

**TOWN OF BOURNE, MASSACHUSETTS**

**INDEPENDENT AUDITORS' REPORT ON  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**



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# *Independent Auditors' Report*



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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Bourne, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bourne, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

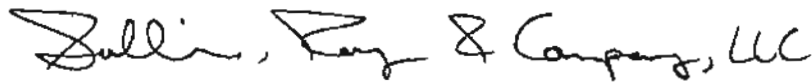
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bourne, Massachusetts, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 1C, the Town has implemented Governmental Accounting Standards Board Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2012, on our consideration of the Town of Bourne, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 13) and budgetary comparison and certain pension and other postemployment benefits information (located on pages 61 through 66) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Sullivan, Foy & Company, LLC". The signature is written in a cursive, flowing style.

May 10, 2012

## *Management's Discussion and Analysis*



As management of the Town of Bourne, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2011.

### *Financial Highlights*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$98,324,598 (net assets). Of this amount, \$11,817,539 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$2,024,410.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$22,424,946, an increase of \$3,906,599 in comparison with the prior year. Approximately \$9,558,000 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$9,758,693, or 16.8 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased by \$9,330,797 during the fiscal year; \$5,521,255 of new debt was issued.

### *Overview of the Basic Financial Statements*

This discussion and analysis are intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the Town's sewer and landfill operations.

The government-wide financial statements can be found on pages 15-17 of this report.

#### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

#### **Governmental Funds**

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

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

The Town maintains 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, community preservation (special revenue) and elementary school construction (capital project) funds, each of which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

#### **Proprietary funds**

The Town maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and landfill operations, both of which are considered to be major funds.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its health insurance risk-financing activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-60 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and certain pension and other post employment benefits information, which can be found on pages 61-66.

*Government-Wide Financial Analysis*

The following tables present current and prior year data on the government-wide financial statements.

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$98,324,598 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current assets.....	\$ 35,612,725	\$ 35,331,044	\$ 7,862,948	\$ 6,535,801	\$ 43,475,673	\$ 41,866,845
Noncurrent assets (excluding capital assets).....	805,497	7,529,344	4,329,460	4,555,352	5,134,957	12,084,696
Capital assets (net) .....	93,317,028	95,109,996	13,189,681	15,617,580	106,506,709	110,727,576
<b>Total assets.....</b>	<b>129,735,250</b>	<b>137,970,384</b>	<b>25,382,089</b>	<b>26,708,733</b>	<b>155,117,339</b>	<b>164,679,117</b>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	5,152,326	4,978,119	767,721	295,158	5,920,047	5,273,277
Noncurrent liabilities (excluding debt).....	10,609,114	7,219,834	4,928,857	3,997,478	15,537,971	11,217,312
Current debt.....	4,884,242	8,844,557	1,014,296	1,331,495	5,898,538	10,176,052
Noncurrent debt.....	22,989,703	31,174,690	6,446,482	6,488,778	29,436,185	37,663,468
<b>Total liabilities .....</b>	<b>43,635,385</b>	<b>52,217,200</b>	<b>13,157,356</b>	<b>12,112,909</b>	<b>56,792,741</b>	<b>64,330,109</b>
<b>Net Assets</b>						
Invested in capital assets (net of related debt).....	69,014,550	66,591,373	8,286,029	10,063,902	77,300,579	76,655,275
Restricted.....	9,206,480	8,253,245	-	-	9,206,480	8,253,245
Unrestricted.....	7,878,835	10,908,566	3,938,704	4,531,922	11,817,539	15,440,488
<b>Total net assets.....</b>	<b>\$ 86,099,865</b>	<b>\$ 85,753,184</b>	<b>\$ 12,224,733</b>	<b>\$ 14,595,824</b>	<b>\$ 98,324,598</b>	<b>\$ 100,349,008</b>

The largest portion of the Town's net assets (78.6%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (9.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (12.0% or \$11,817,539) may be used to meet the Town's ongoing obligations to citizens and creditors. Of this amount, \$7,878,835 may be used to support governmental activities and \$3,938,704 may be used to support business-type activities.

Changes in Net Assets

For the fiscal year ended June 30, 2011, the Town's total net assets decreased by \$2,024,410, compared to an increase of \$1,105,240 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 4,575,808	\$ 4,832,052	\$ 10,588,837	\$ 11,680,936	\$ 15,164,645	\$ 16,512,988
Operating grants and contributions.....	14,513,923	13,655,314	40,226	98,483	14,554,149	13,753,797
Capital grants and contributions.....	3,929,434	3,396,285	-	-	3,929,434	3,396,285
<i>General Revenues:</i>						
Real estate and personal property taxes.....	35,754,412	34,557,966	-	-	35,754,412	34,557,966
Motor vehicle and other excise taxes.....	2,199,923	2,003,284	-	-	2,199,923	2,003,284
Penalties and interest on taxes.....	404,540	330,900	-	-	404,540	330,900
Payments in lieu of taxes.....	13,152	10,245	-	-	13,152	10,245
Community preservation surcharges.....	1,046,611	1,014,170	-	-	1,046,611	1,014,170
Grants and contributions not restricted to specific programs.....	1,733,259	2,120,401	-	-	1,733,259	2,120,401
Unrestricted investment income.....	72,994	121,484	-	-	72,994	121,484
Premium from issuance of bonds and notes.....	56,863	88,384	-	-	56,863	88,384
Premium from issuance of refunding bonds.....	22,432	-	-	-	22,432	-
Gain on sale of capital assets.....	1,100	-	-	-	1,100	-
Other.....	22,765	34,999	-	-	22,765	34,999
<b>Total revenues.....</b>	<b>64,347,216</b>	<b>62,165,484</b>	<b>10,629,063</b>	<b>11,779,419</b>	<b>74,976,279</b>	<b>73,944,903</b>
<b>Expenses</b>						
General government.....	4,290,891	4,109,705	-	-	4,290,891	4,109,705
Public safety.....	12,460,640	12,399,238	-	-	12,460,640	12,399,238
Education.....	41,313,134	39,606,341	-	-	41,313,134	39,606,341
Public works.....	3,801,776	3,576,965	-	-	3,801,776	3,576,965
Health and human services.....	1,552,253	1,551,764	-	-	1,552,253	1,551,764
Culture and recreation.....	1,561,473	1,787,214	-	-	1,561,473	1,787,214
Debt service - interest.....	1,461,285	1,447,178	-	-	1,461,285	1,447,178
Sewer.....	-	-	840,974	912,735	840,974	912,735
Landfill.....	-	-	9,718,263	7,448,523	9,718,263	7,448,523
<b>Total expenses.....</b>	<b>66,441,452</b>	<b>64,478,405</b>	<b>10,559,237</b>	<b>8,361,258</b>	<b>77,000,689</b>	<b>72,839,663</b>
<b>Change in net assets before transfers.....</b>	<b>(2,094,236)</b>	<b>(2,312,921)</b>	<b>69,826</b>	<b>3,418,161</b>	<b>(2,024,410)</b>	<b>1,105,240</b>
<b>Transfers, net.....</b>	<b>2,440,917</b>	<b>2,850,929</b>	<b>(2,440,917)</b>	<b>(2,850,929)</b>	<b>-</b>	<b>-</b>
<b>Change in net assets.....</b>	<b>346,681</b>	<b>538,008</b>	<b>(2,371,091)</b>	<b>567,232</b>	<b>(2,024,410)</b>	<b>1,105,240</b>
<b>Net assets - beginning of year.....</b>	<b>83,753,184</b>	<b>85,215,176</b>	<b>14,595,824</b>	<b>14,028,592</b>	<b>100,349,008</b>	<b>99,243,768</b>
<b>Net assets - end of year.....</b>	<b>\$ 86,099,865</b>	<b>\$ 85,753,184</b>	<b>\$ 12,224,733</b>	<b>\$ 14,595,824</b>	<b>\$ 98,324,598</b>	<b>\$ 100,349,008</b>

Governmental activities increased the Town's net assets by \$346,681. In the prior year, governmental activities increased the Town's net assets by \$538,008.

Business-type activities decreased the Town's net assets by \$2,371,091. In the prior year, business-type activities increased the Town's net assets by \$567,232. The key element of this change is an increase in depreciation and closure costs of approximately \$2,000,000.

### *Fund Financial Statement Analysis*

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$22,424,946, an increase of \$3,906,599 in comparison with the prior year. Approximately \$9,558,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$35,341)
- Restricted (\$9,485,843)
- Committed (\$2,938,112)
- Assigned (\$407,428)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the general fund's unassigned fund balance totaled \$9,758,693, while total fund balance was \$13,145,935. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 16.8% of total general fund expenditures and transfers out, while total fund balance represents 22.7% of that same amount.

The balance of the Town's general fund increased by \$242,260 during fiscal year 2011. Although the Town recognized an approximate \$4,088,000 budgetary surplus (excluding encumbrances and continuing appropriations), approximately \$3,975,000 of reserves was utilized for spending during the year.

Financial highlights of the Town's other major governmental funds are as follows:

The fund balance of the community preservation fund (special revenue) increased by \$304,342 during the current fiscal year. The fund's receipts included community preservation surcharges (\$1,044,169), intergovernmental revenue (\$306,717), investment income (\$12,137), penalties and interest on taxes (\$9,295) and tax liens revenue (\$5,392). Expenditures totaling approximately \$325,000 were incurred during the year and a transfer of \$748,579 was made to the general fund to cover community preservation related debt service.

The fund balance of the elementary school construction fund increased by \$1,536,638 during the current fiscal year. The fund recognized \$24,323 of intergovernmental revenues and \$1,550,000 of bond proceeds. Expenditures of \$37,685 were incurred during the fiscal year.

