment	1,165	-	-	-
Personnel Services	5,904	-	-	-
Subtotal	26,172	253,613	30,000	48,000
<u>Wastewater Management Project</u>				
Wastewater Planning	74,688	84,268	40,000	113,000
W.R. Grace Land Acquisition (funded through borrowing)	-	-	-	600,000
Subtotal	74,688	84,268	40,000	713,000
<u>Audit Adjustments</u>				
Audit Adjustment (Personnel)	-	-	-	-
Audit Adjustment (Other)	(25,447)	-	-	-
Subtotal	(25,447)	-	-	-
Total	\$ 148,011	\$ 855,415	\$ 410,000	\$ 1,412,000
Funding the Capital Plan				
Total - User Fees	\$ 148,011	\$ 655,255	\$ 270,000	\$ 599,000
Total - Sewer Improvement Fees	\$ -	\$ 200,160	\$ 140,000	\$ 213,000
Total - Borrowing	\$ -	\$ -	\$ -	\$ 600,000
Total	\$ 148,011	\$ 855,415	\$ 410,000	\$ 1,412,000

SEWER RATES

(Per 100 Cubic Feet)

Class of Customer	Current FY13	Effective 6/1/13	%Chg.
S-13	(1 unit = 100 cubic feet = 748 gallons)		
1 Residential Service Rate billed year around but uses wintertime average consumption for non-wintertime months.	\$ 9.66	\$ 10.14	5%
2 Non-Residential Service Rate billed year around using actual readings for each billing period.	\$ 9.66	\$ 10.14	5%
3 Chiller/Cooling System Discharge Sewer Service For large non-residential sewer customers with dedicated cooling-system water supply	\$ 1.93	\$ 2.03	new

Sample Impacts	Current Annual	New Annual	Annual Change	Monthly Change	% Chg.
1 Average Residential Customer (10 units bimonthly wintertime use)	\$ 580	\$ 608	\$ 28.80	\$ 2.40	5%
2 Typical Non-Residential Customer (18 cubic feet bimonthly)	\$ 1,043	\$ 1,095	\$ 51.84	\$ 4.32	5%



Town of Concord Sewer System

LEGEND

- Sanitary Sewer
- Property Lines
- ▭ Rivers and Ponds



March 15, 2007

This map was created by Concord Public Works. The information is provided as a reasonably accurate point of reference but is not guaranteed and is not to be used for conveyances. The Town of Concord shall not be held responsible for the accuracy or misuse of these data.

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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

Beede Center Highlights

- As of January 2013, a year-round Beede Swim and Fitness membership costs \$880 for an adult individual and \$1,640 for a family (both rates assume Concord residency). *See pages 4 through 5 for more details on membership rates.
- In FY13 and FY14, the Beede Center is budgeting for negative net income results due to an increase in operating expenses. However, Beede Center management is adjusting expense levels so that these budgeted negative results will be mitigated.
- The Beede Center ended FY12 with an undesignated fund balance of \$1.42 million. These funds help the Beede Center to weather years of negative net income operating results, such as may occur in FY 13 and FY14.

Expenditure Summary				
	FY11 Actual	FY12 Actual	FY13 Revised	FY14 Proposed
Operating Income	\$ 89,887	\$ 41,880	\$ (65,395)	\$ (94,574)
Net Income	\$ 122,273	\$ 53,476	\$ (53,395)	\$ (84,574)
Fund Balance	\$ 1,370,337	\$ 1,423,813	\$ 1,370,419	\$ 1,285,845

Description:

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

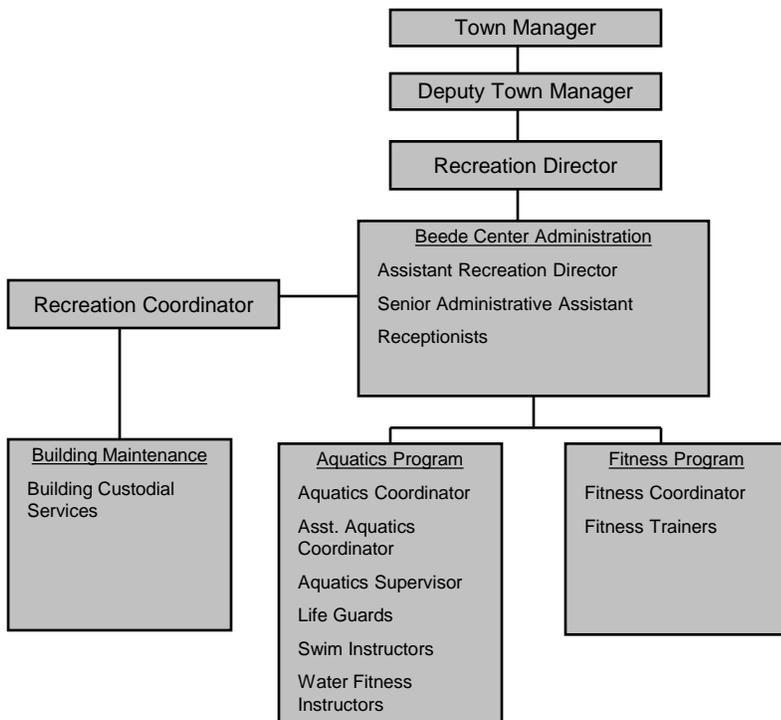
There are two 1,600-square-foot fitness rooms; one for weight training and one for cardiovascular exercise. In addition, the facility includes men's and women's locker/shower rooms, family changing rooms, and staff office space.

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

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

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

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





Current Financial Status:

The Beede Center ended FY12 with an operating income of \$41,880 and a net income of \$53,476. This set the Beede Center’s undesigned fund balance at \$1,423,813 at fiscal year end.

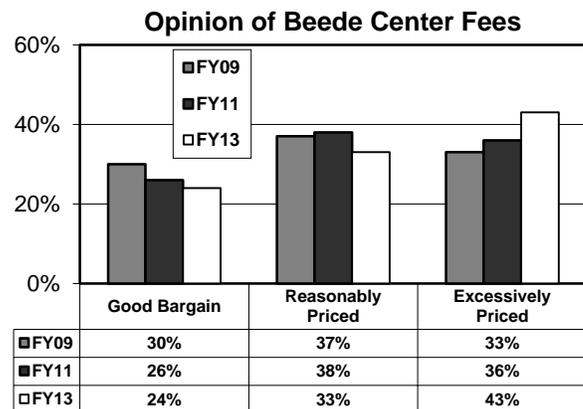
Negative operating income projected for FY14 poses no immediate concern, due to the fact that Beede Center has accumulating a financial reserve. This reserve, totaling \$1.42 million at the beginning of FY13, exists precisely so that the Beede Center does not have to sacrifice its service quality, issue 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 \$325,000. Revenues are expected to be greater in FY14 due to a modest 3% increase in membership fess. 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. Most of these programs are available to the general public, and are offered at a discounted fee to members. The Concord Citizen 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, a quarter thought it was a “good bargain” and a third though it was “reasonably priced”. Still, in recent years, there is an increasing feeling that the Beede Center is becoming a more expensive place to be a member, especially for families with children. The Beede Center management is aware of this concern. For information about membership fees and services, see pages VI-4 and VI-5 of this budget book.



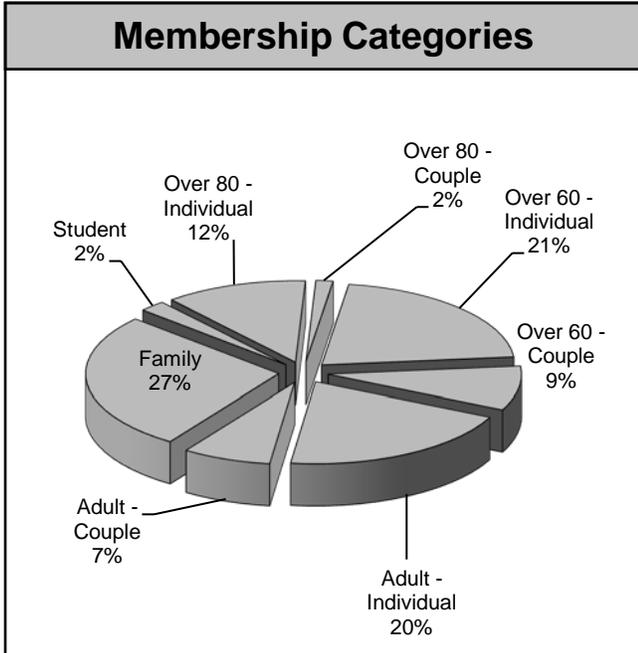
It should be stressed that the Beede Center operates with revenue solely from user fees and **no tax dollars** are contributed to the Center.

