

**TOWN OF CONCORD, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Concord, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (except for Concord Municipal Light Plant), and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of and for the year ended June 30, 2011, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which is as of and for the year ended December 31, 2010) 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 Concord's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Concord Municipal Light Plant (Electric Enterprise Fund), a major enterprise fund, which also represents 47% and 75% of the assets and operating revenues, respectively, of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the Electric Enterprise Fund and its effects on the business-type activities, is based on the report of the other auditors.

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. The financial statements of the Concord Municipal Light Plant, a major proprietary fund, were not audited in accordance with *Government Auditing Standards*. 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 and the report of other auditors, provides a reasonable basis for our opinions.

The financial statements of the Concord Municipal Light Plant Electric Enterprise Fund are presented in conformity with the accounting practices prescribed by the

*Additional Offices:*

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

Massachusetts Department of Public Utilities, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, based on our audit and the report of other auditors, and except for the information described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund (except for Concord Municipal Light Plant), and the aggregate remaining fund information of the Town of Concord, as of June 30, 2011, (except the Concord Contributory Retirement System and Concord Municipal Light Plant, which are as of December 31, 2010), and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, appearing on the following pages, and the supplementary information, appearing on page 72, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Concord, Massachusetts' basic financial statements. The supplementary statements, beginning on page 74, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Melanson, Heath + Company P.C.*

Andover, Massachusetts  
January 12, 2012

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

As management of the Town of Concord, we offer readers this narrative overview and analysis of the financial activities of the Town of Concord for the fiscal year ended June 30, 2011. Unless otherwise noted, **all amounts reported in this analysis are expressed in thousands.**

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

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

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

The statement of net assets presents information on all 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 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 and earned but unused vacation leave).

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

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

divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water, sewer, electric, and swim operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, electric, and swim facility operations, all of which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

**B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 222,587 (i.e., net assets), a change of \$ 4,003 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 42,253, a change of \$ (438) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 10,200, a change of \$ 864 in comparison to the prior year.
- Total bonds payable as of June 30, 2011 was \$ 80,558, a change of \$ 958 in comparison to the prior year. Governmental bonds payable of \$ 56,516 decreased by \$ 2,601. Business-type bonds payable of \$ 24,042 increased by \$ 3,559, primarily from the issuance of bonds for the light plant.

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 49,596	\$ 51,152	\$ 42,935	\$ 39,295	\$ 92,531	\$ 90,447
Capital assets	<u>156,698</u>	<u>155,296</u>	<u>85,192</u>	<u>86,031</u>	<u>241,890</u>	<u>241,327</u>
Total assets	<u>206,294</u>	<u>206,448</u>	<u>128,127</u>	<u>125,326</u>	<u>334,421</u>	<u>331,774</u>
Long-term liabilities outstanding	65,798	67,300	20,776	21,139	86,574	88,439
Other liabilities	<u>5,376</u>	<u>6,519</u>	<u>19,884</u>	<u>18,232</u>	<u>25,260</u>	<u>24,751</u>
Total liabilities	<u>71,174</u>	<u>73,819</u>	<u>40,660</u>	<u>39,371</u>	<u>111,834</u>	<u>113,190</u>
Net assets:						
Invested in capital assets, net	100,788	97,387	61,420	65,309	162,208	162,696
Restricted	21,997	20,412	4,138	4,183	26,135	24,595
Unrestricted	<u>12,335</u>	<u>14,830</u>	<u>21,909</u>	<u>16,463</u>	<u>34,244</u>	<u>31,293</u>
Total net assets	<u>\$ 135,120</u>	<u>\$ 132,629</u>	<u>\$ 87,467</u>	<u>\$ 85,955</u>	<u>\$ 222,587</u>	<u>\$ 218,584</u>