#### Proprietary funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the sewer and landfill enterprise funds at the end of the year amounted to \$768,336 and \$3,170,368, respectively. The sewer and landfill enterprise funds had a decrease in net assets for the year of \$69,849 and \$2,301,242, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$53,774,348 was increased by \$1,009,616 (1.9%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Monument Beach Marina septic upgrade/paving.....	\$ 424,000	Waterways special revenue fund
Police department salaries.....	150,000	Unassigned fund balance
Fire department salaries.....	125,000	Unassigned fund balance
Stabilization fund transfer.....	88,312	Unassigned fund balance
Reserve fund.....	44,930	Insurance recovery special revenue fund
Street light fuel cost expense.....	40,000	Unassigned fund balance
Community building maintenance expense.....	32,374	Unassigned fund balance
Finance IT expense.....	25,000	Unassigned fund balance
Town building maintenance expense.....	20,000	Unassigned fund balance
Legal services expense.....	20,000	Unassigned fund balance
Shellfish propaganda.....	15,500	Unassigned fund balance
Selectmen expenses.....	8,000	Unassigned fund balance
Public works copy machine.....	8,000	Unassigned fund balance
Charter commission salaries.....	3,500	Unassigned fund balance
Civil defense expense.....	2,000	Unassigned fund balance
Charter commission expenses.....	1,500	Unassigned fund balance
Wastewater committee salaries.....	1,500	Unassigned fund balance
Total increase.....	\$ <u>1,009,616</u>	

During the year, revenues and other financing sources exceeded budgetary estimates, while expenditures and encumbrances and continuing appropriations were less than budgeted appropriations, resulting in a positive budget to actual variance of approximately \$2,143,000.

Capital Asset and Debt AdministrationCapital assets

The Town's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$106,506,709 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, other and infrastructure. The total decrease in the investment in capital assets for the current fiscal year totaled 3.8% (a 1.6% decrease for governmental activities and a 2.2% decrease for business-type activities).

Major capital asset events that occurred during the current fiscal year include the following:

- Land acquisition (\$855,300)
- Technology upgrade (\$324,976)
- DPW truck purchase (\$123,861)
- ISWM buildings (\$856,567)
- ISWM vehicles (\$226,963)

The following table summarizes the Town's capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
Land.....	\$ 26,704,645	\$ 25,849,345	\$ 2,209,658	\$ 2,209,658	\$ 28,914,303	\$ 28,059,003
Construction in progress.....	49,624	8,199	-	1,347,906	49,624	1,356,105
Land Improvements.....	2,222,160	2,325,611	1,086,127	2,638,322	3,308,287	4,963,933
Buildings and improvements.....	57,195,290	59,573,491	4,381,603	3,654,421	61,576,893	63,227,912
Machinery and equipment.....	3,487,049	3,680,685	1,665,267	1,664,963	5,152,316	5,345,648
Other.....	-	-	-	69,874	-	69,874
Infrastructure.....	3,658,260	3,672,665	3,847,026	4,032,436	7,505,286	7,705,101
Total capital assets.....	<u>\$ 93,317,028</u>	<u>\$ 95,109,996</u>	<u>\$ 13,189,681</u>	<u>\$ 15,617,580</u>	<u>\$ 106,506,709</u>	<u>\$ 110,727,576</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 44-46 of this report.

### Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$32,884,723, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
General obligation bonds.....	\$ 25,043,255	\$ 34,151,315	\$ 7,218,000	\$ 7,325,000	\$ 32,261,255	\$ 41,476,315
MWPAT notes.....	380,690	410,932	242,778	328,273	623,468	739,205
Total bonds and notes.....	<u>\$ 25,423,945</u>	<u>\$ 34,562,247</u>	<u>\$ 7,460,778</u>	<u>\$ 7,653,273</u>	<u>\$ 32,884,723</u>	<u>\$ 42,215,520</u>

The Town has an AA rating from Standard & Poor's for its most recent issuance of debt on September 15, 2011.

Additional information on the Town's long-term debt can be found in Note 9 on pages 49-53 of this report.



*Requests for Information*

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 24 Perry Avenue, Bourne, Massachusetts 02532.

## *Basic Financial Statements*

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents.....	\$ 15,712,738	\$ 3,997,125	\$ 19,709,863
Restricted cash and cash equivalents.....	11,739,597	2,180,890	13,920,487
Investments.....	1,133,283	-	1,133,283
Restricted investments.....	1,817,803	-	1,817,803
<b>Receivables, net of allowance for uncollectible amounts:</b>			
Real estate and personal property taxes.....	2,129,379	-	2,129,379
Tax liens.....	333,629	79,198	412,827
Motor vehicle and other excise taxes.....	379,093	-	379,093
Community preservation surcharges.....	63,440	-	63,440
User charges.....	-	1,553,970	1,553,970
Special assessments.....	76,096	3,425	79,521
Departmental and other.....	537,829	-	537,829
Intergovernmental.....	275,838	48,340	324,178
Working capital deposits.....	1,414,500	-	1,414,500
<b>Total current assets.....</b>	<b>35,612,725</b>	<b>7,862,948</b>	<b>43,475,673</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents.....	-	4,122,617	4,122,617
<b>Receivables, net of allowance for uncollectible amounts:</b>			
Real estate tax deferrals.....	69,217	-	69,217
Special assessments.....	184,851	134,235	319,087
Intergovernmental.....	-	72,607	72,607
Tax foreclosures.....	551,429	-	551,429
Capital assets not being depreciated.....	26,754,269	2,209,658	28,963,927
Capital assets, net of accumulated depreciation.....	66,562,759	10,980,023	77,542,782
<b>Total noncurrent assets.....</b>	<b>94,122,526</b>	<b>17,519,141</b>	<b>111,641,666</b>
<b>Total assets.....</b>	<b>129,735,250</b>	<b>25,382,089</b>	<b>155,117,339</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Warrants payable.....	2,018,440	634,090	2,652,500
Accrued payroll.....	1,766,924	31,114	1,798,038
Tax refunds payable.....	49,440	-	49,440
Other liabilities.....	32,493	-	32,493
Accrued interest.....	364,498	83,763	448,261
Accrued health claims payable.....	779,877	-	779,877
Compensated absences.....	190,784	18,754	209,538
Short-term notes payable.....	2,450,000	-	2,450,000
Long-term bonds and notes payable.....	2,434,242	1,014,296	3,448,538
<b>Total current liabilities.....</b>	<b>10,036,368</b>	<b>1,782,017</b>	<b>11,818,585</b>
<b>Noncurrent liabilities:</b>			
Landfill closure.....	-	4,225,219	4,225,219
Compensated absences.....	1,717,056	168,783	1,885,839
Net OPFB obligation.....	8,892,058	534,855	9,426,913
Long-term bonds and notes payable.....	22,989,703	6,446,482	29,436,185
<b>Total noncurrent liabilities.....</b>	<b>33,598,817</b>	<b>11,375,339</b>	<b>44,974,156</b>
<b>Total liabilities.....</b>	<b>43,635,385</b>	<b>13,157,356</b>	<b>56,792,741</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	69,014,530	8,286,029	77,300,579
<b>Restricted for:</b>			
Community preservation.....	4,562,942	-	4,562,942
Affordable housing.....	188,071	-	188,071
Debt service.....	41,702	-	41,702
<b>Permanent funds:</b>			
Expendable.....	95,389	-	95,389
Nonexpendable.....	35,341	-	35,341
Other specific purposes.....	4,283,035	-	4,283,035
Unrestricted.....	7,878,835	3,938,704	11,817,539
<b>Total net assets.....</b>	<b>\$ 86,099,865</b>	<b>\$ 12,224,733</b>	<b>\$ 98,324,598</b>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government.....	\$ 4,290,891	\$ 352,717	\$ 160,253	\$ 838,615	\$ (2,939,306)
Public safety.....	12,460,640	3,358,778	162,432	-	(8,939,430)
Education.....	41,313,134	600,936	13,534,851	2,784,102	(24,373,245)
Public works.....	3,801,776	115,540	5,529	-	(3,680,707)
Health and human services.....	1,552,253	69,487	220,975	-	(1,261,791)
Culture and recreation.....	1,561,473	78,350	24,675	306,717	(1,151,731)
Debt service - interest.....	1,461,285	-	385,208	-	(1,076,077)
Total governmental activities.....	66,441,452	4,575,808	14,513,923	3,929,434	(43,422,287)
Business-type activities:					
Sewer.....	840,974	894,384	3,179	-	56,589
Landfill.....	9,718,263	9,694,453	37,047	-	13,237
Total business-type activities.....	10,559,237	10,588,837	40,226	-	69,826
<b>Total primary government.....</b>	<b>\$ 77,000,689</b>	<b>\$ 15,164,645</b>	<b>\$ 14,554,149</b>	<b>\$ 3,929,434</b>	<b>\$ (43,352,461)</b>

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense)/revenue (from previous page).....	\$ (43,422,287)	\$ 69,826	\$ (43,352,461)
General revenues:			
Real estate and personal property taxes.....	35,754,412	-	35,754,412
Motor vehicle and other excise taxes.....	2,199,923	-	2,199,923
Penalties and interest on taxes.....	404,540	-	404,540
Payments in lieu of taxes.....	13,152	-	13,152
Community preservation surcharges.....	1,046,611	-	1,046,611
Grants and contributions not restricted to specific programs.....	1,733,259	-	1,733,259
Unrestricted investment income.....	72,994	-	72,994
Premium from issuance of bonds and notes.....	56,863	-	56,863
Premium from issuance of refunding bonds.....	22,432	-	22,432
Gain on sale of capital assets.....	1,100	-	1,100
Other.....	22,765	-	22,765
Transfers, net.....	2,440,917	(2,440,917)	-
Total general revenues and transfers.....	43,768,968	(2,440,917)	41,328,051
Change in net assets.....	346,681	(2,371,091)	(2,024,410)
Net assets - beginning of year.....	85,753,184	14,595,824	100,349,008
Net assets - end of year.....	\$ 86,099,865	\$ 12,224,733	\$ 98,324,598

