

Section VII

Appendix

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TOWN OF CONCORD

COMMUNITY PROFILE

HISTORY

Purchased from the local Indians and founded in 1635, Concord was the first interior, non-tidewater town in Massachusetts Bay Colony. Though the origin of its name is unknown, one theory is that it derived from the peaceful manner in which the colonists and Indians reached agreement on its purchase and settlement. In fact, relations between the colonists and Indians during the 1600's were such that Concord was largely spared any hostile Indian actions during King Philip's War, which began in 1675. By 1775 Concord had evolved from a frontier town into a prosperous regional center with a mixed society, including small yeoman farmers, affluent gentry, and immigrants from Italy and Norway. In 1775 the town was witness to the famous Battle of Concord, which, along with the Lexington skirmish preceding it, ushered in the Revolutionary War for independence. In the 19th century Concord became the leader of American literature and philosophy. Louisa May Alcott, Bronson Alcott, Ralph Waldo Emerson, Henry David Thoreau, and Nathaniel Hawthorne, among others, all lived in Concord.

As the 20th century progressed Concord evolved into primarily a suburban, residential community, with a mix of non-residential activities. The community has focused on preserving its rich Colonial and literary history as a means of promoting tourism and diversity in its economy. Diversity of population is also a major community focus. Concord is a part of the Boston Metropolitan Statistical Area, and a member of the Metropolitan Area Planning Council.

GEOGRAPHY

The Town of Concord in Middlesex County in eastern Massachusetts is located approximately 18 miles west of Boston, 34 miles northeast of Worcester, and 215 miles northeast of New York City. It is bordered by the towns of Maynard and Acton on the west, Carlisle on the north, Bedford and Lincoln on the east and southeast, and Sudbury and Wayland on the south. Of Concord's 25.89 square miles of gentle hills, valleys, fields, and ponds 24.92 square miles are land area. Concord is situated at the confluence of the Assabet and Sudbury Rivers, which join to flow northeast as the Concord River.

TRANSPORTATION AND ACCESS

Access to Concord is excellent, with east-west Route 2 traversing the town, and Route 128/95 (circumferential to Boston) just to the east, Interstate 90 (the Massachusetts Turnpike) several miles to the south, Interstate 93 several miles to the northeast, and Interstate 495 several miles to the west. In addition, there is regular commuter rail service from Boston to both Concord and West Concord, along with freight rail service. The Massachusetts Bay Transportation Authority (MBTA), of which Concord is a member community, provides a para-transit bus service for the elderly and disabled, while Yankee Lines provides bus service (1 trip daily) to Boston. Hanscom Field, a joint civil-military airport, is located in neighboring Bedford, and provides limited commercial air services.

FORM OF GOVERNMENT; GOVERNMENTAL SERVICES

Local legislative decisions are made by an open Town Meeting consisting of registered voters. Participation in Town Meeting, and volunteerism, are relatively high. Subject to town meeting decisions, and pursuant to the Town Charter adopted in 1956, the Town Manager handles the daily affairs of the Town of Concord and of the Municipal Light Plant. Matters of policy are referred first to the Town's five-member Board of Selectmen. Selectmen are elected at-large and serve three-year staggered terms. The Concord Municipal Light Plant is managed by a five-person board appointed by the Town Manager for staggered three-year terms. The Water/Sewer Division is part of the Public Works Commission managed by a five-person Board of Commissioners appointed by the Town Manager for staggered three-year terms. Local

property taxes are assessed by a board of five assessors appointed for staggered three-year terms by the Town Manager with the approval of the Board of Selectmen.

Concord provides a broad range of general governmental services, including police and fire protection; disposal of garbage and rubbish; water and sewer, including a secondary treatment plant; electricity; public works; parks and recreation; a community center; libraries; and a land conservation program. The Concord Housing Authority provides low-income and elderly housing.