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,249	\$ 5,607	\$ 37,463	\$ 28,261	\$ 43,712	\$ 33,868
Operating grants and contributions	9,107	8,830	-	-	9,107	8,830
Capital grants and contributions	364	921	-	-	364	921
General revenues:						
Property taxes	66,848	66,103	-	-	66,848	66,103
Excises	2,823	2,531	-	-	2,823	2,531
Penalties, interest and other taxes	468	228	-	-	468	228
Grants and contributions not restricted to specific programs	1,592	1,651	-	-	1,592	1,651
Investment income	2,147	1,938	125	316	2,272	2,254
Other	1,514	729	(182)	(428)	1,332	301
Total revenues	<u>91,112</u>	<u>88,538</u>	<u>37,406</u>	<u>28,149</u>	<u>128,518</u>	<u>116,687</u>
<b>Expenses:</b>						
General government	7,982	8,037	-	-	7,982	8,037
Public safety	11,405	11,159	-	-	11,405	11,159
Education	55,281	52,981	-	-	55,281	52,981
Public works	7,706	7,064	-	-	7,706	7,064
Health and human services	757	678	-	-	757	678
Culture and recreation	4,828	4,823	-	-	4,828	4,823
Interest on long-term debt	1,940	1,925	-	-	1,940	1,925
Intergovernmental	423	377	-	-	423	377
Water services	-	-	2,817	2,712	2,817	2,712
Sewer operations	-	-	3,091	3,155	3,091	3,155
Electric operations	-	-	26,688	18,426	26,688	18,426
Swim operations	-	-	2,169	2,252	2,169	2,252
Total expenses	<u>90,322</u>	<u>87,044</u>	<u>34,765</u>	<u>26,545</u>	<u>125,087</u>	<u>113,589</u>
Excess before special items and transfers	790	1,494	2,641	1,604	3,431	3,098
Special item - MSBA grant	-	6,337	-	-	-	6,337
Transfers in (out)	<u>1,701</u>	<u>1,317</u>	<u>(1,129)</u>	<u>(1,011)</u>	<u>572</u>	<u>306</u>
Change in net assets	2,491	9,148	1,512	593	4,003	9,741
Net assets - beginning of year	<u>132,629</u>	<u>123,481</u>	<u>85,955</u>	<u>85,362</u>	<u>218,584</u>	<u>208,843</u>
Net assets - end of year	<u>\$ 135,120</u>	<u>\$ 132,629</u>	<u>\$ 87,467</u>	<u>\$ 85,955</u>	<u>\$ 222,587</u>	<u>\$ 218,584</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 222,587, a change of \$ 4,003 from the prior year.

The largest portion of net assets \$ 162,208 reflects our investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This is a change of \$ (88) over the prior year. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets, \$ 26,135, represents resources that are subject to external restrictions on how they may be used. This includes:

- Restricted grant assets and other statutory restrictions, \$ 21,191; and
- Expendable and nonexpendable trust fund assets, \$ 4,944.

The remaining balance of unrestricted net assets, \$ 34,244, may be used to meet the government's ongoing obligations to citizens and creditors. Of this total:

- \$ 12,335 is in governmental activities funds, a change of \$ (2,495) from the prior year;
- \$ 21,909 is in business-type activities funds, a change of \$ 5,446 from the prior year.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 2,491. Key elements of this change are as follows:

Use of Debt Stabilization fund	\$ (1,000)
Use of free cash to reduce the tax levy	(600)
Amortization of Thoreau MSBA grant	(432)
Pension reserve fund revenues exceeding expenditures	936
Other special revenue fund revenues exceeding expenditures	409
Trust fund revenues exceeding expenditures	724
Debt service principal payments exceeding depreciation expense	1,198
Increase in OPEB obligation	(1,153)
Current year revenue used for the acquisition of capital assets	2,203
Other	<u>206</u>
Total	<u>\$ 2,491</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ 1,512. This change can be attributed to the enterprise funds having program revenues greater than expenses, combined with the Town's informal policy of partially funding capital expenditures through operations in an effort to manage the Town's debt burden. Key elements of this change are as follows:

- The Water fund had revenues of \$ 4,436 and expenses and transfers of \$ 3,352, resulting in a change in net assets of \$ 1,084.
- The Sewer fund had revenues of \$ 2,660 and expenses and transfers of \$ 3,292, resulting in a change in net assets of \$ (632).
- The Light Fund had revenues of \$ 28,131 and expenses and transfers of \$ 27,293, resulting in a change in net assets of \$ 838.
- The Swim Fund had revenues and transfers of \$ 2,529 and expenses and transfers of \$ 2,307, resulting in a change in net assets of \$ 222.
- The unrestricted net assets for each of the Enterprise funds changed as follows:

Water Fund	\$ 2,043
Sewer Fund	\$ (277)
Light Fund	\$ 3,310
Swim Fund	\$ 370

#### **D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 42,253, a change of \$ (438) in comparison to the prior year. Key elements of this change are as follows:

**Governmental fund highlights**

General fund expenditures exceeding revenues	\$ (3,606)
Transfers from Enterprise funds, net	1,701
Pension reserve fund revenues exceeding expenditures	936
Other special revenue fund revenues exceeding expenditures	409
Non-major Capital project fund expenditures exceeding bond proceeds	(602)
Trust fund revenues exceeding expenditures	<u>724</u>
Total	<u>\$ (438)</u>

In fiscal year 2011, the Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the notes to the financial statements. Additionally, amounts previously reported in stabilization, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 10,200, while total fund balance was \$ 24,333. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Refer to the table below:

<u>General Fund</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>
Unassigned fund balance	\$ 10,200	\$ 9,336	\$ 864
Total fund balance <sup>1</sup>	24,333	26,223	(1,890)
Unassigned fund balance as of % of total General Fund expenditures	12.1%	11.8%	0.3%
Total fund balance as of % of total General Fund expenditures	29.0%	26.4%	2.6%

<sup>1</sup>Now includes stabilization funds and the Insurance Reserve fund. Prior period balances have been revised to conform to current presentation.