Facility Improvements and Upkeep:

The Beede Center has been in operation for nearly seven years. Building maintenance is an important and regular expense for this enterprise. While major renovations are not yet needed, the Beede Center annually contributes a sizeable amount to its depreciation fund. In FY14, this amount is \$327,557. This fund exists to ensure the self-supported upkeep and/or replacement of the \$11 million facility into perpetuity. See pages VI-12 to VI-13 for details on the Beede Center’s recent and planned capital outlays.

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).



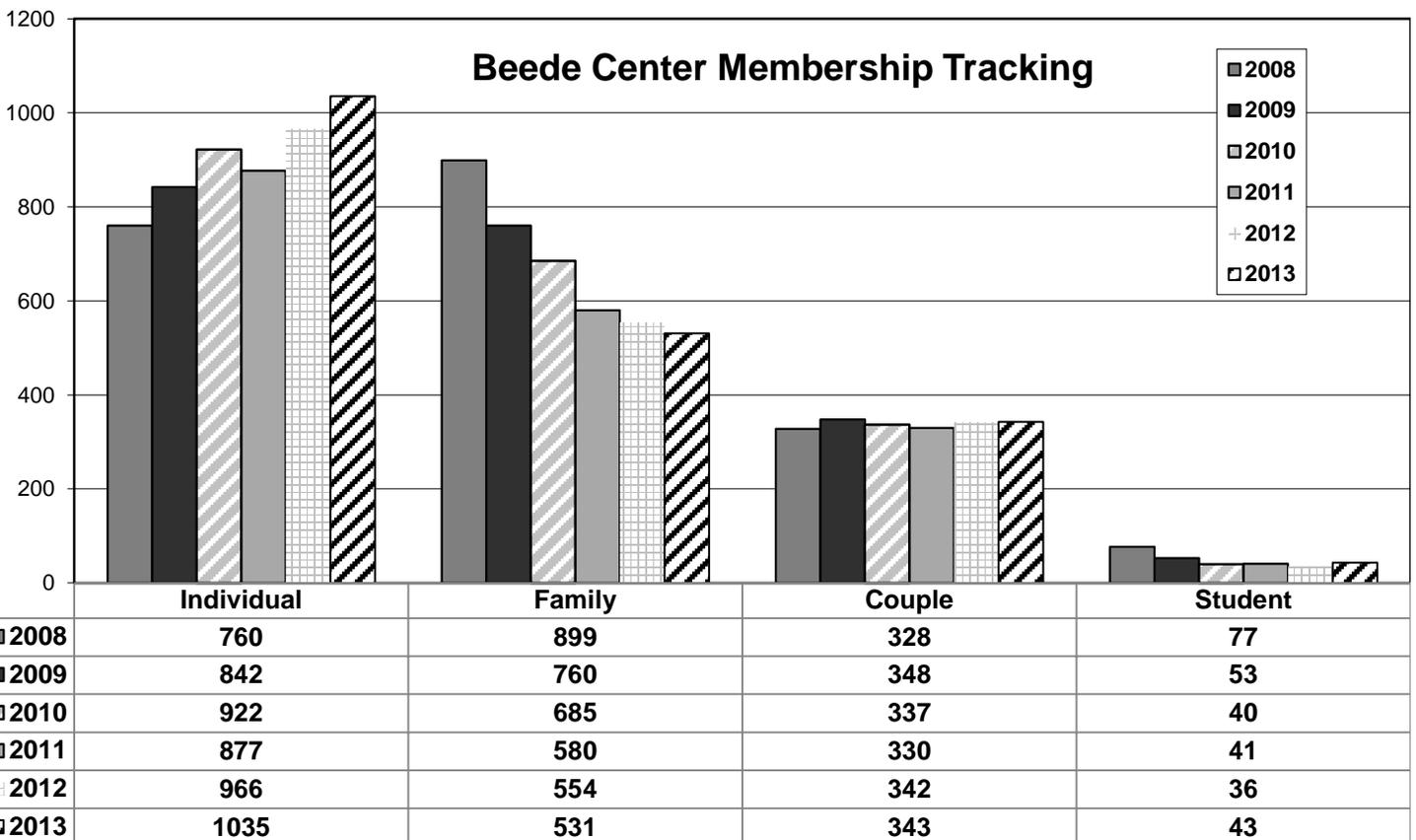
Membership Trends

The largest driver having an effect on revenue levels is the drop in Family Memberships from January 2012 to January 2013:

- Since January 2012, Family Memberships have dropped by 23 from 554 to 531 as of January 2013.

Nearly all other membership categories have held relatively stable over this same time period:

- Individual Memberships have increased by 69, from 966 to 1035;
- Couple Memberships have increased by 1, from 342 to 343; and
- Student Memberships have increased by 7, from 43 to 36.



Beede Center Membership Fees

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

For the 2013 calendar year, fees rose only 3%.

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 2013 Membership Rates are as follows:

Concord and Carlisle Residents

	Adult	Couple	Family	60+ Adult	60+ Couple	14+ Student
Swim & Fitness	\$880	\$1390	\$1640	\$660	\$1050	\$660
Swim	\$780	\$1250	\$1440	\$600	\$930	\$660
Fitness	\$780	\$1250	\$1440	\$600	\$930	\$660

Non-Residents

	Adult	Couple	Family	60+ Adult	60+ Couple	14+ Student
Swim & Fitness	\$980	\$1480	\$1840	\$760	\$1170	\$760
Swim	\$880	\$1350	\$1530	\$700	\$1030	\$880
Fitness	\$880	\$1350	\$1530	\$700	\$1030	\$880

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

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

Hours of Operation

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

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

The Beede Center is closed on the following days:

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

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

Excerpts From the Beede Center's Membership Brochure

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

LOCKER ROOMS

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

CHILD CARE

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

PARKING

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

SPECTATOR SEATING

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

INSTRUCTION

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

PERSONAL TRAINING

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

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

SWIMMING AND DIVING

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

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

FITNESS PROGRAMS

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

Classes include:

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

Program Implementation

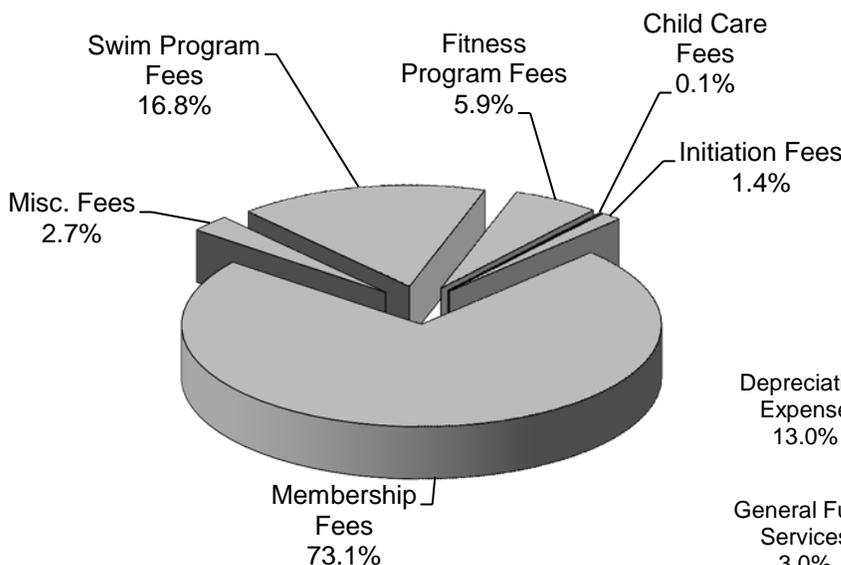
The vast majority of the Beede Center’s operating revenues come from Membership Fees (\$1,717,071 or 74% of the total). Because of this, membership fees are carefully set each year, and membership levels are monitored. As Beede revenues in general are influenced by economic conditions, the Town also 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.