EDUCATION

Concord's school system consists of the Concord Public Schools, grades kindergarten through 8, and the Concord-Carlisle Regional High School, grades 9 through 12. Concord contributes about 70% of the enrollment in the regional high school. Total enrollment in this excellent school system is about 3,518, and has been slightly increasing since 1998. Technical education at the high school level is provided by the Minuteman Regional Vocational Technical School District, located in Lexington. Additionally, a number of fine private schools operate in Concord: Nashoba Brooks School, Concord Academy, the Fenn School, and the Middlesex School.

POPULATION

The 2000 Federal Census population figure for Concord is 16,993, while a more recent local census figure is 17,076, resulting in a population density of about 660 people per square mile. These figures represent a slight decrease from the 1990 figures. While population figures have remained stable, the number of housing units since 1990 has increased by 4%. These numbers result in a decrease in average household size from 2.9 persons per household in 1980 to 2.62 in 2000. Approximately 43% of the town's population in 2000 was between 25 and 54 years of age, with the largest age category being 35-44 years of age. The median age has increased 10% from 38.4 to 42.2, due in part to the expansion in residential nursing homes and assisted living facilities in the town.

HOUSING

Within Concord's 26 square miles of territory are approximately 16,000 acres—over 90%—of residentially zoned land, and 600 acres of commercially zoned land. About 45% of the land is developed; approximately 32% of the land is permanently protected open space in the form of private conservation land, trust land, and municipal, state, and federal park lands, and conservation and agricultural lands. Approximately 5,000 acres—about 28% of the land—have not been developed or permanently protected; the majority of these acres are zoned for one- and two-acre residential development. Approximately 21 acres of commercially zoned land remain undeveloped.

Concord's housing stock is in excellent condition. Over half of the housing units have been built since 1950. Those constructed before 1950 are well maintained due to the affluence of the owners, the high value of housing and land, and the increasing turnover rate. Concord has a low vacancy rate of approximately 3.3% and a high owner-occupancy rate of nearly 78%, two factors that add to the high level of maintenance of housing stock.

The rate of residential development in Concord has been relatively stable since 1993, with the number of building permits issued averaging about 30 units per year. With fewer developable lots available, the trend has been towards larger, more expensive single-family homes. Single family homes account for 80% of Concord's housing units. As of January 1, 2005 the average single-family home value was \$909,447, while the median value was \$712,100. According to the 2000 Federal Census, Concord's median value was nearly 2.5 times the value reported state-wide (\$453,400 versus \$185,700).

Such high values, coupled with a real concern for preserving diversity, have led Concord to take many actions to preserve and increase affordable housing. The Town has enacted comprehensive plans, an inclusionary housing bylaw, and a cluster development bylaw, all designed to preserve or increase affordable housing. In addition, the Town has converted a former school building into affordable units, and continues to participate in many other such efforts with the Local Housing Partnership, the Concord Housing Trust, and private developers. A key state requirement is that 10% of the housing stock of every town be affordable. The town currently has 4.8%, or 293 units, of its total housing units listed as affordable.

ECONOMIC DEVELOPMENT

As with population diversity, Concord has long recognized the importance of preserving and enhancing its economic diversity. In 1928 the Town first adopted zoning that included business and industrial districts. Since that time the Town has continued to adopt or expand zoning and comprehensive planning designed to provide an optimum mix of residential and non-residential uses. In addition, the Town has invested considerable capital in providing infrastructure to serve its industrial areas. From 1990 to 2000, the number of firms in Concord reporting to the Massachusetts Department of Employment and Training increased approximately 22%, from 779 to 948. In 2003, there were 942 firms with an average monthly employment of 12,294 and an average weekly wage of \$1,043. Since 1990 Concord has experienced healthy growth of its medical/professional offices and facilities, and of its commercial office and retail space. The Town works closely with the Chamber of Commerce and the Concord Business Partnership to continue these trends. Working together, the community has done much to foster and enhance Concord's three distinct business districts through aesthetic and infrastructure improvements: street reconstruction, underground wiring, tree planting, municipal parking lot improvements are all ongoing projects. In addition, the new visitor center and restroom facility was completed in the summer of 2002. All of these activities and efforts are designed to enhance Concord's reputation and image as a vibrant, diverse community.