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2011

ASSETS	General	Community Preservation	Elementary School Construction
Cash and cash equivalents.....	\$ 13,975,246	\$ -	\$ -
Investments.....	1,133,283	-	-
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	2,129,379	-	-
Real estate tax deferrals.....	69,217	-	-
Tax liens.....	326,682	6,947	-
Motor vehicle and other excise taxes.....	379,093	-	-
Community preservation surcharges .....	-	63,440	-
Special assessments.....	66,154	-	-
Departmental and other.....	-	-	-
Intergovernmental.....	-	-	275,838
Tax foreclosures.....	551,429	-	-
Restricted assets:			
Cash and cash equivalents.....	41,702	4,558,786	2,497,311
Investments.....	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 18,672,185</b>	<b>\$ 4,629,173</b>	<b>\$ 2,773,149</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Warrants payable.....	\$ 381,290	\$ 66,198	\$ -
Accrued payroll.....	1,735,919	33	-
Tax refunds payable.....	49,440	-	-
Other liabilities.....	32,393	-	-
Deferred revenue.....	3,270,538	70,387	-
Accrued short-term interest.....	56,670	-	-
Short-term notes payable.....	-	-	2,450,000
<b>TOTAL LIABILITIES.....</b>	<b>5,526,250</b>	<b>136,618</b>	<b>2,450,000</b>
<b>FUND BALANCES:</b>			
Nonspendable.....	-	-	-
Restricted.....	41,702	4,492,555	323,149
Committed.....	2,938,112	-	-
Assigned.....	407,428	-	-
Unassigned.....	9,758,693	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>13,145,935</b>	<b>4,492,555</b>	<b>323,149</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 18,672,185</b>	<b>\$ 4,629,173</b>	<b>\$ 2,773,149</b>

See notes to basic financial statements.

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Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 13,975,246
-	1,133,283
-	2,129,379
-	69,217
-	333,629
-	379,093
-	63,440
194,793	260,947
537,829	537,829
-	275,838
-	551,429
4,641,798	11,739,597
103,433	103,433
<u>\$ 5,477,853</u>	<u>\$ 31,552,360</u>

\$ 250,952	\$ 698,440
30,972	1,766,924
-	49,440
-	32,393
732,622	4,073,547
-	56,670
-	2,450,000
<u>1,014,546</u>	<u>9,127,414</u>
35,341	35,341
4,628,437	9,485,843
-	2,938,112
-	407,428
<u>(200,471)</u>	<u>9,558,222</u>
4,463,307	22,424,946
<u>\$ 5,477,853</u>	<u>\$ 31,552,360</u>

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Community Preservation	Elementary School Construction
<b>REVENUES</b>			
Real estate and personal property taxes.....	\$ 35,478,963	\$ -	\$ -
Motor vehicle and other excise taxes .....	2,191,955	-	-
Tax liens .....	171,490	5,392	-
Payments in lieu of taxes.....	13,152	-	-
Community preservation surcharges.....	-	1,044,169	-
Charges for services.....	-	-	-
Intergovernmental .....	12,883,487	306,717	24,323
Special assessments.....	30,628	-	-
Penalties and interest on taxes.....	395,245	9,295	-
Licenses and permits.....	489,734	-	-
Fines and forfeitures .....	119,751	-	-
Departmental and other.....	1,407,628	-	-
Contributions.....	-	-	-
Investment income.....	73,028	12,137	-
<b>TOTAL REVENUES.....</b>	<b>53,255,061</b>	<b>1,377,710</b>	<b>24,323</b>
<b>EXPENDITURES</b>			
Current:			
General government.....	2,573,061	26,534	-
Public safety.....	7,670,105	-	-
Education.....	22,133,883	-	37,685
Public works.....	2,279,435	-	-
Health and human services.....	879,126	115,019	-
Culture and recreation.....	758,005	183,236	-
Pension benefits.....	7,550,063	-	-
Employee benefits.....	6,292,631	-	-
Property and liability insurance.....	726,311	-	-
State and county charges.....	2,378,602	-	-
Debt service:			
Principal.....	3,387,557	-	-
Interest.....	1,388,864	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>58,017,643</b>	<b>324,789</b>	<b>37,685</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(4,762,582)</b>	<b>1,052,921</b>	<b>(13,362)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in .....	4,931,178	-	-
Proceeds of bonds and notes .....	-	-	1,550,000
Premium from issuance of bonds and notes.....	56,863	-	-
Proceeds of refunding bonds.....	-	-	-
Premium from issuance of refunding bonds.....	-	-	-
Sale of capital assets.....	16,801	-	-
Transfers out.....	-	(748,579)	-
Payments to refunded bond escrow agent.....	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>5,004,842</b>	<b>(748,579)</b>	<b>1,550,000</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>242,260</b>	<b>304,342</b>	<b>1,536,638</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>12,903,675</b>	<b>4,188,213</b>	<b>(1,213,489)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,145,935</b>	<b>\$ 4,492,555</b>	<b>\$ 323,149</b>

See notes to basic financial statements.



Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 35,478,963
-	2,191,955
-	176,882
-	13,152
-	1,044,169
2,469,385	2,469,385
13,178,496	26,393,023
-	30,628
-	404,540
-	489,734
-	119,751
128,175	1,535,803
191,539	191,539
8,550	93,715
<u>15,976,145</u>	<u>70,633,239</u>
243,093	2,842,688
749,627	8,419,732
3,854,060	26,025,628
171,567	2,451,002
76,468	1,070,613
98,922	1,040,163
-	7,550,063
-	6,292,631
-	726,311
-	2,378,602
-	3,387,557
-	1,388,864
<u>5,193,737</u>	<u>63,573,854</u>
<u>10,782,408</u>	<u>7,059,385</u>
-	4,931,178
2,039,255	3,589,255
-	56,863
960,000	960,000
22,432	22,432
163,946	180,747
(1,741,682)	(2,490,261)
<u>(10,403,000)</u>	<u>(10,403,000)</u>
<u>(8,959,049)</u>	<u>(3,152,786)</u>
1,823,359	3,906,599
<u>2,639,948</u>	<u>18,518,347</u>
<u>\$ 4,463,307</u>	<u>\$ 22,424,946</u>

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS

JUNE 30, 2011

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Total governmental fund balances (page 19).....	\$ 22,424,946
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	93,317,028
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.. ..	4,073,547
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....	(307,827)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable.....	(25,423,945)
Compensated absences .....	(1,907,840)
Net OPEB obligation.....	(8,892,058)
Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net assets.....	2,816,014
Net assets of governmental activities (page 15).....	<u>\$ 86,099,865</u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (page 21).....	\$ 3,906,599
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.	
Capital outlays.....	2,191,336
Depreciation.....	(3,960,566)
In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds the disposal is not reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed.....	
	(23,738)
In the statement of activities, only the gain on the sale of assets held for resale is reported, whereas in the governmental funds the entire proceeds of the sale are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the carrying value of the assets held for resale sold.....	
	(153,173)
Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....	
	(7,213,034)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.	
Bond proceeds.....	(3,589,255)
Proceeds of refunding bonds.....	(960,000)
Payments to refunded bond escrow agent.....	10,300,000
Bond maturities.....	3,387,557
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....	
	30,579
Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:	
Compensated absences.....	200,860
Net OPEB obligation.....	(3,570,054)
Internal service funds are used by management to account for health insurance and workers' compensation activities. The net activity of the internal service funds is reported with governmental activities.....	
	(200,430)
Changes in net assets of governmental activities (page 17).....	\$ <u>346,681</u>

See notes to basic financial statements.

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 673,543	\$ 3,323,582	\$ 3,997,125	\$ -
Restricted cash and cash equivalents .....	33,299	2,147,591	2,180,890	1,736,992
Restricted investments.....	-	-	-	1,714,370
Receivables, net of allowance for uncollectible amounts:				
User charges.....	141,259	1,412,711	1,553,970	-
Utility liens.....	79,198	-	79,198	-
Special assessments.....	3,425	-	3,425	-
Intergovernmental .....	48,340	-	48,340	-
Working capital deposit.....	-	-	-	1,414,500
Total current assets.....	979,064	6,883,884	7,862,948	4,865,862
Noncurrent assets:				
Restricted cash and cash equivalents.....	-	4,122,617	4,122,617	-
Receivables, net of allowance for uncollectible amounts:				
Special assessments.....	134,236	-	134,236	-
Intergovernmental.....	72,607	-	72,607	-
Capital assets not being depreciated.....	-	2,209,658	2,209,658	-
Capital assets, net of accumulated depreciation.....	3,907,140	7,072,883	10,980,023	-
Total noncurrent assets.....	4,113,983	13,405,158	17,519,141	-
Total assets.....	5,093,047	20,289,042	25,382,089	4,865,862
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable.....	189,140	444,950	634,090	1,319,971
Accrued payroll.....	1,884	29,230	31,114	-
Accrued interest.....	598	83,165	83,763	-
Accrued health claims payable.....	-	-	-	729,877
Compensated absences.....	3,001	15,753	18,754	-
Long-term bonds and notes payable.....	128,296	886,000	1,014,296	-
Total current liabilities.....	322,919	1,459,098	1,782,017	2,049,848
Noncurrent liabilities:				
Landfill closure.....	-	4,225,219	4,225,219	-
Compensated absences.....	27,010	141,773	168,783	-
Net OPEB obligation.....	41,692	493,163	534,855	-
Long-term bonds and notes payable.....	216,482	6,230,000	6,446,482	-
Total noncurrent liabilities.....	285,184	11,090,155	11,375,339	-
Total liabilities.....	608,103	12,549,253	13,157,356	2,049,848
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	3,716,608	4,569,421	8,286,029	-
Unrestricted.....	768,336	3,170,368	3,938,704	2,816,014
Total net assets.....	\$ 4,484,944	\$ 7,739,789	\$ 12,224,733	\$ 2,816,014

See notes to basic financial statements.