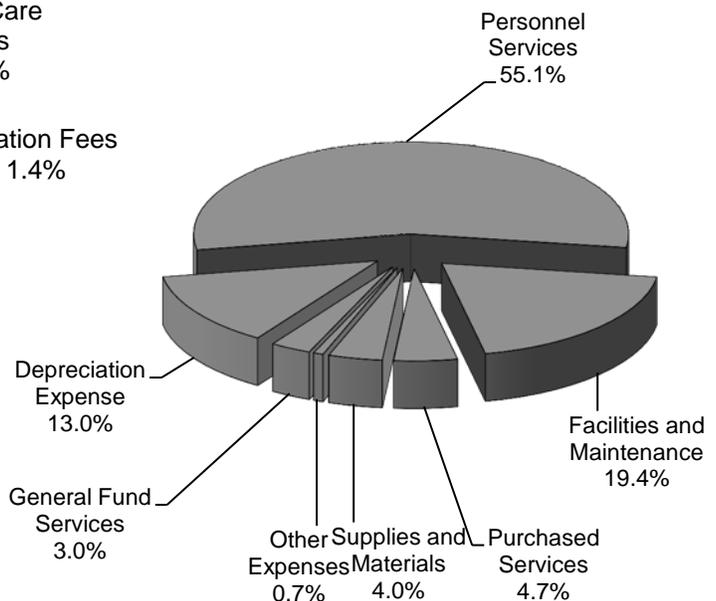
Personnel Services are budgeted to total \$1,392,398 in FY134, which is roughly a 4% increase from the FY13 budget of \$1,342,550. This increase is largely the result of increase in salaries.

Depreciation expense reflects the cost imposed by the annual use, or wear-and-tear, of the Beede Center. Facility and equipment depreciation Expense totals \$327,557 in this FY14 budget and is placed in a *depreciation fund*, and held for the future repairs or replacement of capital assets. This helps ensure the financial self-sufficiency of this relatively capital-intensive enterprise operation.

FY14 Operating Revenues
Totalling \$2,430,364



Operating Expenditures
Totalling \$2,524,938



Operating Results:

The FY14 budget proposes operating expenditures that are \$94,574 *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 \$84,574 for FY14.

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 \$1.42 million at the end of FY12) with which to bridge times of negative operating results.

OPERATING REVENUES (\$)

	FY11 Actual	FY12 Actual	FY13 Revised	FY14 Estimate
Initiation Fees	\$ 32,725	\$ 37,080	\$ 33,116	\$ 33,116
Membership Fees	1,787,447	1,744,688	1,725,391	\$ 1,776,632
Miscellaneous Revenue	76,517	63,292	65,492	\$ 65,492
Swim Program Fees	339,059	357,603	408,871	\$ 408,871
Fitness Program Fees	151,511	149,183	142,808	\$ 142,808
Child Care Fees	4,351	3,236	3,446	\$ 3,446
Operating Revenues Total	\$ 2,391,610	\$ 2,355,081	\$ 2,379,124	\$ 2,430,364

OPERATING EXPENSES (\$)

	FY11 Actual	FY12 Actual	FY13 Revised	FY14 Estimate
<u>Personnel Services</u>				
Personnel Expenses	\$ 1,241,074	\$ 1,208,099	\$ 1,342,550	\$ 1,392,398
Changes in Long-Term Liabilities	7,280	(4,201)	-	-
Subtotal	\$ 1,248,354	\$ 1,203,898	\$ 1,342,550	\$ 1,392,398
<u>Non-Personnel Services</u>				
Facilities and Maintenance	450,036	495,920	482,040	490,452
Purchased Services	100,885	108,824	118,995	118,875
Supplies and Materials	135,083	125,283	91,733	101,200
Other Expenses	10,849	9,351	18,400	18,400
Subtotal	\$ 696,852	\$ 739,379	\$ 711,168	\$ 728,927
<u>General Fund Services</u>				
Human Resources	26,614	28,017	30,833	30,091
Finance Administration	7,815	8,331	8,438	8,011
Treasury	16,410	16,930	17,694	17,231
Accounting	9,124	9,400	9,595	9,431
Recreation Administration	10,810	11,292	11,809	11,292
Subtotal	\$ 70,773	\$ 73,970	\$ 78,369	\$ 76,056
<u>Depreciation Expense</u>				
Depreciation Expense	285,744	295,954	312,431	327,557
Subtotal	\$ 285,744	\$ 295,954	\$ 312,431	\$ 327,557
Total Operating Expense	\$ 2,301,723	\$ 2,313,201	\$ 2,444,518	\$ 2,524,938

AUTHORIZED POSITIONS (\$)

5111	FY13 Revised Budget		FY14 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Assistant Recreation Director	1.00	\$ 87,333	1.00	\$ 87,333
Recreation Coordinator	0.75	49,280	0.75	49,280
Aquatics Coordinator	1.00	72,334	1.00	72,334
Fitness Coordinator	1.00	74,366	0.50	38,662
Assistant Aquatics Coordinator	1.00	53,870	1.00	53,870
Aquatics Supervisor	1.00	45,928	1.00	47,250
Senior Administrative Assistant	1.00	55,726	1.00	57,086
Recreation Clerk	0.00	-	1.00	40,633
Swim and Fitness Specialists	5.00	187,024	5.00	187,024
Subtotal	11.75 FTEs	\$ 625,861	12.25 FTEs	\$ 633,472
Programming (misc. accts.)				
Fitness Prgramming	2610 hrs.	\$ 52,200	4176 hrs.	104,400
Swim Programming	2088 hrs.	48,024	3628 hrs.	85,086
Subtotal	2.25 FTEs	\$ 100,224	3.74 FTEs	\$ 189,486
5112				
Recreation Clerk	1.65	\$ 70,218	0.65	\$ 34,238
Swim and Fitness Specialists	1.38	47,172	1.38	49,044
Subtotal	3.03 FTEs	\$ 117,390	2.03 FTEs	\$ 83,282
5115				
Lifeguards	9657 hrs.	128,052	8561 hrs.	102,730
Receptionists	2871 hrs.	49,784	5481 hrs.	87,696
Custodians	522 hrs.	8,185	0 hrs.	-
Fitness Trainers	3550 hrs.	61,551	2088 hrs.	31,320
Subtotal	7.95 FTEs	\$ 247,572	7.73 FTEs	\$ 221,746
Total Direct Salary Expense	24.98 FTEs	\$ 1,091,047	25.74 FTEs	\$ 1,127,986
Employee Benefits				
Health Insurance	N/A	72,597	N/A	72,597
Life Insurance	N/A	250	N/A	250
Dental Insurance	N/A	5,000	N/A	5,000
OPEB	N/A	43,373	N/A	47,372
Retirement Contribution	N/A	51,553	N/A	56,477
Subtotal	N/A	\$ 172,773	N/A	\$ 181,696
Payroll Taxes				
Medicare Tax	N/A	15,000	N/A	16,000
Social Security Contribution	N/A	22,000	N/A	23,000
Subtotal	N/A	\$ 37,000	N/A	\$ 39,000
Other Personnel Costs				
Overtime	N/A	2,500	N/A	2,500
Unemployment Compensation	N/A	10,000	N/A	10,000
Car Allowance	N/A	1,000	N/A	1,000
Salary Reserve	N/A	28,231	N/A	30,217
Subtotal	N/A	\$ 41,731	N/A	\$ 43,717
Total Personnel Costs	24.98 FTEs	\$ 1,342,550	25.74 FTEs	\$ 1,392,398

NET INCOME (\$)

	FY11 Actual	FY12 Actual	FY13 Revised	FY14 Estimate
Statement of Net Income:				
Operating Revenues	\$ 2,391,610	\$ 2,355,081	\$ 2,379,124	\$ 2,430,364
Less Operating Expenses	(2,301,723)	(2,313,201)	(2,444,518)	(2,524,938)
Operating Income	\$ 89,887	\$ 41,880	\$ (65,395)	\$ (94,574)
<u>Nonoperating Revenues (Expenses)</u>				
Add Investment Income	\$ 12,385	\$ 11,596	\$ 12,000	\$ 10,000
Add Belknap Gift	20,000		-	-
Nonoperating Income	\$ 32,385	\$ 11,596	\$ 12,000	\$ 10,000
Net Income	\$ 122,273	\$ 53,476	\$ (53,395)	\$ (84,574)

AVAILABLE RESOURCES (\$)

Resources Available from Current Operations for Replacement & Renewal of Facility:				
	FY11 Actual	FY12 Actual	FY13 Revised	FY14 Estimate
<u>Capital Purposes</u>				
Add Depreciation Expense	\$ 285,744	\$ 295,954	\$ 312,431	\$ 327,557
Add Net Income	122,273	53,476	(53,395)	(84,574)
Net Available for Capital	\$ 562,539	\$ 349,430	\$ 259,036	\$ 242,983