The major employers in Concord¹, excluding the Town itself, are:

<u>Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Emerson Hospital	Healthcare	1,600
Baker Avenue ²	Technology	950
Sybase Corporation	Technology	350
Army Corps of Engineers	Government	300
New England Deaconess	Healthcare	200
Welch Foods	Food products	200
Middlesex School	Education	165
Earth Tech	Professional Services	150
Concord Health Care	Healthcare	150
Hamilton, Brook, Smith & Reynolds	Professional Services	139

¹ As of July 2006.

² Includes Solid Works Corp., One Source Information Services

The largest taxpayers in the Town are:

<u>Name</u>	<u>Nature of Business</u>	<u>2006 Assessed Valuation</u>	<u>FY06 Tax Levy</u>
Period Realty Trust	Apartments/ Retail/Office	\$47,147,900	\$482,323
300 Baker LLC (Metro Life Insurance)	R&D	40,875,800	418,159
Deaconess Nursing Home	Continuing Care	25,834,400	264,286
Renfroë H. Laure Tr.	Office/Residential	22,008,040	225,142
Rubicon-NGP Concord MA LLC (Fortress GSA Concord LLC)	R&D	14,460,800	147,934
Tobins Marshall L & Barbara A	Residential Land	11,750,900	119,751
CWM Realty Trust	Office	11,673,600	119,421
VOA Concord Assisted Living, Inc.	Continuing Care	11,338,800	115,996
Bemifohr Edward G. Trust	Residential Land	11,225,225	114,834
Rasmussen, Neil & Anna Winter	Residential Land	11,219,100	114,771
57 Old Road to Nine Acre Corner SNF	Continuing Care	11,187,400	114,447

INCOME AND EMPLOYMENT

Concord's population is relatively affluent. Median family income in 2000 was \$115,839, and per capita income was \$51,477 compared to \$61,664 and \$25,952, respectively, for the state as a whole. According to the state Department of Employment and Training, in June of 2006 Concord had a total labor force of 7,763, of which 7,444 were employed and 319 or 4.1% were unemployed, as compared to 4.5% unemployed for Middlesex County and 4.7% for the state. In fact, from 1994 through 2005 Concord has experienced a consistently low unemployment rate compared to Middlesex County and the state.

TOWN OF CONCORD

FINANCIAL POLICIES

OVERVIEW

In order to ensure its financial well-being and fiscal stewardship, the Town Manager has established the following policies and procedures that are financially prudent and in the Town's best economic interest.

Overall, it is the policy of the Town of Concord that financial management be conducted with the objectives of providing municipal service in an efficient, effective, and consistent manner that aligns with public policy goals as set forth by the Board of Selectmen and the Annual Town Meeting. In adherence to this policy, the Town shall pursue the following objectives:

- to set forth operational programs that minimize the cost of government to the extent consistent with services desired by the public;
- to instill public confidence in the Town's financial management;
- to protect and enhance the Town's credit rating and prevent default on any municipal debts;
- to maintain effective financial management that conforms to generally accepted accounting principles for governmental entities as set forth by the Governmental Accounting Standards Board (GASB);
- to simplify, clarify, and modernize the financial systems of the Town as the need occurs;
- to provide safeguards to ensure the quality and integrity of the financial systems.

ACCOUNTING, AUDITING, AND FINANCIAL PLANNING POLICIES

1. The Town shall utilize accounting practices that conform to generally accepted accounting principles as set forth by GASB. In accordance with GASB Statement 34, the Town shall track, report, and depreciate capital assets as required.
2. All Town Government funds shall be placed at the highest possible rate, taking into account safety, liquidity, and yield, subject to the constraints established by State law and in compliance therewith.
3. An annual audit shall be performed by an independent public accounting firm.
4. A management letter, a list of areas for potential improvement in the Town's financial management, shall be provided by the independent public accounting firm. Additional findings and recommendations may be communicated in a separate letter.