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 885,400	\$ 9,694,453	\$ 10,579,853	\$ -
Penalties and interest.....	8,984	-	8,984	-
Employer contributions.....	-	-	-	5,791,898
Employee contributions.....	-	-	-	1,988,057
Other.....	-	-	-	576,673
<b>TOTAL OPERATING REVENUES.....</b>	<b>894,384</b>	<b>9,694,453</b>	<b>10,588,837</b>	<b>8,356,628</b>
<b>OPERATING EXPENSES</b>				
Cost of service and administration.....	358,127	5,272,196	5,630,323	-
Town of Warrham assessment.....	188,478	-	188,478	-
Repairs and maintenance.....	26,926	141,482	168,408	-
Depreciation.....	263,764	2,022,310	2,286,074	-
Closure costs.....	-	1,569,461	1,569,461	-
Employee benefits.....	-	-	-	8,746,930
<b>TOTAL OPERATING EXPENSES.....</b>	<b>837,295</b>	<b>9,005,449</b>	<b>9,842,744</b>	<b>8,746,930</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>57,089</b>	<b>689,004</b>	<b>746,093</b>	<b>(390,302)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental.....	1,371	-	1,371	-
Investment income.....	1,809	37,047	38,856	189,872
Interest expense.....	(3,679)	(219,477)	(223,156)	-
Gain (loss) on disposal of capital assets.....	-	(493,338)	(493,338)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(499)</b>	<b>(675,768)</b>	<b>(676,267)</b>	<b>189,872</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>56,590</b>	<b>13,236</b>	<b>69,826</b>	<b>(200,430)</b>
<b>TRANSFERS</b>				
Transfers in.....	2,277	-	2,277	-
Transfers out.....	(128,716)	(2,314,478)	(2,443,194)	-
<b>TOTAL TRANSFERS.....</b>	<b>(126,439)</b>	<b>(2,314,478)</b>	<b>(2,440,917)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>(69,849)</b>	<b>(2,301,242)</b>	<b>(2,371,091)</b>	<b>(200,430)</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>4,554,793</b>	<b>10,041,031</b>	<b>14,595,824</b>	<b>3,016,444</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 4,484,944</b>	<b>\$ 7,739,789</b>	<b>\$ 12,224,733</b>	<b>\$ 2,816,014</b>

See notes to basic financial statements.

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Landfill	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users.....	\$ 922,272	\$ 9,815,097	\$ 10,767,369	\$ 2,451,030
Receipts from interfund services provided.....	-	-	-	5,791,898
Payments to vendors.....	(254,157)	(4,443,170)	(4,697,327)	-
Payments to employees.....	(118,898)	(1,341,787)	(1,450,685)	-
Payments for employee benefits.....	-	-	-	(8,619,315)
<b>NET CASH FROM OPERATING ACTIVITIES</b> .....	<b>549,217</b>	<b>4,070,140</b>	<b>4,619,357</b>	<b>(376,587)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in.....	2,277	-	2,277	-
Transfers out.....	(128,716)	(2,314,478)	(2,443,194)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b> .....	<b>(126,439)</b>	<b>(2,314,478)</b>	<b>(2,440,917)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds and notes.....	-	972,000	972,000	-
Acquisition and construction of capital assets.....	(47,819)	(303,694)	(351,513)	-
Principal payments on bonds and notes.....	(80,155)	(1,703,000)	(1,783,155)	-
Interest expense.....	(3,720)	(222,781)	(226,501)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> .....	<b>(131,694)</b>	<b>(757,475)</b>	<b>(889,169)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments.....	-	-	-	(1,714,370)
Investment income.....	1,809	37,047	38,856	189,872
<b>NET CASH FROM INVESTING ACTIVITIES</b> .....	<b>1,809</b>	<b>37,047</b>	<b>38,856</b>	<b>(1,524,498)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b> .....	<b>292,893</b>	<b>1,035,234</b>	<b>1,328,127</b>	<b>(1,901,085)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b> (Includes \$81,118 and \$5,908,279 reported as restricted in the sewer and landfill enterprise funds, respectively).....	<b>413,949</b>	<b>8,558,356</b>	<b>8,972,505</b>	<b>3,638,077</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$33,299 and \$6,270,208 reported as restricted in the sewer and landfill enterprise funds, respectively).....	<b>\$ 706,842</b>	<b>\$ 9,593,790</b>	<b>\$ 10,300,632</b>	<b>\$ 1,736,992</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ 57,089	\$ 689,004	\$ 746,093	\$ (390,302)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities not requiring current cash flows:				
Depreciation.....	263,764	2,022,310	2,286,074	-
Net OPEB obligation.....	13,417	196,177	209,594	-
Changes in assets and liabilities requiring current cash flows:				
User charges.....	(11,700)	150,644	138,944	-
Utility liens.....	6,748	-	6,748	-
Special assessments.....	32,840	-	32,840	-
Working capital deposit.....	-	-	-	(113,700)
Warrants payable.....	186,625	280,491	467,116	126,374
Accrued payroll.....	(631)	7,177	6,546	-
Accrued health claims payable.....	-	-	-	1,041
Landfill closure.....	-	689,233	689,233	-
Compensated absences.....	1,065	35,104	36,169	-
<b>Total adjustments</b> .....	<b>492,128</b>	<b>3,381,136</b>	<b>3,873,264</b>	<b>13,715</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b> .....	<b>\$ 549,217</b>	<b>\$ 4,070,140</b>	<b>\$ 4,619,357</b>	<b>\$ (376,587)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Intergovernmental debt subsidies (MWPAT).....	\$ 49,712	\$ -	\$ 49,712	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**

JUNE 30, 2011

<b>ASSETS</b>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 32,145	\$ 447,236
<b>LIABILITIES</b>		
Warrants payable.....	-	16,739
Accrued payroll.....	-	18
Liabilities due depositors.....	-	430,479
Total liabilities.....	-	447,236
<b>NET ASSETS</b>		
Held in trust for other purposes.....	\$ 32,145	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	Private Purpose Trust Funds
<b>ADDITIONS</b>	
Net investment income:	
Interest.....	\$ 2,300
<b>DEDUCTIONS</b>	
Other.....	200
CHANGE IN NET ASSETS.....	2,100
NET ASSETS AT BEGINNING OF YEAR.....	30,045
NET ASSETS AT END OF YEAR.....	\$ 32,145

See notes to basic financial statements.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. General**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**B. Reporting Entity**

The Town of Bourne, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the Town.

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

**Joint Venture**

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

***Upper Cape Cod Regional Technical School***

The Town is indirectly liable for the Upper Cape Cod Regional Technical School's (School) debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town's fiscal year 2011 assessment totaled approximately \$1,621,000. Separate audited financial statements of the School may be obtained by contacting the School at 220 Sandwich Road, Bourne, Massachusetts 02532.

**C. Implementation of New Accounting Principles**

For the year ending June 30, 2011, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*
- GASB Statement No. 59, *Financial Instruments Omnibus*

GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund, capital projects fund, debt service fund, and permanent fund types are clarified by the provisions in this Statement.

The implementation of GASB Statement No. 57 and Statement No. 59 had no reporting impact for the Town.

#### *D. Government-Wide and Fund Financial Statements*

##### Government-Wide Financial Statements

The government-wide financial statements (statement of net assets and the statement activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are primarily supported by user fees.

##### Fund Financial Statements

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

Internal service funds and fiduciary funds are reported by fund type.

#### *E. Measurement Focus, Basis of Accounting and Basis of Presentation*

##### Government-Wide and Fund Financial Statements

The government-wide and enterprise fund financial statements apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

##### Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions which are restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions which are restricted to meeting the capital requirements of a specific function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### Fund Financial Statements

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., 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 pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60-days after the end of the fiscal year. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

The *elementary school construction fund* is a capital projects fund used to account for construction of the Bournedale elementary school.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *sewer enterprise fund* is used to account for the Town's sewer activities.

The *landfill enterprise fund* is used to account for the Town's landfill activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance.

**Fiduciary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of performance bonds and student activity funds. Agency funds do not present the results of operations or have a measurement focus.

#### ***F. Deposits and Investments***

##### **Government-Wide and Fund Financial Statements**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value, which is determined based on quotations from a national securities exchange.

### *G. Accounts Receivable*

#### Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

#### **Real Estate Taxes, Personal Property Taxes and Tax Liens**

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed annually after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

#### **Motor Vehicle Excise Taxes**

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

#### **Community Preservation Surcharges**

Community preservation surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

#### **User Charges**

##### *Sewer*

Sewer user charges are levied semi-annually based on a flat fee determined by the sewer commissioners and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed annually and are included as a lien on the property owner's tax bill. Sewer charges are recorded as receivables in the fiscal year of the levy.

##### *Landfill*

Landfill user charges are assessed as activity occurs and are recorded as receivables in the fiscal year accrued.

#### **Special Assessments**

Special assessments consist of septic, sewer and street betterments and are recorded as receivables in the fiscal year accrued.

### Departmental and Other

Departmental and other receivables primarily consist primarily of ambulance accounts receivable and are recorded as receivables in the fiscal year accrued.

### Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

### *H. Allowance for Uncollectible Amounts*

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- User charges (landfill)
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- Community preservation surcharges
- Special assessments
- User charges (sewer)

Intergovernmental receivables are considered 100% collectible.

### *I. Inventories*

#### Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

### *J. Restricted Assets*

#### Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

### *K. Capital Assets*

#### Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure (e.g., roads, sewer mains, and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements.

Capital assets are recorded at historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

Capital Asset Type	Estimated Useful Life (in years)
Land improvements.....	5-40
Buildings and improvements.....	15-40
Machinery and equipment.....	3-10
Infrastructure.....	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

#### Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

##### *L. Interfund Receivables and Payables*

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

#### Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

#### Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

##### *M. Interfund Transfers*

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

*N. Deferred Revenue*

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide financial statements (full accrual).