CASH POSITION AND FORECAST

	FY13		FY14	
	Operating Fund	Depreciation Fund	Operating Fund	Depreciation Fund
Cash at Year Opening				
Cash on July 1st	\$ 3,798,494		\$ 3,948,003	
Less Cash as Unearned Revenue	(894,965)		(936,438)	
Less Cash held for Liabilities	(145,264)		(145,264)	
Fund Balance on July 1st	\$ 2,758,265		\$ 2,866,301	
Fund Balance Details (projected)				
Fund Balance as of July 1st	1,423,813	1,334,452	1,370,419	1,495,883
Net Income	(53,395)	-	(84,574)	-
Capital Outlay (non-borrowing)	-	(151,000)	-	(150,000)
Add Depreciation Expense	-	312,431	-	327,557
Balance Projected at June 30th	1,370,419	1,495,883	1,285,845	1,673,440
Fund Balance on June 30th	\$ 2,866,301		\$ 2,959,285	
Cash at Year End (projected)				
Fund Balance on June 30th	2,866,301		2,959,285	
Add Cash as Unearned Revenue	936,438		947,452	
Add Cash Held for Liabilities	145,264		145,264	
Projected Cash at June 30th	\$ 3,948,003		\$ 4,052,001	

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

	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Proposed
<u>Operating Revenue</u>						
Deferred Revenue Realized	\$ 1,168,360	1,042,101	\$ 986,889	\$ 926,771	\$ 894,965	\$ 936,438
Current Revenue	2,411,504	2,448,140	2,331,492	2,323,275	2,420,597	2,441,379
Deferred Revenue	(1,042,101)	(986,889)	(926,771)	(894,965)	(936,438)	(947,452)
Operating Revenue	\$ 2,537,763	2,503,352	\$ 2,391,610	\$ 2,355,081	\$ 2,379,124	\$ 2,430,364
<u>Operating Expense</u>						
Personnel Services	\$ 1,308,048	1,301,418	\$ 1,248,354	\$ 1,203,898	\$ 1,342,550	\$ 1,392,398
Non-Personnel Services	652,477	668,223	696,852	739,379	711,168	728,927
Depreciation	266,931	273,092	285,744	295,954	312,431	327,557
General Fund Services	34,357	56,014	70,773	73,970	78,369	76,056
Operating Expense	\$ 2,261,813	2,298,747	\$ 2,301,723	\$ 2,313,201	\$ 2,444,518	\$ 2,524,938
Operating Income	\$ 275,950	\$ 204,605	\$ 89,887	\$ 41,880	\$ (65,395)	\$ (94,574)
<u>Nonoperating Revenues and Expenses</u>						
Interest on Investments	\$ 58,150	18,737	\$ 12,385	\$ 11,596	\$ 12,000	\$ 10,000
Belknap Gift	20,000	20,000	20,000	-	-	-
General Fund Debt Support	112,500	109,750	103,750	-	-	-
Capital Contribution	-	-	-	-	-	-
Coding Correction	-	-	-	-	-	-
Interest Expense	(12,500)	(9,750)	(3,750)	-	-	-
Interfund Loan	(41,507)	-	-	-	-	-
Nonoperating Subtotal	\$ 136,643	138,737	\$ 132,385	\$ 11,596	\$ 12,000	\$ 10,000
Change in Net Assets	\$ 412,594	\$ 343,342	\$ 222,273	\$ 53,476	\$ (53,395)	\$ (84,574)
Net Assets Beginning of Year	\$ 10,088,213	\$ 10,500,808	\$ 10,844,150	\$ 11,066,423	\$ 11,119,899	\$ 11,066,504
Net Assets End of Year	\$ 10,500,808	\$ 10,844,150	\$ 11,066,423	\$ 11,119,899	\$ 11,066,504	\$ 10,981,931

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See note on following page.

	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Proposed
<u>Fund Balance</u>						
Beginning Fund Balance	\$ 10,244,907	\$ 10,804,458	\$ 11,254,213	\$ 11,624,000	\$ 11,893,265	\$ 12,001,302
Add Change in Net Assets	412,594	343,342	222,273	53,476	(53,395)	(84,574)
Less Bond Liability Reduction	(100,000)	(100,000)	(100,000)	-	-	-
Depreciation Expense	266,931	273,092	285,744	295,954	312,431	327,557
Capital Expenditures	(19,974)	(66,679)	(38,230)	(80,164)	(151,000)	(150,000)
End Fund Balance	\$ 10,804,458	\$ 11,254,213	\$ 11,624,000	\$ 11,893,265	\$ 12,001,302	\$ 12,094,285
<u>Fund Balance Detail</u>						
Undesignated Fund Balance	\$ 10,139,723	\$ 10,383,065	\$ 10,505,338	\$ 10,558,814	\$ 10,505,419	\$ 10,420,845
Depreciation Fund Balance	\$ 664,735	\$ 871,148	\$ 1,118,662	\$ 1,334,452	\$ 1,495,883	\$ 1,673,440
<u>Cash Position</u>						
Undesignated Fund Balance	\$ 10,139,723	\$ 10,383,065	\$ 10,505,338	\$ 10,558,814	\$ 10,505,419	\$ 10,420,845
Depreciation Fund Balance	664,735	871,148	1,118,662	1,334,452	1,495,883	1,673,440
Deferred Revenue	1,042,101	986,889	926,771	894,965	936,438	947,452
Res. for Short-Term Liabilities	118,692	134,290	130,016	100,393	100,393	100,393
Res. for Long-Term Liabilities	54,962	42,940	49,492	44,871	44,871	44,871
Total Cash	\$ 12,020,213	\$ 12,418,332	\$ 12,730,279	\$ 12,933,494	\$ 13,083,004	\$ 13,187,001

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

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

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

Definition

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

Facility Highlights

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



Capital Highlights:

Fitness Equipment: In FY10, the Beede Center had its first notable replacement of fitness equipment: treadmills were replaced at a cost of \$43,738. No additional fitness equipment was replaced in FY11. In FY12, the Beede Center's Arc Trainer equipment was for replacement \$52,000. In FY13, the stationary bikes were replaced after 61/2 years of service with Cybex' International's latest model. In FY14, strength machines (\$25,000) are scheduled to be replaced.

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

Lighting Improvements: In FY11, \$9,650 of lighting improvements were made to the natatorium lighting area. In FY 13 major improvements to the lighting in the Natatorium were made with the installation of LED lighting and improvements to the lobby lighting through funding from the Sawyer Trust. This should save the Beede Center nearly \$20,000 annually in energy consumption.

Pool Mechanical Improvements: In FY13, Variable Frequency Drives were installed on the pumps and motors for all 4 pools. At a cost of \$42,000, with the funding provided by Sawyer Trust. The installation of VFDs should realize an energy cost savings of approximately \$20,000 annually.

Computer Software: In FY11, \$7,265 was expended to cover the Beede Center's portion of the Town's new accounting system. In FY13, \$16,000 is being budgeted for the purchase of a new online registration software package.

Routine Building Maintenance: To cover the costs associated with routine building maintenance, in FY12, funds are being budgeted for building improvements (\$10,000), miscellaneous facility equipment (\$10,000) and miscellaneous pool equipment (\$10,000). In FY13, funds are being proposed for building improvements (\$30,000), miscellaneous facility equipment (\$10,000) and miscellaneous pool equipment (\$20,000).

Swim and Fitness Fund

Capital Spending

Beede Swim and Fitness Center									
Capital Program									
	FY11 Actual	FY12 Actual	FY13	FY14	FY15	FY16	FY17	FY18	Total FY13-18
Primary Facility									
Building Improvements	\$ -	\$ 10,760	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$180,000
Carpets and Flooring	38,230	-	-	-	-	50,000	-	-	50,000
Front Door Replacements	-	-	-	-	-	-	-	-	-
Swipe-Card Door Security Upgrades	-	-	-	-	-	-	-	-	-
Sprinkler System	-	-	5,000	-	-	-	-	-	5,000
Sound System	-	-	-	30,000	-	-	-	-	30,000
Parking System	-	-	-	-	-	12,000	-	-	12,000
Parking Lighting	-	-	-	-	40,000	-	-	-	40,000
Online Registration Software	-	-	16,000	-	-	-	-	-	16,000
Misc. Equipment	-	-	5,000	10,000	10,000	10,000	10,000	10,000	55,000
Subtotal	\$ 38,230	\$ 10,760	\$ 56,000	\$ 70,000	\$ 80,000	\$102,000	\$ 40,000	\$ 40,000	\$388,000
Pool Facility									
Clorine System	-	16,930	-	-	-	-	-	-	-
Misc. Equipment	-	-	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Subtotal	\$ -	\$ 16,930	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$120,000
Beede Equipment									
Sidewalk Plow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fitness Equipment I (treadmills)	-	-	-	-	50,000	-	-	-	50,000
Fitness Equipment II (Elipticals)	-	52,474	-	-	-	-	-	60,000	60,000
Fitness Equipment III (Strength Machines)	-	-	25,000	-	-	-	-	-	25,000
Fitness Equipment IV (Stationary Bikes)	-	-	50,000	-	-	-	-	-	50,000
Fitness Equipment V (Miscellaneous)	-	-	-	60,000	-	10,000	10,000	10,000	90,000
Subtotal	\$ -	\$ 52,474	\$ 75,000	\$ 60,000	\$ 50,000	\$ 10,000	\$ 10,000	\$ 70,000	\$275,000
Total Capital	\$ 38,230	\$ 80,164	\$151,000	\$150,000	\$150,000	\$132,000	\$ 70,000	\$130,000	\$783,000

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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
Paper Revenue	p. 5
Revenues and Expenses	pp. 6-10
Seasonal Events	p. 11

Solid Waste Fund Highlights

- Revenues are budgeted to grow to \$1,178,865 in FY14 from \$1,158,354 in FY13 (a 1.8% increase).
- Expenses are budgeted at \$1,175,981, a 2.3% increase from the revised FY13 budget of \$1,149,665.
- The curbside subscription fee for FY14 is proposed to increase by \$10 to \$210 per year. There will be no price increase for barrel stickers (\$39.00 semi-annually) or weekly disposal tags (\$1.50).