The total fund balance of the general fund changed by \$ (1,890) during the current fiscal year. Key factors in this change are as follows:

<b>General Fund Highlights</b>	<u>General Fund Components</u>				Total General Fund
	Operating	Debt Service "Reserve"	Stablization	Insurance Reserve	
Use of free cash	\$ (634)	\$ -	\$ -	\$ -	\$ (634)
Use of fund balance restricted for MSBA grant	-	(432)	-	-	(432)
Use of School debt stabilization fund	-	-	(1,000)	-	(1,000)
Transfer to OPEB trust	-	-	-	(700)	(700)
Revenues greater than budget	1,142	-	-	-	1,142
Expenditures less than budget	355	-	-	-	355
Expenditures of prior year encumbrances greater than current year encumbrances	(1,338)	-	-	-	(1,338)
Funding from operating component	-	-	285	119	404
Other	220	-	93	-	313
<b>Total</b>	<b>\$ (255)</b>	<b>\$ (432)</b>	<b>\$ (622)</b>	<b>\$ (581)</b>	<b>\$ (1,890)</b>

Included in the total general fund balance is the Town's stabilization funds and Insurance Reserve fund with the following balances:

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>
Stabilization funds	\$ 2,709	\$ 3,331	\$ (622)
Insurance Reserve fund	1,470	2,051	(581)
<b>Total</b>	<b>\$ 4,179</b>	<b>\$ 5,382</b>	<b>\$ (1,203)</b>

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 21,909. Total net assets of the enterprise funds at the end of the year amounted to \$ 87,467, a change of \$ 1,512 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

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

Differences between the original budget and the final solely reflect budgeted interfund charges through which other funds (primarily the business-type enterprise funds) reimburse the General Fund for services provided.

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 241,890 (net of accumulated depreciation), a change of \$ 563 from the prior year. This investment in capital assets includes land, buildings and improvements, machinery, equipment and furnishings, construction in progress, and infrastructure.

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

### **Governmental activities:**

- \$ 2,358 Various road improvements
- \$ 700 Acquisition of Marshall Land
- \$ 449 CPS building improvements
- \$ 351 Sidewalk improvements

### **Business-type activities:**

- \$ 732 Water related infrastructure
- \$ 148 Sewer related infrastructure

A comparison to the three prior years is as follows:

	<u>Capital Asset Additions</u>	<u>Disposals and Reclassifications</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation on Disposals</u>	<u>Net Activity</u>
<u>Governmental activities</u>					
Fiscal year 2011	\$ 33,522	\$ (27,467)	\$ (4,653)	\$ -	\$ 1,402
Fiscal year 2010	9,514	-	(4,059)	-	5,455
Fiscal year 2009	24,374	(2,374)	(3,191)	-	18,809
<u>Business-type activities</u>					
<i>Water</i>					
Fiscal year 2011	732	-	(740)	-	(8)
Fiscal year 2010	438	-	(732)	-	(294)
Fiscal year 2009	804	-	(703)	-	101
<i>Sewer</i>					
Fiscal year 2011	149	-	(1,718)	(2)	(1,571)
Fiscal year 2010	382	-	(1,722)	-	(1,340)
Fiscal year 2009	891	(732)	(1,445)	366	(920)
<i>Light</i>					
Fiscal year 2011	2,660	(517)	(1,425)	270	988
Fiscal year 2010	1,212	-	(1,065)	-	147
Fiscal year 2009	3,579	(859)	(1,343)	444	1,821
<i>Swim</i>					
Fiscal year 2011	38	-	(286)	-	(248)
Fiscal year 2010	67	-	(273)	-	(206)
Fiscal year 2009	19	-	(267)	-	(248)

<u>Capital Assets net of Accumulated depreciation</u>	<u>@ 6/30/11</u>	<u>@ 6/30/10</u>	<u>Change</u>
Governmental activities	\$ 156,698	\$ 155,296	\$ 1,402
Business activities			
Water	18,484	18,492	(8)
Sewer	24,293	25,864	(1,571)
Electric	33,838	32,850	988
Swim	8,577	8,825	(248)
Subtotal	<u>85,192</u>	<u>86,031</u>	<u>(839)</u>
Grand Total	<u>\$ 241,890</u>	<u>\$ 241,327</u>	<u>\$ 563</u>

**Long-term debt.** As of June 30, 2011, total bonded debt outstanding was \$ 80,558, all of which was backed by the full faith and credit of the government.