*O. Net Assets and Fund Balances*Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Assets)

Net assets are reported as restricted when amounts are restricted by outside parties for a specific future use.

Net assets have been "restricted" for the following:

"Community preservation" represents amounts restricted for open space, historic resource and affordable housing purposes.

"Affordable housing" represents amounts restricted for the creation and preservation of affordable housing within the Town.

"Debt service" represents amounts restricted for the future payment of long-term debt service costs.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Other specific purposes" represents restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.



*Committed* – represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town Meeting.

*Assigned* – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

*Unassigned* – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

#### *P. Long-term Debt*

##### Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

##### Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### *Q. Investment Income*

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is retained in the funds.

#### *R. Compensated Absences*

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

##### Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

##### Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

*S. Post Retirement Benefits*Government-Wide and Fund Financial Statements

In addition to providing pension benefits and as more fully described in Note 11, the Town provides health insurance coverage for retired employees and their spouses.

*T. Use of Estimates*Government-Wide and Fund Financial Statements

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

*U. Total Column*Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***A. Budgetary Information*

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases subsequent to the approval of the annual budget require Special Town Meeting approval.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2011 approved budget for the general fund authorized approximately \$53,774,000 in appropriations and other amounts to be raised. During fiscal year 2011, supplemental appropriations totaling approximately \$1,010,000 were authorized.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

**B. Fund Deficits**

At June 30, 2011, the following governmental fund deficits exist:

<u>Fund</u>	<u>Amount</u>	<u>Funding Source</u>
ARRA IDEA.....	\$ 49,183	Federal grant
State aid to highways.....	41,303	State grant
Police outside detail.....	30,557	Charges for services
ARRA fiscal stabilization.....	21,885	Federal grant
State 911 incentive grant.....	20,569	State grant
Pumpout boat grant.....	20,000	State grant
Title I distribution.....	16,974	Federal grant

**C. Excess of Expenditures Over Appropriations**

For the fiscal year ended June 30, 2011, expenditures and encumbrances and continuing appropriations exceeded appropriations for state and county expenditures.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of permanent funds and private purpose trust funds are held separately from other Town funds.

**Deposits - Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk. As of June 30, 2011, \$747,621 of the Town's bank balance of \$32,622,081 was uninsured and exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2011 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 869,857	\$ 200,860	\$ 360,125	\$ 308,872
U.S. Agencies.....	1,448,839	152,943	1,242,989	52,907
Corporate bonds.....	189,752	-	53,037	136,715
Money market mutual funds.....	1,329,597	1,329,597	-	-
Mutual bond funds.....	548,674	548,674	-	-
External investment pools.....	4,328,996	4,328,996	-	-
Total debt securities.....	8,715,715	\$ 6,561,070	\$ 1,656,151	\$ 498,494
<u>Other Investments:</u>				
Equity securities.....	442,638			
Equity mutual funds.....	492,318			
Total other investments.....	934,956			
Total investments.....	\$ 9,650,671			

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments.

At June 30, 2011, the Town's investments were exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 869,857	\$ 869,857
U.S. Agencies.....	1,448,839	1,448,839
Corporate bonds.....	189,752	189,752
Money market mutual funds.....	1,329,597	1,329,597
Mutual bond funds.....	548,674	548,674
Equity securities.....	442,638	442,638
Equity mutual funds.....	492,318	492,318
Total.....	\$ 5,321,676	\$ 5,321,676

#### Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2011, the credit quality ratings of the Town's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *		
		AA+	A	Unrated
Corporate bonds.....	\$ 189,752	\$ 136,715	\$ 53,037	\$ -
Money market mutual funds.....	1,329,597	-	-	1,329,597
Mutual bond funds.....	548,674	-	-	548,674
External investment pools.....	4,328,996	-	-	4,328,996
Total.....	\$ 6,397,019	\$ 136,715	\$ 53,037	\$ 6,207,267

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

**NOTE 4 – ACCOUNTS RECEIVABLE**

At June 30, 2011, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,230,165	\$ (100,786)	\$ 2,129,379
Real estate tax deferrals.....	69,217	-	69,217
Tax liens.....	333,629	-	333,629
Motor vehicle and other excise taxes.....	528,722	(149,629)	379,093
Community preservation surcharges.....	63,440	-	63,440
Special assessments.....	260,947	-	260,947
Departmental and other.....	919,278	(381,449)	537,829
Intergovernmental.....	275,838	-	275,838
	<u>\$ 4,681,236</u>	<u>\$ (631,864)</u>	<u>\$ 4,049,372</u>

At June 30, 2011, receivables for the sewer and landfill enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 1,610,015	\$ (56,045)	\$ 1,553,970
Utility liens.....	79,198	-	79,198
Special assessments.....	137,661	-	137,661
Intergovernmental.....	120,947	-	120,947
	<u>\$ 1,947,821</u>	<u>\$ (56,045)</u>	<u>\$ 1,891,776</u>

Governmental funds report *deferred revenue* in connection with receivables and other assets (tax foreclosures) for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of *deferred revenue* reported in the governmental funds:

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 1,877,963	\$ -	\$ 1,877,963
Real estate tax deferrals.....	69,217	-	69,217
Tax liens.....	326,682	6,947 (a)	333,629
Motor vehicle and other excise taxes.....	379,093	-	379,093
Community preservation surcharges.....	-	63,440 (a)	63,440
Special assessments.....	66,154	194,793 (b)	260,947
Departmental and other.....	-	537,829 (b)	537,829
Tax foreclosures.....	551,429	-	551,429
Total.....	<u>\$ 3,270,538</u>	<u>\$ 803,009</u>	<u>\$ 4,073,547</u>

(a) Community Preservation Fund (Major Fund)

(b) Nonmajor Governmental Funds

The Town has substantially completed construction of the Bournedale Elementary School, which is accounted for in the major elementary school construction fund. Approximately \$23,700,000 has been spent on the project at June 30, 2011.

As of June 30, 2011, the MSBA has provided reimbursements totaling approximately \$14,357,000, which represents a portion of the grant award allotted for the project. The maximum reimbursements allowable under the grant total approximately \$15,586,000, which represents 61.67% of the maximum allowable costs totaling approximately \$25,245,000. At June 30, 2011, an intergovernmental receivable of approximately \$276,000 has been recorded for unreimbursed costs.

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 25,849,345	\$ 855,300	\$ -	\$ 26,704,645
Construction in progress.....	8,199	49,624	(8,199)	49,624
Total capital assets not being depreciated.....	25,857,544	904,924	(8,199)	26,754,269
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,908,085	34,615	-	2,942,700
Buildings and improvements.....	84,480,605	29,050	-	84,509,655
Machinery and equipment.....	12,208,378	1,075,866	(225,636)	13,058,608
Infrastructure.....	4,957,286	155,080	-	5,112,366
Total capital assets being depreciated.....	104,554,354	1,294,611	(225,636)	105,623,329
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(582,474)	(138,066)	-	(720,540)
Buildings and improvements.....	(24,907,114)	(2,407,251)	-	(27,314,365)
Machinery and equipment.....	(8,527,693)	(1,245,764)	201,898	(9,571,559)
Infrastructure.....	(1,284,621)	(169,485)	-	(1,454,106)
Total accumulated depreciation.....	(35,301,902)	(3,960,566)	201,898	(39,060,570)
Total capital assets being depreciated, net.....	69,252,452	(2,665,955)	(23,738)	66,562,759
Total governmental activities capital assets, net.....	\$ 95,109,996	\$ (1,761,031)	\$ (31,937)	\$ 93,317,028



	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities - Sewer Enterprise:</b>				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	703,098	47,819	-	750,917
Other.....	1,332,118	-	-	1,332,118
Infrastructure.....	7,326,791	-	-	7,326,791
Total capital assets being depreciated.....	9,362,007	47,819	-	9,409,826
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(682,323)	(8,480)	-	(690,803)
Other.....	(1,262,244)	(69,874)	-	(1,332,118)
Infrastructure.....	(3,294,355)	(185,410)	-	(3,479,765)
Total accumulated depreciation.....	(5,238,922)	(263,764)	-	(5,502,686)
Total capital assets being depreciated, net.....	4,123,085	(215,945)	-	3,907,140
Total sewer enterprise activities capital assets, net.....	\$ 4,123,085	\$ (215,945)	\$ -	\$ 3,907,140
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities - Landfill Enterprise:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,209,658	\$ -	\$ -	\$ 2,209,658
Construction in progress.....	1,347,906	-	(1,347,906)	-
Total capital assets not being depreciated.....	3,557,564	-	(1,347,906)	2,209,658
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,699,974	-	(3,188,196)	4,511,778
Buildings and improvements.....	9,755,991	866,527	-	10,622,518
Machinery and equipment.....	5,197,601	293,734	(299,196)	5,192,139
Total capital assets being depreciated.....	22,653,566	1,160,261	(3,487,392)	20,326,435
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,061,652)	(1,552,195)	3,188,196	(3,425,651)
Buildings and improvements.....	(6,101,570)	(139,345)	-	(6,240,915)
Machinery and equipment.....	(3,553,413)	(330,770)	297,197	(3,586,986)
Total accumulated depreciation.....	(14,716,635)	(2,022,310)	3,485,393	(13,253,552)
Total capital assets being depreciated, net.....	7,936,931	(862,049)	(1,999)	7,072,883
Total landfill enterprise capital assets, net.....	\$ 11,494,495	\$ (862,049)	\$ (1,349,905)	\$ 9,282,541

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government.....	\$	122,709
Public safety.....		447,289
Education.....		2,471,213
Public works.....		578,366
Health and human services.....		3,551
Culture and recreation.....		337,438

Total depreciation expense - governmental activities..... \$ 3,960,566

**Business-Type Activities:**

Sewer.....	\$	263,764
Landfill.....		2,022,310

Total depreciation expense - business-type activities..... \$ 2,286,074

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Sewer Enterprise Fund	Total
Community Preservation Fund.....	\$ 748,579	\$ -	\$ 748,579 (1)
Nonmajor Governmental Funds.....	1,739,405	2,277	1,741,682 (2)
Sewer Enterprise Fund.....	128,716	-	128,716 (3)
Landfill Enterprise Fund.....	2,314,478	-	2,314,478 (4)
Total.....	\$ <u>4,931,178</u>	\$ <u>2,277</u>	\$ <u>4,933,455</u>

(1) Represents budgeted transfer to fund debt service

(2) Represents budgeted transfers to fund a portion of the fiscal year 2011 operating budget from the ambulance (\$900,000), waterway improvements (\$499,000), impact aid (\$250,000), insurance recovery (\$44,930), community septic management program (\$30,475) and conservation commission receipts reserved (\$15,000) funds. Also represents transfer to the Massachusetts Water Pollution Abatement trust reserve (\$2,277) fund.