Expenditure Summary				
	FY11 Actual	FY12 Actual	FY13 Budgeted	FY14 Proposed
Operating Income	\$ 33,987	\$ 14,258	\$ 8,689	\$ 2,884
Net Income	\$ 33,987	\$ 14,258	\$ 8,689	\$ 2,884
Undesignated Fund Balance	\$ 143,310	\$ 157,568	\$ 166,257	\$ 169,141

Description:

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

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

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

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



Collection and Disposal Contract:

The Town negotiated a favorable three-year contract extension with Waste Management in 2012 after an extensive analysis of the municipal market and hauler comparison. The contract extension is effective 7/1/2013. There will be a minimal 2% annual increase in the contract pricing for FY14-FY16. The contract extension allows the Town to evaluate alternative collection and disposal methods during the term of the contract.

Collection Rate Highlights

With the FY14 proposed Curbside Collection Rates, the average cost per household (based on 1 barrel per week) is:

\$288.00 per year

•The FY14 cost represents a 3.6% increase over the FY13 amount of \$278.00.

FY11 – FY14 Contract Charges and Collection Rates

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	
Trash and Recycling	\$178.00	\$183.00	\$189.00	\$195.00	per subscriber per year
Recycling Only	\$105.00	\$108.15	\$111.00	\$114.00	per subscriber per year
Dumpster Pickup	\$37.00	\$38.00	\$39.00	\$41.00	per pickup
Recycling Toter	no charge	no charge	no charge	no charge	
Public Barrels	\$2.10	\$2.15	\$2.20	\$2.25	per barrel per pickup
Trash Tonnage	\$77.00	\$77.50	\$78.00	\$76.00	per ton
Commingled Containers	\$25.00	\$25.00	\$25.00	\$27.00	per ton
Paper Processing Fee	\$25.00	\$25.00	\$25.00	\$25.00	per ton (subtracted from the Yellow Sheet News #6 - High New England market price for paper)

Curbside Collection Rates

(for the periods beginning in May)

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	
Trash and Recycling Subscription	\$184.00	\$190.00	\$200.00	\$210.00	per year
Recycling Only Subscription	\$106.00	\$108.00	\$112.00	\$114.00	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
Avg Cost per Household (Based on 1 barrel per week)	\$262.00	\$268.00	\$278.00	\$288.00	

Key Performance Measures

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



Recycling Rate & Tonnage

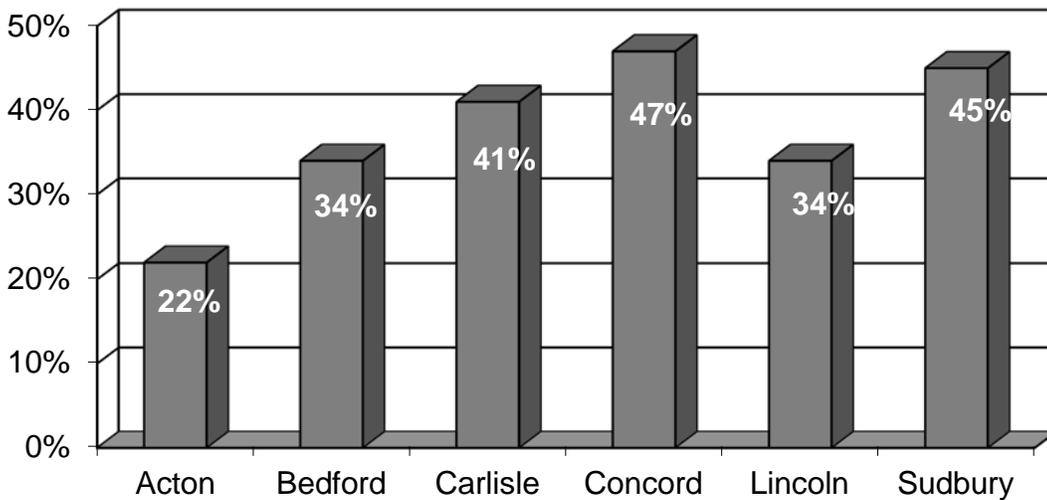
Concord continues to be one of the top curbside recycling communities in Massachusetts. As of December 31, 2012, curbside subscribers recycled an average of 40% of the total materials collected. In FY12, subscribers to the municipal collection program disposed of 2,484 tons of trash, 1,184 tons of paper, and 610 tons of commingled containers. Historical tonnages and recycling rates are outlined below.

	No. of subscribers	Change	Trash	Recycling	Total	Percent Recycled
	as of 6/30	# subscribers	tons	tons	tons	%
FY95	2,117	-106	1,968	887	2,855	31%
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%

Benchmarking Recycling Rates

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

Residential Recycling Rates
(Latest DEP figures)

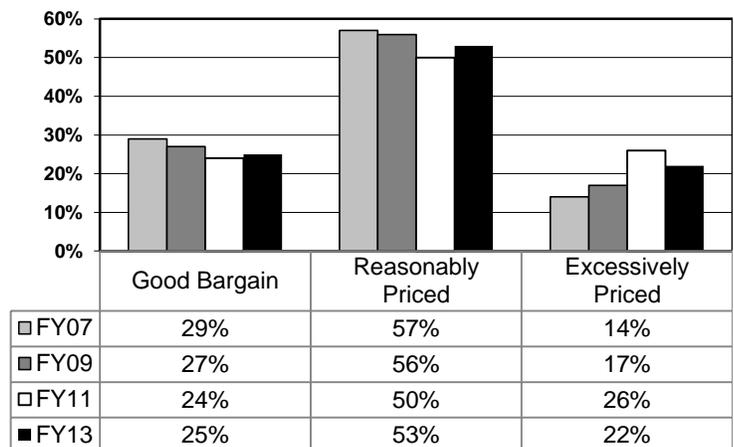


NOTE: The DEP has moved away from tracking municipal recycling rates as a method to measure diversion from the waste stream. The DEP now tracks tonnage per household instead. Concord's tonnage per household compares favorably with surrounding communities.