GENERAL FUND POLICIES

1. The annual operating budget shall be balanced. A "balanced budget" for any given fund is defined as 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). In short, for a budget to be balanced, proposed expenditures shall not exceed projected resources for the period.

2. The Town shall explore the utilization of as broad a diversity of revenues as possible under state law to ensure the Town's ability to handle fluctuations in the various sources of revenues with minimal negative impact on the overall budget.
3. One-time revenues shall not be used to fund ongoing expenditures. One-time and unpredictable revenues shall be utilized to fund one-time or intermittent expenditures, or shall be added to reserves.
4. In accordance with state law, debt shall not be used to fund current operating expenditures.
5. Adequate maintenance of reserves is a priority. Free cash, which is the available undesignated fund balance in the General Fund, shall be maintained at a level no less than 5% of the total budget.
6. The Reserve Fund, an appropriated contingency account that is allocated during the year by vote of the Finance Committee pursuant to a request by the Town Manager, shall be used to provide financing for extraordinary or unforeseen expenditures, as required by state law.
7. Property valuation for the purpose of taxation shall meet the annual market value standards set by the state Bureau of Local Assessment.
8. The Tax Collector shall follow a comprehensive policy of collecting property tax revenues. An average collection rate of at least 98 percent of current levy shall be maintained.
9. Charges and fees for services, and other revenues, shall, to the extent feasible, reflect the full cost of the services, and shall be examined periodically (preferably annually) by each department as deemed necessary to respond to changes in the cost of services. Recommendations for charge and fee adjustments shall be provided by the Town departments to the Town Manager for action.
10. The Town shall avoid budgetary procedures that defer the recognition of current expenditures at the expense of meeting future year's expenditures, such as delaying the recognition of expenditure obligations until the next fiscal year.

CAPITAL BUDGET POLICIES

1. A capital item shall be defined as 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 2 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 part of a multi-year program of infrastructure improvements;
 4. An annual sum available for routine building improvements, renovations, or repairs.
2. The Town Manager shall prepare a 5-year capital improvement program annually.
3. For the Town Government and Concord Public Schools, the total budget allocation within the levy limit for capital needs (cash capital outlay, principal and interest repayment, related debt issuance

costs, and short-term interest expense) shall be in the range of 7-8% of the total General Fund budget.

4. One-third of total capital needs (that is, of the above 7-8% allocation limit) shall be met from current resources, limiting the cost of borrowing to approximately 5% of the total General Fund budget.

GENERAL OBLIGATION DEBT POLICIES

1. As a general policy, the threshold for an item for debt financing shall be an expenditure of at least \$100,000 and a useful life in excess of 5 years.
2. The term of long-term debt shall not exceed the expected useful life of the capital asset being financed, and in general it shall not exceed 20 years.
3. A rapid debt repayment schedule shall be maintained, with a goal of 60% principal repayment within 5 years and 90% repayment within 10 years.
4. Debt supported outside the levy limit—that is, through a debt exclusion—may be above the 7-8% allocation limit, and may be structured for a longer repayment schedule; such debt shall be reserved for large capital improvements, generally those costing over \$1 million and bonded for 10 years or more.
5. For all debt exclusion items, the impact on property tax rates shall be calculated.
6. All debt of the Town shall be issued as general obligation debt. As a policy, debt for enterprises may be paid for from fee revenue rather than through taxes.

ENTERPRISE FUND POLICIES

1. Rates charged by an enterprise shall be designed to generate enough revenue to cover the full cost of the enterprise (including depreciation expense).
2. Renovation or replacement of an enterprise's capital assets shall be funded with current revenues. Capital assets associated with expansion of service may be funded through borrowing.