(3) Represents budgeted transfer of indirect costs

(4) Represents budgeted transfers of indirect costs (\$1,720,639) and the host community fees (\$400,000). Also represents additional transfer of host community fees (\$193,839).

**NOTE 7 - SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2011, is as follows:

*Notes Payable - Governmental Funds*

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011
BAN	Elementary School/Early Childhood Center ....	09/29/09	09/29/10	1.75%	\$ 4,000,000	\$ -	\$ (4,000,000)	\$ -
BAN	Road Resurfacing.....	12/23/09	09/29/10	0.79%	140,000	-	(140,000)	-
BAN	DPW Equipment.....	12/23/09	09/29/10	0.79%	819,000	-	(819,000)	-
BAN	School Tech Hardware.....	12/23/09	09/29/10	0.79%	202,000	-	(202,000)	-
BAN	High School Security System.....	12/23/09	09/29/10	0.79%	150,000	-	(150,000)	-
BAN	DNR Fuel System.....	12/23/09	09/29/10	0.79%	146,000	-	(146,000)	-
BAN	School Construction.....	09/29/10	09/29/11	1.25%	-	4,000,000	(1,550,000)	2,450,000
BAN	Road Resurface .....	09/29/10	09/29/11	1.25%	-	140,000	(140,000)	-
BAN	Equipment.....	09/29/10	09/29/11	1.25%	-	819,000	(819,000)	-
BAN	School Technology.....	09/29/10	09/29/11	1.25%	-	202,000	(202,000)	-
BAN	HIS Security System Upgrade.....	09/29/10	09/29/11	1.25%	-	150,000	(150,000)	-
BAN	DNR Fuel System Upgrade .....	09/29/10	09/29/11	1.25%	-	146,000	(146,000)	-
BAN	Salt Marsh Restoration.....	09/29/10	09/29/11	1.25%	-	125,000	(125,000)	-
BAN	Equipment.....	09/29/10	09/29/11	1.25%	-	245,000	(245,000)	-
BAN	School Computer Hardware.....	09/29/10	09/29/11	1.25%	-	212,255	(212,255)	-
Total.....					\$ 5,457,000	\$ 6,039,255	\$ (9,046,255)	\$ 2,450,000

*Notes Payable - Enterprise Funds*

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011
BAN	ISWM Equipment.....	12/23/09	09/29/10	0.79%	\$ 167,000	\$ -	\$ (167,000)	\$ -
BAN	ISWM Equipment .....	09/29/10	09/29/11	1.25%	-	167,000	(167,000)	-
BAN	ISWM Flare Skid.....	09/29/10	09/29/11	1.25%	-	335,000	(335,000)	-
BAN	ISWM Entrance/Road.....	09/29/10	09/29/11	1.25%	-	250,000	(250,000)	-
BAN	ISWM Cap/Odor Mitigation .....	09/29/10	09/29/11	1.25%	-	220,000	(220,000)	-
Total.....					\$ 167,000	\$ 972,000	\$ (1,139,000)	\$ -

**Subsequent Events**

On September 15, 2011, the Town issued \$4,561,255 of general obligation bonds. The bonds were used to retire (partially and fully) BANs outstanding at June 30, 2011 for school construction, road resurface, equipment, school technology, system upgrades, Salt Marsh restoration, school computer hardware and ISWM projects. Accordingly, \$4,561,255 is recorded as a long-term debt obligation at June 30, 2011.

On September 15, 2011, the Town paid down the \$2,450,000 school construction BAN from available funds.

#### NOTE 8 - LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 34,562,247	\$ 4,549,255	\$ (13,687,557)	\$ 25,423,945	\$ 2,434,242
Net OPEB obligation.....	5,322,004	5,667,008	(2,096,954)	8,892,058	-
Compensated absences.....	2,108,700	-	(200,860)	1,907,840	190,784
Total.....	<u>\$ 41,992,951</u>	<u>\$ 10,216,263</u>	<u>\$ (15,985,371)</u>	<u>\$ 36,223,843</u>	<u>\$ 2,625,026</u>
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 7,653,273	\$ 972,000	\$ (1,164,495)	\$ 7,460,778	\$ 1,014,296
Net OPEB obligation.....	325,261	340,869	(131,275)	534,855	-
Landfill closure.....	3,535,986	1,569,461	(880,228)	4,225,219	-
Compensated absences.....	151,368	36,169	-	187,537	18,754
Total.....	<u>\$ 11,665,888</u>	<u>\$ 2,918,499</u>	<u>\$ (2,175,998)</u>	<u>\$ 12,408,389</u>	<u>\$ 1,033,050</u>

Except for debt service related to acquisitions by the community preservation fund (major), the governmental activities long-term liabilities are generally liquidated by the general fund.

**NOTE 9 - LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2011, and the debt service requirements are as follows:

***Bonds and Notes Payable - Governmental Funds***

Project	Interest Rate	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Sewer.....	6.00%	\$ 49,150	\$ -	\$ (49,150)	\$ -
MWPAT Pool 9 97-1038-1.....	0.00%	136,732	-	(9,842)	126,890
MWPAT Title V 97-1038.....	0.00%	114,200	-	(10,400)	103,800
MWPAT Pool 11 T5-97-1038-2.....	0.00%	160,000	-	(10,000)	150,000
Tennis Courts.....	4.73%	4,000	-	(2,000)	2,000
Town Hall Repair.....	5.02%	572,000	-	(96,000)	476,000
School.....	5.01%	11,330,000	-	(11,330,000)	-
Community Center.....	3.55%	3,178,000	-	(257,000)	2,921,000
Land for Community Center.....	3.47%	209,000	-	(19,000)	190,000
Police Remodeling.....	2.97%	24,000	-	(6,000)	18,000
Library Roof.....	3.19%	96,000	-	(14,000)	82,000
Land Acquisition.....	3.52%	870,000	-	(73,000)	797,000
Land Acquisition.....	3.53%	1,476,000	-	(123,000)	1,353,000
Land Acquisition.....	3.57%	682,000	-	(53,000)	629,000
Land Acquisition.....	3.87%	2,200,000	-	(150,000)	2,050,000
School Plans.....	3.85%	270,000	-	(20,000)	250,000
Municipal Purpose Loan.....	4.25%	4,379,000	-	(577,000)	3,802,000
Municipal Purpose Loan.....	3.14%	8,812,165	-	(888,165)	7,924,000
School Refunding.....	2.00% - 3.00%	-	960,000	-	960,000
Municipal Purpose Loan.....	1.50% - 4.00%	-	3,589,255	-	3,589,255
Total governmental funds.....		\$ 34,562,247	\$ 4,549,255	\$ (13,687,557)	\$ 25,423,945

On September 15, 2011, the Town issued \$3,589,255 of general obligation bonds. The bonds were used to retire (partially and fully) BANs outstanding at June 30, 2011 for school construction, road resurface, equipment, school technology, system upgrades, Salt Marsh restoration, and school computer hardware. Accordingly, \$3,589,255 is recorded as a long-term debt obligation at June 30, 2011.

Debt service requirements for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 2,434,242	\$ 741,255	\$ 3,175,497
2013.....	2,771,497	721,135	3,492,632
2014.....	2,481,301	651,230	3,132,531
2015.....	2,244,444	582,737	2,827,181
2016.....	1,912,444	518,922	2,431,366
2017.....	1,514,444	463,979	1,978,423
2018.....	1,514,444	413,864	1,928,308
2019.....	1,471,444	361,016	1,832,460
2020.....	1,440,817	309,708	1,750,525
2021.....	1,410,617	259,375	1,669,992
2022.....	1,285,417	210,703	1,496,120
2023.....	1,085,417	167,815	1,253,232
2024.....	730,417	134,572	864,989
2025.....	721,000	107,803	828,803
2026.....	549,000	80,724	629,724
2027.....	495,000	61,158	556,158
2028.....	480,000	42,731	522,731
2029.....	355,000	26,671	381,671
2030.....	344,000	13,161	357,161
2031.....	94,000	4,871	98,871
2032.....	89,000	1,613	90,613
Total.....	<u>\$ 25,423,945</u>	<u>\$ 5,875,043</u>	<u>\$ 31,298,988</u>