Resident Survey

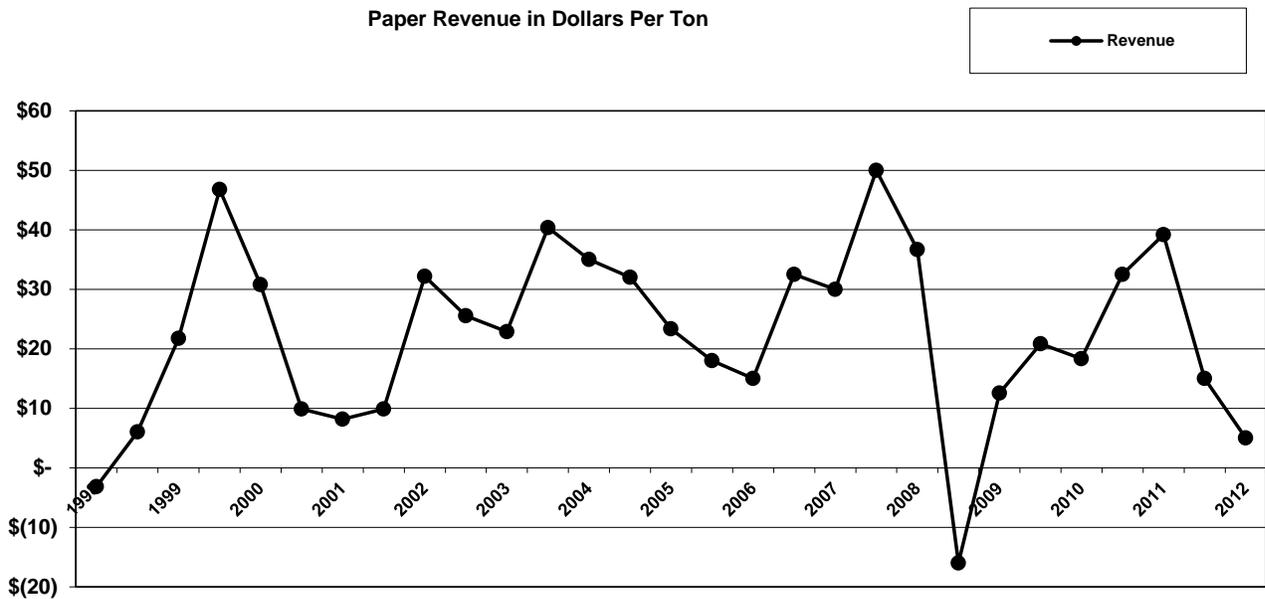
During the fall of 2006, 2008, 2010, and 2012, the Town conducted a telephone survey of 300 residents and asked the following question: Do you consider the price of the Town's trash and recycling pickup is a Good Bargain, Reasonably Priced, or Excessively Priced? For the November 2012 survey, of all respondents who said that they used the collection service, the results show that 25% think that it is a Good Bargain, 53% think that it is Reasonably Priced, and 22% think that it is Excessively Priced.

Opinion of Collection Rates



Paper Revenue

The current contract with Waste Management contains a provision whereby the Town receives revenue when the Yellow Sheet high price for New England #6 News exceeds \$25.00 per ton. The paper market plunged dramatically late in 2008 due to low demand associated with cutbacks in manufacturing production and other economic factors. Although they have fluctuated since, paper prices are significantly lower than they were just a few years ago. From time to time, when the Town received paper revenue, re-subscribers to the municipal collection program received a paper revenue rebate on their curbside subscription invoice. However, since FY10, when there has been paper revenue, it has been utilized to offset operating expenses in an effort to minimize curbside fee increases.



The above figures show six-month averages, (July-Dec. and Jan.-Jun.) net of processing fees.

Program Implementation

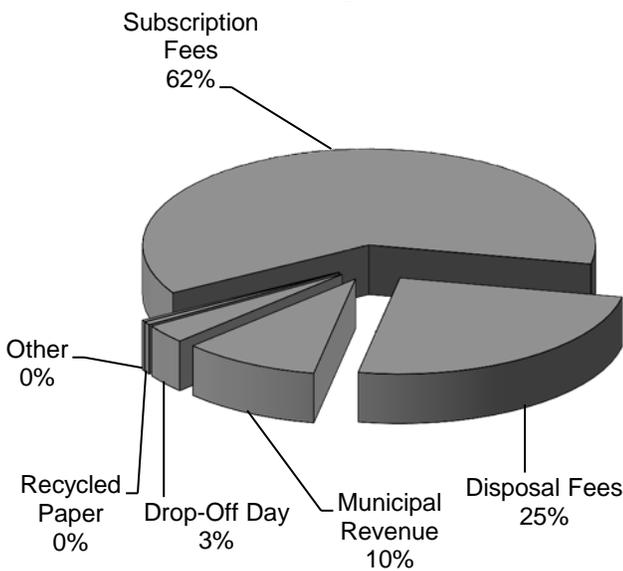
Eighty-six percent of the Solid Waste Division’s revenues in FY14 are expected to come from curbside subscriber subscription fees and disposal fees (\$1,017,168 of the total). Subscription fees and disposal fees (barrel stickers and weekly tags) are calculated each year to allow the Division to meet its yearly expenditures while remaining competitive — typically well below the rate private haulers charge. Municipal revenue (schools, municipal buildings, parks & fields) is projected at \$115,229 (approximately 10% of the total). Revenue from DropOff Day, brush fees, and sales of recycling bins & compost bins is projected at \$43,868 (approximately 4% of the total).

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

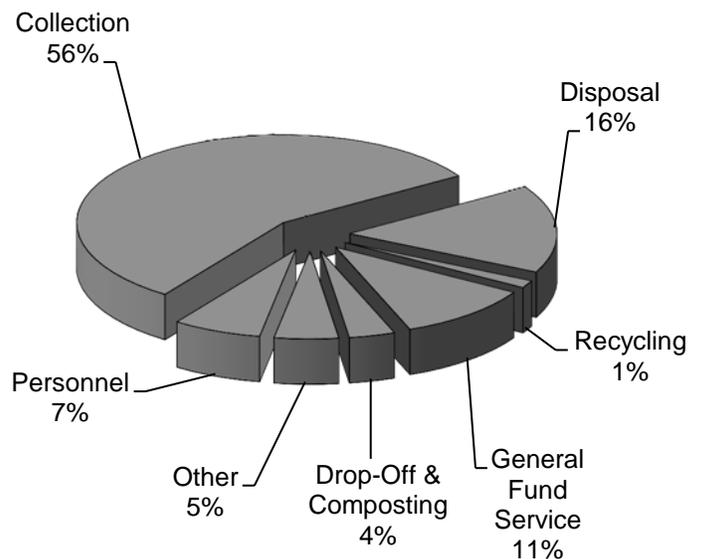
FY14 collection costs, based on Waste Management’s FY14 contract pricing, are budgeted at \$662,569. This represents a 3.3% increase over the FY13 budget of \$641,377.

Disposal costs are projected to decrease in FY14. Disposal costs, based on Waste Management’s FY14 contract pricing, are budgeted at \$190,181. This represents a 1.8% decrease from the FY13 budget of \$193,695.

Operating Revenues
Totaling \$1,178,865



Operating Expenses
Totaling \$1,175,981



Operating Revenues

	FY11	FY12	Rev. FY13	FY14
	Actual	Actual	Budget	Estimate
Subscription Fees (Collection)	\$ 638,420	\$ 672,717	\$ 693,424	\$ 725,328
Disposal Fees (Tags and Stickers)	274,582	279,796	288,420	291,840
Town Facilities and Public Barrels	42,232	44,952	45,320	48,299
Schools	62,904	64,594	65,650	66,930
Compost Bins	2,513	1,358	3,520	2,600
Recycling Bins	847	609	1,050	770
Drop-Off Day	37,719	35,319	37,000	37,098
Brush Fees	3,614	5,015	6,000	6,000
Sale of Recycled Paper	27,380	32,200	17,970	-
Operating Revenues Total	\$ 1,090,211	\$ 1,136,560	\$ 1,158,354	\$ 1,178,865

Operating Expenses

	FY11	FY12	Rev. FY13	FY14
	Actual	Actual	Budget	Estimate
<u>Curbside Program</u>				
Personnel Services	\$ 72,128	\$ 75,565	\$ 78,570	\$ 81,457
Curbside Collection Contract	604,872	645,084	641,377	662,569
Contracted Disposal Services	188,680	191,613	193,695	190,181
Recycling Processing Fees	13,383	14,317	14,925	16,119
Fuel Adjustment Expense	-	-	22,276	22,276
Customer Rebate	-	-	-	-
Purchased Services	20,393	28,217	25,826	25,406
Supplies and Materials	7,284	7,537	9,373	9,373
Other Charges and Expenses	811	764	1,750	1,800
Capital Outlay	1,763	553	-	-
General Fund Services	109,931	114,351	120,152	124,702
Subtotal	\$ 1,019,245	\$ 1,078,001	\$ 1,107,944	\$ 1,133,883
<u>Drop-Off Program</u>				
Personnel Services	4,787	5,298	5,550	5,807
Oversized waste collection	-	-	3,720	3,720
Oversized waste disposal	9,639	8,674	5,394	5,394
Recyclable Materials processing	15,232	22,964	20,497	20,617
Purchased Services & Supplies	2,320	2,365	1,560	1,560
Subtotal	\$ 31,978	\$ 39,301	\$ 36,721	\$ 37,098
<u>Composting Site Program</u>				
General Fund Services	5,000	5,000	5,000	5,000
Subtotal	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Expenses	\$ 1,056,224	\$ 1,122,302	\$ 1,149,665	\$ 1,175,981