GIFTS AND GRANTS POLICIES

1. All gifts and grants shall be evaluated for suitability and consistency with Town policies.
2. All gifts and donations shall be managed and expended according to the wishes and instructions of the donor; all grants shall be managed to comply with the laws, regulations, and guidance of the grantor.
3. For amounts less than or equal to \$500, the Town Manager shall formally accept the gift. For amounts over \$500, the Board of Selectmen shall formally accept the gift.

INVESTMENT POLICIES

All funds of the Town, except for trust funds of the Town of Concord Employees' Retirement System, are invested in accordance with Section 55 of Chapter 44 of the Massachusetts General Laws (MGL). That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's Office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any securities that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems. A breakdown of such investments may be obtained from the Finance Director.

Pension funds are under the jurisdiction of the Town of Concord's Employees' Retirement System.

Fund Descriptions

Governmental Funds

Most Town functions are financed through what are called governmental funds. There are **four** types of governmental funds maintained by the Town: the General Fund, three Enterprise Funds, several Special Revenue Funds, and the Capital Projects Fund. The Town Meeting appropriates the General Fund.

General Fund: The General Fund is the major operating fund of the Town government, and it accounts for the vast majority of Town operations. The General Fund is supported by revenues from real estate and personal property taxes, state and federal aid, excise taxes, investment income, fines and forfeitures, and fees and charges. Most of the Town's departments, including the schools, are supported in whole or in part by the General Fund.

Enterprise Funds: The Town maintains four Enterprise Funds: one for the Sewer Division of Public Works, one for the Water Division of Public Works, one for the Beede Swim & Fitness Center, and one for the Concord Municipal Light Plant. In addition, the Solid Waste Disposal Fund, which technically is a Special Revenue Fund, is treated as an Enterprise Fund, but without any capital improvement activity. An enterprise operation is a business-type activity supported primarily by charges for services received. Funds raised from charges are dedicated to the specific purpose of the enterprise operation, and cannot be diverted to other unrelated uses. The concept of an enterprise operation also includes the maintenance of the capital facilities of the business. That is, fees for services are charged to recover not only the operating costs of the activity but also the "using up" (depreciation) of the capital investments supporting the service.

Budget and financial reports for enterprise operations utilize terms and concepts that differ significantly from those utilized for General Fund tax-supported reports that are the routine focus of public attention. The purpose of enterprise financial reporting is to measure with reasonable accuracy and consistency the net income derived from operations, and then to measure the availability and use of capital acquisition and construction financing. The presentation of the enterprise budgets utilizes budgetary terms and concepts, and the reporting structure found in the audited financial statements for the same enterprise funds. As such, the key measures are *Net Income* and *Capital Resource Availability*.

Special Revenue Funds: The Town maintains several Special Revenue Funds, which are used to account for those types of revenues that are legally restricted to being spent for a specific purpose (except expendable trusts, or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons, and do not necessarily follow the same fiscal year as the General Fund. In addition to the Solid Waste Disposal Fund, which is treated as an Enterprise Fund, Special Revenue Funds include the following types of funds:

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific service, and use those revenues to support the service without appropriation. Revolving Funds are established by statute or bylaw, and may require re-authorization each year at Town Meeting. The Town maintains a number of Revolving Funds, such as the Road Repair and Recreation Revolving Funds.
2. **Receipts Reserved for Appropriation:** These receipts are special revenues that are restricted to a specific use, but also require appropriation by Town Meeting, such as sewer betterment fees, monies from the sale of cemetery lots and graves, conservation wetland protection fees, and the proceeds from the sale of Town property.

3. **School Grants:** These grants account for several specially-financed education programs under grants received from the federal or state governments, including professional development, SPED early childhood development, drug-free school programs, and certain capital improvements.

4. **Other Intergovernmental Funds:** These funds account for several grants or monies received by the Town from the federal or state governments, including a variety of community policing grants, Chapter 90 highway monies, state election grants, state library aid, and various Council on Aging programs, such as “meals-on-wheels.”