*Bonds and Notes Payable – Enterprise Funds*

Project	Interest Rate	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
MWPAT Sewer 91-21.....	0.00%	\$ 278,404	\$ -	\$ (76,595)	\$ 201,809
MWPAT Sewer 93-15.....	3.60%	49,869	-	(8,900)	40,969
Landfill Water Main.....	5.05%	34,000	-	(7,000)	27,000
Landfill Liner.....	3.77%	1,800,000	-	(300,000)	1,500,000
ISWM Compactor.....	4.25%	149,000	-	(149,000)	-
ISWM Bulldozer.....	4.25%	150,000	-	(75,000)	75,000
ISWM Scale.....	4.25%	124,000	-	(62,000)	62,000
ISWM Landfill Phase 3 Stage 3.....	3.14%	378,000	-	(22,000)	356,000
Sewer Truck.....	3.14%	25,000	-	(9,000)	16,000
Sewer Replace Pumps and Panels.....	3.14%	20,000	-	(7,000)	13,000
Sewer Replace Pumps and Panels.....	3.14%	100,000	-	(27,000)	73,000
ISWM Landfill Phase IIA/IIIA Liner.....	3.14%	2,200,000	-	(110,000)	2,090,000
ISWM Komatsu 155A Dozer.....	3.14%	600,000	-	(150,000)	450,000
ISWM Gas Generator and App.....	3.14%	345,000	-	(88,000)	257,000
ISWM Landfill Processing Center.....	3.14%	350,000	-	(19,000)	331,000
ISWM Residential Recycling Center.....	3.14%	1,050,000	-	(54,000)	996,000
ISWM Road Repair.....	2.38%	-	250,000	-	250,000
ISWM Flare Skid.....	1.81%	-	335,000	-	335,000
ISWM CAT Mini Loader.....	0.98%	-	95,000	-	95,000
ISWM Ford 550 Container Truck.....	0.99%	-	72,000	-	72,000
ISWM Cap/Odor Mitigation.....	2.78%	-	220,000	-	220,000
Total enterprise funds.....		\$ 7,653,273	\$ 972,000	\$ (1,164,495)	\$ 7,460,778

On September 15, 2011, the Town issued \$972,000 of general obligation bonds. The bonds were used to retire BANs outstanding at June 30, 2011 for ISWM projects. Accordingly, \$972,000 is recorded as a long-term debt obligation at June 30, 2011.

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 1,014,296	\$ 210,468	\$ 1,224,764
2013.....	1,046,255	150,484	1,196,739
2014.....	991,118	135,487	1,126,605
2015.....	682,109	122,245	804,354
2016.....	618,000	111,971	729,971
2017.....	231,000	104,041	335,041
2018.....	231,000	97,038	328,038
2019.....	229,000	89,316	318,316
2020.....	229,000	82,226	311,226
2021.....	229,000	75,130	304,130
2022.....	229,000	67,870	296,870
2023.....	229,000	145,004	374,004
2024.....	229,000	60,668	289,668
2025.....	229,000	44,040	273,040
2026.....	226,000	35,583	261,583
2027.....	210,000	112,215	322,215
2028.....	210,000	44,931	254,931
2029.....	190,000	11,941	201,941
2030.....	186,000	4,476	190,476
2031.....	11,000	591	11,591
2032.....	11,000	199	11,199
Total.....	\$ 7,460,778	\$ 1,705,924	\$ 9,166,702

#### Advanced Refunding – May 1, 2011

The Town issued \$960,000 of general obligation refunding bonds, combined with an equity contribution of \$9,488,758 and premium of \$22,432, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$10,300,000 of previously issued general obligation bonds related to school construction. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$135,900. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$12,096,637 and resulted in an economic gain of \$351,781.

During fiscal year 2011, the MSBA provided a lump sum final reimbursement for the Bourne Middle School construction project totaling \$9,488,758. This amount was used to fund the equity contribution portion of this advance refunding transaction.



The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2011, the Town had the following authorized and unissued debt:

Purpose	Amount
Elementary School.....	\$ 15,000,000
ISWM Phase 4 Liner.....	4,755,850
Elementary School.....	2,450,000 *
Land Acquisition.....	3,200,000
School Technology.....	205,000
ISWM Replace Cat 250 Truck.....	200,000
Fire Ambulance.....	170,000
DPW Dump Truck.....	150,000
Police Cruisers.....	110,000
High School Energy Conversion.....	100,000
Server Update.....	80,000
Fire Breaker Vehicle.....	55,000
DPW Garage Repairs.....	50,000
Police Computers.....	26,000
High School Removal of Underground Tanks.....	25,000
Total.....	<u>\$ 26,576,850</u>

\* Represents short-term BANs outstanding at June 30, 2011

#### NOTE 10 - LANDFILL CLOSURE AND POSTCLOSURE CARE

The Town currently operates an active landfill. State and federal laws and regulations require the Town to place a final cover on each landfill cell when it stops accepting waste and to perform certain maintenance and monitoring functions for 30 years after final closure of the site. Although the majority of closure and postclosure care costs will be paid only near or after the date that a landfill site stops accepting waste, the Town reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

The closure and postclosure care liability consist of the following at June 30, 2011:

<u>Closure:</u>	
Phase 2A/3A.....	\$ 1,781,567
Phase 3, Stage 3 South Side.....	<u>583,885</u>
Sub-total (closure).....	2,365,452
Postclosure care.....	1,761,899
Transfer station closure.....	<u>97,868</u>
Total closure and postclosure care liability.....	<u>\$ 4,225,219</u>

The Phase 2A/3A landfill closure liability represents the cumulative amount reported based on the use of approximately 84% of the estimated capacity of the cell. The Phase 3, Stage 3 South Side landfill closure liability represents the cumulative amount reported based on the use of 100% capacity. The postclosure care liability represents the cumulative amount reported based on the use of 55% of the estimated capacity of the entire landfill.

Closure and postclosure care costs consist of the following at June 30, 2011:

<u>Costs:</u>	
Postclosure care.....	\$ 1,075,339
Phase 2A/3A.....	523,411
Phase 3, Stage 3 South Side.....	(34,907)
Transfer station closure.....	<u>5,618</u>
Total closure and postclosure care costs.....	1,569,461
Less: amounts paid toward closure.....	<u>(880,228)</u>
Net increase to landfill liability.....	<u>\$ 689,233</u>

These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Based on current demographic information and engineering estimates of landfill consumption, the Town expects to close the landfill in approximately 2025. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Town will recognize the remaining estimated cost of closure and postclosure care of approximately \$6,700,000 as the remaining estimated capacity is filled.

The Town is required by state laws and regulations to meet annual financial assurance requirements. At June 30, 2011, approximately \$4,123,000 of funds has been set aside for closure and postclosure care costs.

#### NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

*Plan Description* - The Town provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2010, the latest actuarial valuation, is as follows:

Active employees.....	392
Retired employees and spouses.....	<u>421</u>
Total.....	<u>813</u>

*Funding Policy* - The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town (including Medicare Part B) are 25% and 75%, respectively. The Plan members and Town each contribute 50% towards a \$5,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

**Annual OPEB Cost and Net OPEB Obligation** - The Town's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town's net OPEB obligation:

	Amount
Annual required contribution.....	\$ 5,932,052
Interest on net OPEB obligation.....	282,363
Adjustment to annual required contribution.....	(206,538)
Annual OPEB cost.....	6,007,877
Contributions made.....	(2,228,229)
Increase in net OPEB obligation.....	3,779,648
Net OPEB obligation at beginning of year.....	5,647,265
Net OPEB obligation at end of year.....	\$ 9,426,913

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2009*.....	\$ 4,918,222	43.8%	\$ 2,763,396
June 30, 2010.....	5,181,034	44.3%	5,647,265
June 30, 2011.....	6,007,877	37.1%	9,426,913

\* Transition year

**Funded Status and Funding Progress** - The funded status of the Plan at June 30, 2010, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL)Ratio (B-A)	Funded (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/10	\$ -	\$ 88,040,390	\$ 88,040,390	-	\$ 30,015,606	293%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Amortization payments increasing at 4.50%
Remaining amortization period:	30 years (open)
Interest discount rate:	5.00%
Medical/drug cost trend rate:	Health - 10.00% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year. Dental - 5.00% per year
Inflation rate:	4.50%

*Allocation of AOPEBC* - AOPEBC costs were allocated to the Town's functions as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 325,684
Public safety.....	1,416,026
Education.....	3,383,103
Public works.....	303,336
Health and human services.....	129,193
Culture and recreation.....	<u>109,666</u>
Total AOPEBC - governmental activities....	<u>5,667,008</u>
<b>Business-Type Activities:</b>	
Sewer.....	26,571
Landfill.....	<u>314,298</u>
Total AOPEBC - business-type activities.....	<u>340,869</u>
Total AOPEBC.....	<u>\$ 6,007,877</u>

#### NOTE 12 - RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

The Town is self-insured for its health insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred.

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual subsequent activity and historical trends. The liability at June 30, 2011 totaled \$729,877. Changes in the reported liability since July 1, 2009, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2010.....	\$ 662,601	\$ 8,944,755	\$ (8,878,520)	\$ 728,836
Fiscal year 2011.....	728,836	8,861,671	(8,860,630)	729,877

**NOTE 13 - FUND BALANCES**

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	General	Community Preservation	Elementary School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 35,341	\$ 35,341
<b>Restricted:</b>					
Debt service.....	41,702	-	-	-	41,702
Community preservation.....	-	4,492,555	-	-	4,492,555
Open space.....	-	-	-	250,000	250,000
School construction.....	-	-	323,149	-	323,149
Ambulance receipts reserved.....	-	-	-	1,145,270	1,145,270
Foundation reserve.....	-	-	-	599,612	599,612
Affordable housing.....	-	-	-	188,071	188,071
School lunch.....	-	-	-	913	913
Capital.....	-	-	-	594,093	594,093
General government.....	-	-	-	79,209	79,209
Public safety.....	-	-	-	454,601	454,601
Education.....	-	-	-	848,274	848,274
Public works.....	-	-	-	363,351	363,351
Health and human services.....	-	-	-	11,701	11,701
Culture and recreation.....	-	-	-	93,343	93,343
Sub-total - Restricted.....	41,702	4,492,555	323,149	4,628,437	9,485,843
<b>Committed:</b>					
Subsequent year's expenditures.....	950,000	-	-	-	950,000
Capital stabilization.....	451,335	-	-	-	451,335
Continuing appropriations.....	1,536,777	-	-	-	1,536,777
Sub-total - Committed.....	2,938,112	-	-	-	2,938,112
<b>Assigned:</b>					
Encumbrances.....	407,428	-	-	-	407,428
<b>Unassigned.....</b>	9,758,693	-	-	(200,471)	9,558,222
<b>Total fund balances.....</b>	<u>\$ 13,145,935</u>	<u>\$ 4,492,555</u>	<u>\$ 323,149</u>	<u>\$ 4,463,307</u>	<u>\$ 22,424,946</u>

**NOTE 14 - STABILIZATION FUNDS**

The Town maintains a general stabilization fund and a capital stabilization fund that were established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization funds require two-thirds vote of Town Meeting. Investment income is retained by the fund.