Personnel Services Detail

	FY13 Revised Budget		FY14 Initial Budget	
	Positions/Hours	\$ Amount	Positions/Hours	\$ Amount
Curbside Collection Program				
5111 - Recycling and Disposal Program Administrator	1.00	\$ 77,170	1.00	\$ 80,257
5178 - Medicare Tax	N/A	1,400	N/A	1,200
Subtotal	1.00 FTEs	\$ 78,570	1.00 FTEs	\$ 81,457
Drop-Off Day Program				
5130 - Drop-Off Day Overtime	100.0 hrs.	\$ 3,450	86.0 hrs.	\$ 3,597
5131 - Police Overtime	40.0 hrs.	2,100	52.0 hrs.	2,210
Subtotal	0.00 FTEs	\$ 5,550	0.00 FTEs	\$ 5,807
Total Personnel Services	1.00 FTEs	\$ 84,120	1.00 FTEs	\$ 87,264

Detail of General Fund Services by Program

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Estimate
Curbside & Drop-Off Programs				
Town Manager	\$ 4,402	\$ 4,590	\$ 4,803	\$ 4,809
Human Resources	1,008	1,097	1,206	1,201
Accounting	3,671	3,830	4,069	4,184
Treasury and Finance Administration	33,965	35,419	36,749	37,021
Town House	1,166	1,194	1,150	1,093
CPW Administration	59,598	62,120	65,639	65,672
Engineering	-	-	-	-
135 Keyes Road	6,121	6,101	6,536	6,531
Salary Reserve	-	-	-	4,191
Subtotal	\$ 109,931	\$ 114,351	\$ 120,152	\$ 124,702
Composting Site Program				
Highway Maintenance	5,000	5,000	5,000	5,000
	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Combined	\$ 114,931	\$ 119,351	\$ 125,152	\$ 129,702

Net Income and Fund Balance

	FY11		FY12.		Rev. FY13		FY14	
	Actual		Actual		Budget		Estimate	
Operating Income:								
Operating Revenues	\$	1,090,211	\$	1,136,560	\$	1,158,354	\$	1,178,865
Less Operating Expenses		(1,056,224)		(1,122,302)		(1,149,665)		(1,175,981)
Operating Income	\$	33,987	\$	14,258	\$	8,689	\$	2,884
Non-Operating Income:								
Non-Operating Revenues	\$	-	\$	-	\$	-	\$	-
Non-Operating Expenses		-		-		-		-
Non-Operating Income	\$	-	\$	-	\$	-	\$	-
Net Income	\$	33,987	\$	14,258	\$	8,689	\$	2,884
Fund Balance:								
Beginning Fund Balance	\$	109,323	\$	143,310	\$	157,568	\$	166,257
Net Income		33,987		14,258		8,689		2,884
Ending Fund Balance	\$	143,310	\$	157,568	\$	166,257	\$	169,141

Fund Balance by Program

	FY11 Actual	FY12 Actual	Rev. FY13 Budget	FY14 Estimate
Curbside & Drop-Off Program				
Revenues	\$ 1,086,597	\$ 1,131,546	\$ 1,152,354	\$ 1,172,865
Expenses	(1,051,224)	(1,117,301)	(1,144,665)	(1,170,981)
Other Adjustments (Capital)	-	-		
Net Income	\$ 35,373	\$ 14,245	\$ 7,689	\$ 1,884
Beginning Fund Balance	\$ 104,123	\$ 139,496	\$ 153,741	\$ 161,430
Net Income	35,373	14,245	7,689	1,884
Ending Fund Balance	\$ 139,496	\$ 153,741	\$ 161,430	\$ 163,314
Composting Site Program				
Revenues	\$ 3,614	\$ 5,015	\$ 6,000	\$ 6,000
Expenses	(5,000)	(5,000)	(5,000)	(5,000)
Other Adjustments	-	-	-	-
Net Income	\$ (1,386)	\$ 15	\$ 1,000	\$ 1,000
Beginning Fund Balance	\$ 5,200	\$ 3,814	\$ 3,828	\$ 4,828
Net Income	(1,386)	15	1,000	1,000
Ending Fund Balance	\$ 3,814	\$ 3,828	\$ 4,828	\$ 5,828

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 5, 2012 DropOff – SwapOff attracted 890 households. The October 13, 2012 DropOff – SwapOff, was attended by 852 households. These events also included highly successful unwanted medication/sharps collections. There will be another unwanted medication/sharps collection at the upcoming DropOff on May 4, 2013.

Business Recycling

CPW partners with CRS (Complete Recycling Solutions) for two business recycling events a year. These events are typically held on the first Friday in April and the last Friday in September at the 300 Baker Avenue Extension 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 2012, 5,841 lbs. of electronics and 6,302 linear feet of fluorescent light bulbs were collected from Concord businesses.

Hazardous Waste Disposal

Curbside subscribers are given one free pass per year to the Minuteman Hazardous Products Regional Facility in Lexington, where they can drop off chemicals and other hazardous waste for proper disposal. Concord is one of eight Minuteman communities that help manage hazardous waste collection events at the site. The site is open one weekend day a month from April – November. Fifty curbside subscribers visited the site in 2012.

Additionally, CPW hosted a Concord hazardous waste collection on Wednesday June 6, 2012, from 3:30PM-7:30PM at 133 Keyes Road. This was a satellite collection under the Minuteman program. One hundred thirty-nine residents brought hazardous waste to this collection.

Paint Shed / Compost Site

The Paint Shed is open on Saturdays, April – October. During the 2012 season, 200 residents dropped off paint and 190 residents picked up paint for re-use. Concord residents are permitted to drop off yard waste and brush at the Compost Site. The Compost Site is open Saturdays from April to early December as well as additional days in January for Christmas tree disposal. Residents can pick up compost and wood chips free of charge.

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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 CY13/FY14 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 CY13/FY14 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 Calendar

FY14 Budget Calendar

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

2012

August 17	Capital Improvement Program Instructions issued (FY2014-18)
September 21	Capital Improvement Program (FY2014-18) requests due
September 20	FY2014 fiscal planning meeting; Board of Selectmen, School Committee, Finance Committee
September 21	Budget Instructions issued to all departments, boards and committees
October 19	FY2014 Operating Budget Requests due
October 29 – November 16	Operating and Capital Budget Requests review: meetings with Town Department Heads and Budget Review Team
November 8	Board of Assessors meet to review draft Classification Report from the Town Assessor
November 16	Classification Report submitted by Board of Assessors to Board of Selectmen (Re: setting the FY2013 property tax rate or rates)
November 19	Public Hearing ("Classification Hearing"), proposed property tax rates for FY2013 (based on FY2013 appropriations voted at April 2012 Town Meeting)
November 15	Finance Committee votes Budget Guidelines and issues by November 30 to Selectmen and School Committees
December 1 (Sat)	Selectmen/Committees Coordination Meeting; planning session for April 2013 Annual Town Meeting
December 3	Warrant opened for 2013 Annual Town Meeting
December 14	Preliminary FY2014 Operating Budget recommendations and final recommendations for FY2014-18 CIP compiled by Budget Review Team for Town Manager's review and decisions

Continued on next page

Appendix: Budget Calendar

2013

January 2	Warrant for Town Meeting closes at 4:00 PM
January 7	Preliminary draft of Town Manager's expenditure/appropriation recommendations for FY2014 Operating Budget submitted to Board of Selectmen
January 22	90 days prior to the Annual Town Meeting, the Town Manager's Proposed Budget for FY2014 (General Fund operations and proposed appropriations) is published and submitted to Selectmen. (Also, no later than this date, the Superintendent of Schools submits budgets for Concord Public Schools and Concord-Carlisle Regional High School to the respective School Committees.) Through February, these committees and Finance Committee conduct review.
February 1	Proposed budgets for FY2014 operations of Enterprise Funds are due
February 14	Public Hearings advertised (for FY2014 General Fund operations)
February 15	Legal deadline for mailing of Town Meeting Warrant to residents (at least 10 days prior to Public Hearing)
February 25	Finance Committee's Public Hearing on Town Manager's General Fund operating and capital budget proposals for FY2014 and other non-school and non-CPA financial articles on the Town Meeting Warrant
February 27	Finance Committee's Public Hearing on Education budget proposals for FY2014 (Concord Public Schools, Concord-Carlisle Regional High School, and Minuteman Career and Technical High School) and Community Preservation Act article
March 8	Town Manager's Proposed Budget for FY2014 Enterprise Operations published (10 days prior to Public Hearing)
March 18	Public Hearing on Enterprise Fund budgets and articles
March 21	Finance Committee completes its recommendations for Town Meeting
April 1	Finance Committee Report to printer
April 12	Finance Committee Report mailed to residents (at least 10 days prior to Town Meeting)
April 22	Town Meeting - consideration of budget; enactment of appropriations (first session)