5. **Other Special Revenue Funds:** These funds account for miscellaneous special revenues often involving private donations for a specific purpose, such as the Arts & Technology Education Fund, departmental gifts for police and fire, various Council on Aging programs, and Planning Board gifts from developers for infrastructure improvements related to proposed projects.

Capital Projects Fund: The Capital Projects Fund is used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by trust funds. The Town’s Capital Projects Fund is funded primarily by the receipt of bond proceeds resulting from the Town’s issuance of bonds for specific project grants, but may also be derived from private sources, grants, or transfers from other Town funds.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. Fiduciary Funds include expendable trusts, non-expendable trusts, and agency funds.

1. **Expendable Trusts:** Expendable Trusts are used to account for monies received by the Town in a trustee capacity where both the principal and the earnings of the fund may be expended. An example of an expendable trust fund is the Town’s Stabilization Fund.

2. **Non-expendable Trusts:** These trusts are used to account for trusts where the principal must remain intact (that is, cannot be expended). Generally income earned on the non-expendable trust principal may be expended in accordance with the conditions of the trust. An example is the Cemetery Department’s Principal Care Trust.

3. **Agency Funds:** Agency Funds are used to account for funds that are custodial in nature, and do not involve the measurement of operations, such as the fund for the Town’s deferred compensation plan.

Account Groups

The last category of funds maintained by the Town is the General Long-term Debt Account group, which accounts for the balances due on long-term debt that the Town has financed.

Basis of Accounting & Basis of Budgeting

Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The accrual basis of accounting is utilized by non-expendable trust funds. Under this basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Basis of Budgeting

An annual budget is adopted by the Town Meeting for the Town's General Fund. Town Meeting approval is also required for certain capital projects and borrowing authorizations. The Town's General Fund annual budget is adopted on a statutory basis that differs in some respects from generally accepted accounting principals (GAAP). The major differences between the budget basis and GAAP basis of accounting are that:

1. Budgeted revenues are recorded when cash is received, except for real estate and personal property revenues, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
2. Encumbrances are treated as expenditures in the year the commitment is made. Also, certain appropriations, known as special articles, do not lapse, and are treated as budgetary expenditures in the year they are authorized.

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TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF NET ASSETS

JUNE 30, 2007

(Except for the Electric Enterprise Fund, which is as of December 31, 2006)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 17,881,639	\$ 18,333,489	\$ 36,215,128
Investments	19,965,911	2,165,624	22,131,535
Receivables, net of allowance for uncollectibles:			
Property taxes	713,352	-	713,352
Excises	64,021	-	64,021
User fees	-	4,913,503	4,913,503
Betterments	-	103,100	103,100
Departmental and other	473,297	-	473,297
Intergovernmental	255,064	6,599,537	6,854,601
Inventory	-	34,842	34,842
Materials and supplies	-	829,071	829,071
Prepaid expenses	-	489,593	489,593
Other assets	386,761	159,708	546,469
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	290,825	-	290,825
Betterments	-	1,951,439	1,951,439
Capital assets being depreciated, net	65,036,189	72,861,652	137,897,841
Capital assets not being depreciated	58,840,322	10,111,848	68,952,170
TOTAL ASSETS	163,907,381	118,553,406	282,460,787
LIABILITIES			
Current:			
Warrants payable	1,876,319	3,316,594	5,192,913
Accrued liabilities	3,159,953	1,317,711	4,477,664
Unearned revenue	-	1,142,663	1,142,663
Customer deposits	-	244,572	244,572
Provision for rate stabilization	-	3,916,568	3,916,568
Notes payable	12,175,000	1,450,000	13,625,000
Other current liabilities	357,329	231,502	588,831
Current portion of long-term liabilities:			
Bonds payable	3,605,852	1,798,827	5,404,679
Accrued employee benefits	161,735	14,604	176,339
Estimated landfill closure and postclosure care costs	10,000	-	10,000
Noncurrent:			
Bonds payable, net of current portion	25,620,829	23,300,648	48,921,477
Accrued employee benefits, net of current portion	3,117,097	217,390	3,334,487
Estimated landfill closure and postclosure care costs, net of current portion	240,000	-	240,000
TOTAL LIABILITIES	50,324,114	36,951,079	87,275,193
NET ASSETS			
Invested in capital assets, net of related debt	84,852,742	63,776,577	148,629,319
Restricted for:			
Grants and other statutory restrictions	9,190,791	2,456,995	11,647,786
Permanent funds:			
Expendable	88,738	-	88,738
Nonexpendable	4,420,310	-	4,420,310
Unrestricted	15,030,686	15,368,755	30,399,441
TOTAL NET ASSETS	\$ 113,583,267	\$ 81,602,327	\$ 195,185,594