The balance of the general stabilization and capital stabilization funds at June 30, 2011 total \$3,604,839 and \$451,335, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

**NOTE 15 – PRIOR PERIOD RECLASSIFICATIONS**

The beginning fund balance of the general fund and nonmajor governmental funds have been restated from \$8,950,605 and \$6,593,018 to \$12,903,675 and \$2,639,948, respectively, to reflect the reclassification of the general stabilization and capital stabilization funds to the general fund.

**NOTE 16 – PENSION PLAN**

*Plan Description* – The Town contributes to the Barnstable County Retirement Association (the Association), a cost-sharing multiple-employer defined benefit pension plan administered by the Barnstable County Retirement Board. Substantially all employees of the Town are members of the Association, except for public school teachers and certain administrators who are members of the Commonwealth's Teachers Retirement System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The Association provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Barnstable County Retirement Board and are borne by the Association. The Association issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 750 Attucks Lane, Hyannis, Massachusetts, 01970.

*Funding Policy* – Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the Association at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Association its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the Association for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,503,929, \$2,236,480, and \$2,046,604, respectively, which equaled its required contribution for each fiscal year.

**NOTE 17 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,995,000 for the fiscal year ended June 30, 2011, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 18 – COMMITMENTS**

Significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$1,944,205 at June 30, 2011.

**NOTE 19 – CONTINGENCIES**

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2011.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2011, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### NOTE 20 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, which is required to be implemented during fiscal year 2012. The implementation of this Statement will not impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.



## *Required Supplementary Information*

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ -	\$ 35,612,546	\$ -	\$ 35,612,546
Motor vehicle and other excise taxes.....	-	1,915,060	-	1,915,060
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	25,000	-	25,000
Intergovernmental.....	-	7,839,129	-	7,839,129
Special assessments.....	-	-	-	-
Penalties and interest on taxes.....	-	260,000	-	260,000
Licenses and permits.....	-	425,000	-	425,000
Fines and forfeitures.....	-	135,000	-	135,000
Departmental and other.....	-	1,433,467	-	1,433,467
Investment income.....	-	80,000	-	80,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>47,725,202</b>	<b>-</b>	<b>47,725,202</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government.....	333,290	3,067,292	(303,523)	3,097,059
Public safety.....	815,880	7,503,280	910,564	9,229,724
Education.....	309,364	22,350,907	47,812	22,708,083
Public works.....	54,578	2,035,571	342,759	2,432,908
Health and human services.....	3,860	853,509	77,392	934,761
Culture and recreation.....	103,662	765,354	-	869,016
Pension benefits.....	-	2,504,795	94,628	2,599,423
Employee benefits.....	32,637	7,520,650	(1,090,578)	6,462,709
Property and liability insurance.....	-	-	842,250	842,250
State and county charges.....	-	2,371,896	-	2,371,896
Debt service:				
Principal.....	-	3,387,557	-	3,387,557
Interest.....	-	1,413,537	-	1,413,537
<b>TOTAL EXPENDITURES.....</b>	<b>1,653,271</b>	<b>53,774,348</b>	<b>921,304</b>	<b>56,348,923</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,653,271)</b>	<b>(6,049,146)</b>	<b>(921,304)</b>	<b>(8,623,721)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	-	4,268,409	468,930	4,737,339
Premium from issuance of bonds and notes.....	-	-	-	-
Sale of capital assets.....	-	-	-	-
Transfers out.....	-	-	(88,312)	(88,312)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>4,268,409</b>	<b>380,618</b>	<b>4,649,027</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,653,271)</b>	<b>(1,780,737)</b>	<b>(540,686)</b>	<b>(3,974,694)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>8,855,515</b>	<b>8,855,515</b>	<b>8,855,515</b>	<b>8,855,515</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 7,202,244</b>	<b>\$ 7,074,778</b>	<b>\$ 8,314,829</b>	<b>\$ 4,880,821</b>

See notes to required supplementary information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	35,454,584	\$ -	\$ 35,454,584	\$ (157,962)
	2,191,955	-	2,191,955	276,895
	171,490	-	171,490	171,490
	13,152	-	13,152	(11,848)
	7,888,896	-	7,888,896	49,767
	30,628	-	30,628	30,628
	395,245	-	395,245	135,245
	489,734	-	489,734	64,734
	119,751	-	119,751	(15,249)
	1,407,628	-	1,407,628	(25,839)
	58,237	-	58,237	(21,763)
	<u>48,221,300</u>	<u>-</u>	<u>48,221,300</u>	<u>496,098</u>
	2,573,061	260,586	2,833,647	263,412
	7,670,105	1,124,194	8,794,299	435,425
	22,133,883	445,398	22,579,281	128,802
	2,279,435	33,431	2,312,866	120,042
	879,126	933	880,059	54,702
	758,005	79,663	837,668	31,348
	2,555,472	-	2,555,472	43,951
	6,292,631	-	6,292,631	170,078
	726,311	-	726,311	115,939
	2,378,602	-	2,378,602	(6,706)
	3,387,557	-	3,387,557	-
	1,390,702	-	1,390,702	22,835
	<u>53,024,890</u>	<u>1,944,205</u>	<u>54,969,095</u>	<u>1,379,828</u>
	<u>(4,803,590)</u>	<u>(1,944,205)</u>	<u>(6,747,795)</u>	<u>1,875,926</u>
	4,931,178	-	4,931,178	193,839
	56,863	-	56,863	56,863
	16,801	-	16,801	16,801
	<u>(88,312)</u>	<u>-</u>	<u>(88,312)</u>	<u>-</u>
	<u>4,916,530</u>	<u>-</u>	<u>4,916,530</u>	<u>267,503</u>
	112,940	(1,944,205)	(1,831,265)	2,143,429
	<u>8,855,515</u>	<u>8,855,515</u>	<u>8,855,515</u>	<u>-</u>
\$	<u>8,968,455</u>	<u>\$ 6,911,310</u>	<u>\$ 7,024,250</u>	<u>\$ 2,143,429</u>

## PENSION PLAN SCHEDULES

The following schedules provide information related to the Association as a whole, for which the Town is one participating employer:

### SCHEDULES OF FUNDING PROGRESS (ASSOCIATION)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/09	\$ 520,089,855	\$ 966,564,614	\$ 446,474,759	53.8%	\$ 249,971,296	178.6%
01/01/07	517,396,087	825,863,068	308,466,981	62.6%	226,391,633	136.3%
01/01/06	465,637,984	765,747,723	300,109,739	60.8%	215,474,180	139.3%
01/01/04	378,317,300	647,655,411	269,338,111	58.4%	190,614,004	141.3%
01/01/02	362,911,896	553,531,966	190,620,070	65.6%	173,610,557	109.8%
01/01/00	300,396,700	462,462,500	162,065,800	65.0%	152,293,100	106.4%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS (ASSOCIATION)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2005	\$ 30,224,666	100
2006	32,038,146	100
2007	34,360,912	100
2008	36,943,817	100
2009	39,899,322	100
2010	43,893,051	100

The following schedule provides information related to the Town's portion of the Association's ARC:

### TOWN SHARE OF ASSOCIATION ARC

Fiscal Year Ended June 30	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of Association ARC (%)
2006	\$ 1,753,632	100	5.8%
2007	1,801,969	100	5.6%
2008	1,888,019	100	5.5%
2009	2,046,604	100	5.5%
2010	2,236,480	100	5.6%
2011	2,503,929	100	5.7%

## OTHER POSTEMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the Town's other postemployment benefits plan:

### SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/10	\$ -	\$ 88,040,390	\$ 88,040,390	-	\$ 30,015,606	293%
06/30/08	-	74,937,141	74,937,141	-	27,668,817	271%

The significant change to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress is the increase in the trend on medical and prescription drug costs.

**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2011, is presented below:

	Revenues	Expenditures	Other Financing Sources (Uses)
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 48,221,300	\$ 54,969,095	\$ 4,916,530
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(36,463)	-	-
Net change in recording tax refunds payable.....	60,841	-	-
To record MTRS on-behalf payments.....	4,994,591	4,994,591	-
Net change in recording short-term interest accrual.....	-	(1,838)	-
To record encumbrances and continuing appropriations.....	-	(1,944,205)	-
Total on GAAP basis of accounting.....	53,240,269	58,017,643	4,916,530
<u>Reclassifications</u>			
To reclassify the activity of the stabilization fund to the general fund.....	14,792	-	88,312
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>53,255,061</u>	\$ <u>58,017,643</u>	\$ <u>5,004,842</u>

**NOTE B - PENSION PLAN**

Additional information as of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2009
Actuarial cost method:	Entry age normal cost
Amortization method:	Payments increase at 4.50% per year after fiscal 2013
Remaining amortization period:	19 years from July 1, 2009 for 2002 and 2003 Early Retirement Incentives and remaining unfunded liability.
Asset valuation method:	5-year smoothing of investment returns greater (less) than expected
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.25%
Projected salary increases:	5.00%
Cost of living adjustments:	3.00% of first \$12,000 of retirement income