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

(DECEMBER 31, 2011 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
ASSETS					
Current:					
Cash and short-term investments	\$ 5,167,220	\$ 3,910,281	\$ 12,568,135	\$ 3,798,494	\$ 25,444,130
Investments	-	-	2,091,577	-	2,091,577
User fees, net of allowance for uncollectibles	786,964	372,588	3,944,642	-	5,104,194
Betterment receivables	-	74,000	-	-	74,000
Inventory	44,940	-	-	-	44,940
Materials and supplies, at average cost	-	-	863,550	-	863,550
Prepaid expenses	-	-	3,217,616	-	3,217,616
Other assets	-	-	299,678	-	299,678
Total current assets	5,999,124	4,386,869	22,985,498	3,798,494	37,139,885
Noncurrent:					
Betterment receivables, net of current portion	-	1,105,889	-	-	1,105,889
Capital assets being depreciated, net	16,299,338	23,276,669	29,352,315	8,361,634	77,199,956
Capital assets not being depreciated	3,217,123	105,005	6,993,468	-	10,415,596
Total noncurrent assets	19,526,461	24,487,563	36,345,783	8,361,634	88,721,441
TOTAL ASSETS	25,525,585	28,874,432	59,330,981	12,160,128	125,861,126
LIABILITIES					
Current:					
Warrants payable	440,420	516,929	3,103,346	94,474	4,155,169
Accrued liabilities	102,861	116,361	182,022	-	401,244
Unearned revenue	-	-	570,295	894,965	1,465,260
Customer deposits	-	-	332,252	-	332,252
Provision for rate stabilization	-	-	7,708,764	-	7,708,764
Current portion of long-term liabilities:					
Bonds payable	470,000	788,264	765,000	-	2,023,264
Accrued employee benefits	11,141	2,785	-	5,919	19,845
Total current liabilities	1,024,422	1,424,339	12,661,679	995,358	16,105,798
Noncurrent:					
Bonds payable, net of current portion	4,385,000	11,273,738	4,615,000	-	20,273,738
Accrued employee benefits, net of current portion	82,541	20,636	127,798	44,871	275,846
Net OPEB obligation	-	-	207,473	-	207,473
Total noncurrent liabilities	4,467,541	11,294,374	4,950,271	44,871	20,757,057
TOTAL LIABILITIES	5,491,963	12,718,713	17,611,950	1,040,229	36,862,855
NET ASSETS					
Invested in capital assets, net of related debt	14,671,461	11,319,672	30,965,783	8,361,634	65,318,550
Restricted - betterments	-	1,898,025	-	-	1,898,025
Restricted - capital improvements	-	1,986,531	-	-	1,986,531
Unrestricted	5,362,161	921,491	10,753,248	2,758,265	19,795,165
TOTAL NET ASSETS	\$ 20,033,622	\$ 16,125,719	\$ 41,719,031	\$ 11,119,899	\$ 88,998,271

Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

(DECEMBER 31, 2011 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Operating Revenues:					
Charges for services	\$ 4,325,314	\$ 2,409,318	\$ 27,703,175	\$ 2,355,081	\$ 36,792,888
Total Operating Revenues	4,325,314	2,409,318	27,703,175	2,355,081	36,792,888
Operating Expenses:					
Personnel services	1,030,209	368,709	-	1,153,506	2,552,424
Non-personnel services	802,836	892,126	-	739,876	2,434,338
Depreciation	757,794	1,745,139	1,445,356	295,954	4,244,243
Electric operations	-	-	24,348,203	-	24,348,203
Total Operating Expenses	2,590,839	3,005,974	25,793,559	2,188,836	33,579,208
Operating Income (Loss)	1,734,475	(596,656)	1,909,616	166,245	3,213,680
Nonoperating Revenues (Expenses):					
Investment income	19,626	9,821	54,672	11,596	95,715
Interest expense	(194,767)	(270,803)	(160,922)	-	(626,492)
Other nonoperating expense, net	-	-	11,980	-	11,980
Total Nonoperating Revenues (Expenses), Net	(175,141)	(260,982)	(94,270)	11,596	(518,797)
Income Before Transfers	1,559,334	(857,638)	1,815,346	177,841	2,694,883
Transfers in	-	101,679	-	-	101,679
Transfers out - overhead allocations	(568,280)	(192,636)	(380,000)	(124,364)	(1,265,280)
Change in Net Assets	991,054	(948,595)	1,435,346	53,477	1,531,282
Net Assets at Beginning of Year	19,042,568	17,074,314	40,283,685	11,066,422	87,466,989
Net Assets at End of Year	\$ 20,033,622	\$ 16,125,719	\$ 41,719,031	\$ 11,119,899	\$ 88,998,271

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Appendix: Financial Statements

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012
(DECEMBER 31, 2011 FOR THE ELECTRIC LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 4,380,064	\$ 2,646,736	\$ 26,036,373	\$ 2,323,275	\$ 35,386,448
Payments to vendors and employees	(1,624,583)	(882,911)	(24,955,431)	(1,927,126)	(29,390,051)
Receipts from noncurrent deposits	-	-	(54,871)	-	(54,871)
Net Cash Provided By Operating Activities	2,755,481	1,763,825	1,026,071	396,149	5,941,526
Cash Flows From Noncapital Financing Activities:					
Transfers in	-	101,679	-	-	101,679
Transfers out	(568,280)	(192,636)	(380,000)	(124,364)	(1,265,280)
Net Cash (Used for) Noncapital Financing Activities	(568,280)	(90,957)	(380,000)	(124,364)	(1,163,601)
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets, net of disposals	(1,800,627)	(831,407)	-	(80,165)	(2,712,199)
Acquisition and construction of utility plant	-	-	(1,250,066)	-	(1,250,066)
Net additions to construction in progress	-	-	(2,694,670)	-	(2,694,670)
Transfers from (to) restricted deposits with Town	-	-	2,213,756	-	2,213,756
Principal payments on bonds and notes	(670,000)	(774,635)	(530,000)	-	(1,974,635)
Interest expense	(194,767)	(270,803)	(160,922)	-	(626,492)
Net reductions to customer advances for construction	-	-	(12,718)	-	(12,718)
Net Cash (Used For) Capital and Related Financing Activities	(2,665,394)	(1,876,845)	(2,434,620)	(80,165)	(7,057,024)
Cash Flows From Investing Activities:					
Investment income	19,626	9,821	54,672	11,596	95,715
Sales of investment shares	-	-	3,556	-	3,556
Net Cash Provided By Investing Activities	19,626	9,821	58,228	11,596	99,271
Net Change in Cash and Short-Term Investments	(458,567)	(194,156)	(1,730,321)	203,216	(2,179,828)
Cash and Short-Term Investments, Beginning of Year	5,625,787	4,104,437	14,298,456	3,595,278	27,623,958
Cash and Short-Term Investments, End of Year	\$ 5,167,220	\$ 3,910,281	\$ 12,568,135	\$ 3,798,494	\$ 25,444,130
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 1,734,475	\$ (596,656)	\$ 1,909,616	\$ 166,245	\$ 3,213,680
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	757,794	1,742,653	1,445,356	295,954	4,241,757
Changes in assets and liabilities:					
User fees receivables	54,750	237,418	(49,155)	-	243,013
Inventory	(2,485)	-	-	-	(2,485)
Materials and supplies	-	-	(70,417)	-	(70,417)
Prepaid expenses	-	-	97,455	-	97,455
Noncurrent deposits with Town Treasurer	-	-	(54,871)	-	(54,871)
Warrants payable	180,486	384,279	-	(30,043)	534,722
Accrued liabilities	39,327	(1,653)	(786,542)	-	(748,868)
Other liabilities	(8,866)	(2,216)	-	(4,201)	(15,283)
OPEB	-	-	13,076	-	13,076
Unearned revenue	-	-	341,150	(31,806)	309,344
Provisions	-	-	(1,819,597)	-	(1,819,597)
Net Cash Provided By Operating Activities	\$ 2,755,481	\$ 1,763,825	\$ 1,026,071	\$ 396,149	\$ 5,941,526

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.

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).

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.

Appendix: Glossary

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.

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.

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.

Appendix: Glossary

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; FY2006 is the fiscal year which ends June 30, 2006.

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.

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.

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**.

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

Appendix: Glossary

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:

<i>House Value:</i>	\$500,000
<i>Tax Rate:</i>	\$9.83 (which means \$9.83 per thousand \$\$ of valuation)
<i>Levy Calculation:</i>	\$9.83 multiplied by \$500,000 divided by \$1,000.
<i>Result, Property Tax Levy:</i>	\$4,915

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.

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**.

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**.