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

(Except for the Electric Enterprise Fund, which is for the year ended December 31, 2006)

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:				
Expenses	\$ 5,749,925	\$ 614,071	\$ (4,785,261)	\$ (4,785,261)
General government	9,686,770	306,229	(7,461,093)	(7,461,093)
Public safety	46,783,893	7,239,299	(38,877,067)	(38,877,067)
Education	6,024,518	76,735	(3,953,164)	(3,953,164)
Public works	750,760	86,697	(558,675)	(558,675)
Health and human services	3,813,464	236,626	(1,949,574)	(1,949,574)
Culture and recreation	2,413,411	-	(2,413,411)	(2,413,411)
Debt service interest	356,345	-	(356,345)	(356,345)
Intergovernmental				
Total Governmental Activities	75,579,086	8,559,657	(60,354,590)	(60,354,590)
Business-Type Activities:				
Water services	2,337,209	-	-	1,104,582
Sewer services	2,334,776	-	-	2,415,609
Electric services	15,611,386	-	-	2,217,670
Swim Services	1,782,892	-	-	894,177
Total Business-Type Activities	22,066,263	-	-	6,632,038
Total	\$ 97,645,349	\$ 8,559,657	(60,354,590)	(53,722,552)
General Revenues, Special Items, and Transfers:				
Property taxes			56,045,058	56,045,058
Excises			2,700,326	2,700,326
Penalties, interest and other taxes			351,433	351,433
Grants and contributions not restricted to specific programs			10,326,801	10,326,801
Investment income			3,074,400	3,906,152
Other			455,521	1,177,578
Special item - capital contribution			-	9,135,000
Transfers, net			1,119,108	(828,458)
Total general revenues, special items, and transfers			74,072,647	83,932,998
Change in Net Assets			13,718,057	16,492,389
Net Assets:				
Beginning of year, as restated			99,865,210	164,975,148
End of year			\$ 113,583,267	\$ 195,185,594

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

ASSETS	General	Alcott School Project Fund	Thoreau School Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments	\$ 6,153,635	\$ 77,716	\$ 211,943	\$ 11,438,345	\$ 17,881,639
Investments	9,950,811	-	-	10,015,100	19,965,911
Receivables:					
Property taxes	1,221,096	-	-	7,133	1,228,229
Excises	93,880	-	-	-	93,880
Departmental	129,962	-	-	343,335	473,297
Intergovernmental	54,723	-	-	200,341	255,064
Accrued interest and other	386,761	-	-	-	386,761
TOTAL ASSETS	\$ 17,990,868	\$ 77,716	\$ 211,943	\$ 22,004,254	\$ 40,284,781
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants payable	\$ 1,405,304	\$ -	\$ -	\$ 471,015	\$ 1,876,319
Accrued liabilities	2,262,017	-	-	719,010	2,981,027
Deferred revenue	1,232,212	-	-	554,316	1,786,528
Notes payable	-	-	6,800,000	5,375,000	12,175,000
Other liabilities	357,324	-	-	-	357,324
TOTAL LIABILITIES	5,256,857	-	6,800,000	7,119,341	19,176,198
Fund Balances:					
Reserved for:					
Encumbrances	2,901,308	-	-	-	2,901,308
Expenditures	500,000	-	-	-	500,000
Perpetual (nonexpendable) permanent funds	-	-	-	4,420,310	4,420,310
Unreserved:					
Undesignated, reported in:					
General fund	9,332,703	-	-	-	9,332,703
Special revenue funds	-	-	-	12,187,158	12,187,158
Capital project funds	-	77,716	(6,588,057)	(1,811,293)	(8,321,634)
Permanent funds	-	-	-	88,738	88,738
TOTAL FUND BALANCES	12,734,011	77,716	(6,588,057)	14,884,913	21,108,583
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,990,868	\$ 77,716	\$ 211,943	\$ 22,004,254	\$ 40,284,781

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Total governmental fund balances	\$ 21,108,583
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	123,876,511
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,587,979
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(234,293)
• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(32,755,513)</u>
Net assets of governmental activities	<u>\$ 113,583,267</u>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	General	Alcott School Project Fund	Thoreau School Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 55,615,101	\$ -	\$ -	\$ 737,386	\$ 56,352,487
Excise taxes	2,636,156	-	-	-	2,636,156
Penalties, interest and other taxes	351,433	-	-	-	351,433
Departmental	1,003,838	-	-	3,362,491	4,366,329
Licenses and permits	997,894	-	-	-	997,894
Fines and forfeitures	122,570	-	-	2,500	125,070
Intergovernmental	8,166,274	7,175,997	-	2,859,015	18,201,286
Investment income	1,492,858	-	-	1,581,542	3,074,400
Contributions	-	-	-	1,313,535	1,313,535
Other	128,311	-	-	327,210	455,521
Total Revenues	70,514,435	7,175,997	-	10,183,679	87,874,111
Expenditures:					
Current:					
General government	3,836,296	-	-	582,913	4,419,209
Public safety	6,644,222	-	-	344,869	6,989,091
Education	42,204,074	-	-	2,102,459	44,306,533
Public works	3,699,423	-	-	1,271,271	4,970,694
Health and human services	333,902	-	-	259,082	592,984
Culture and recreation	1,818,751	-	-	1,616,967	3,435,718
Employee benefits	6,301,513	-	-	261,422	6,562,935
Debt service	4,555,024	-	-	535,908	5,090,932
Capital outlay	-	2,471,333	1,353,196	3,031,910	6,856,439
Intergovernmental	356,345	-	-	-	356,345
Total Expenditures	69,749,550	2,471,333	1,353,196	10,006,801	83,580,880
Excess (Deficiency) of revenues over expenditures	764,885	4,704,664	(1,353,196)	176,878	4,293,231
Other Financing Sources (Uses):					
Issuance of bonds	-	2,350,000	10,000,000	1,850,000	14,200,000
Transfers in	1,734,700	259,003	-	157,825	2,151,528
Transfers out	(550,997)	-	-	(481,423)	(1,032,420)
Total Other Financing Sources (Uses)	1,183,703	2,609,003	10,000,000	1,526,402	15,319,108
Changes in fund balances	1,948,588	7,313,667	8,646,804	1,703,280	19,612,339
Fund Balances, at Beginning of Year, as restated	10,785,423	(7,235,951)	(15,234,861)	13,181,633	1,496,244
Fund Balances, at End of Year	\$ 12,734,011	\$ 77,716	\$ (6,588,057)	\$ 14,884,913	\$ 21,108,583

See notes to financial statements.

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.

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.

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: Referred to by statute as "undesignated fund balance". Certified each July 1 by the state, this is the portion of **Fund Balance** available for appropriation. It is not cash, but rather is approximately the total of cash and receivables, less current liabilities and earmarked reserves, reduced also by reserves for uncollected taxes.

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.

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.

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.
Result, Property Tax Levy:	\$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**.