Additional information on capital assets and long-term debt can be found in the Notes to Financial Statements.

**Change in credit rating.** During the fiscal year, the Town’s AAA credit rating remained unchanged by Moody’s.

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

The adopted FY12 General Fund budget of \$ 80,117 is a 3.3 % increase over the prior year. It is anticipated that 86.3% of the resources to fund the General Fund budget will be generated by property taxes. Additional funding includes money from state aid (4.5%), local receipts (6.1%), debt stabilization fund (0.9%), Massachusetts School Building Authority Grant (0.5%), investment earnings (0.2%), transfers from the Light Fund (0.5%), and allocation from the unreserved fund balance (1.0%).

The property tax levy for FY12 (\$ 69,122) represents a 3.9 % increase over the prior year. This rise reflects an increase of 3.0 % in the property tax rate from \$ 13.19 per thousand to \$ 13.58 per thousand and an increase of 0.9% in taxable assessed value from \$ 5.045 billion to \$ 5.090 billion. The assessment date for valuing the Town’s FY12 real estate and personal property is January 1, 2011. The table below presents a comparison between FY11 and FY12.

	<u>FY11</u>	<u>FY12</u>	<u>% Change</u>
Taxable Assessed Value	\$5,045,140	\$5,090,622	0.9%
Tax Rate (per \$1,000)	\$ 13.19	\$ 13.58	3.0%
Property Tax Levy	\$ 66,545	\$ 69,122	3.9%

It should be noted that increases in the property tax levy for municipalities in Massachusetts are governed by statutory regulations referred to as Proposition 2 ½. The total property tax levy is constrained by a ceiling which cannot be more than 2½ percent of the previous year’s levy limit plus any new growth resulting from the construction or renovations of residential, commercial, or industrial buildings. The Town has made an effort to remain well under this ceiling or levy limit. Excess levy capacity, the difference between the property tax levy and the levy limit, totaled \$ 2,039 in FY11 and \$ 1,994 in FY12.

During the last three years, the financial assets in the Concord Retirement Fund have shown strong growth. With a market value of \$ 95,700 in October 31, 2011, these assets have more than recovered from the previous peak of \$ 95,400 on October 31, 2007. In addition, the Town’s Pension Reserve Fund, which is available to support future pension contribution requirements, has an increased asset value.

	Value as of <u>12/31/08</u>	Value as of <u>12/31/09</u>	Value as of <u>12/31/10</u>	Value as of <u>10/31/11</u>
Retirement System	\$70,518	\$82,223	\$92,073	\$95,704
Pension Reserve Fund	\$ 3,574	\$ 4,409	\$ 5,248	\$ 5,744

With the FY09 Financial Statements, the Town implemented GASB 45, which addresses issues associated with Other Post-Employment Benefits (OPEB). The net OPEB Obligation (NOO) for governmental-type activities was increased by \$ 1,927 in FY09, \$ 2,207 in FY10, and \$ 1,153 in FY11 which resulted in a cumulative Net OPEB Obligation of \$ 5,287 at the end of FY11. The decrease in the NOO from FY10 to FY11 is partially attributed to a \$ 700 transfer from the Insurance Reserve Trust Fund to the Post-Retirement Group Health Insurance (OPEB) Trust Fund approved at the 2011 Annual Town Meeting and a \$ 400 allocation for General Fund resources. For business-type activities, the OPEB Obligation is fully funded.

	<u>Governmental – Type Activities</u>	<u>Business – Type Activities</u>
FY09 Change in Net OPEB Obligation	\$1,927	\$ 233
FY10 Change in Net OPEB Obligation	2,207	(233)
FY11 Change in Net OPEB Obligation	<u>1,153</u>	<u>-</u>
Cumulative Net OPEB Obligation	<u>\$5,287</u>	<u>\$ -</u>

The Town's business-type activities include the Water, Sewer, Light, and Swim Enterprises. All except the Sewer Enterprise are expected to report positive net income for the current fiscal period. The Sewer Fund is budgeted to report a negative net income due to a substantial investment beginning in 2007 for the rehabilitation of the Wastewater Treatment Plant and the consequent major increase in depreciation expense. Rate adjustments are planned to continue over a multi-year period to ensure the long-term fiscal health of the Sewer Enterprise. The present ten-year projection anticipates that the Sewer Fund will report positive net income by FY17.

## **REQUESTS FOR INFORMATION**

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

Chief Financial Officer  
Town of Concord, Massachusetts  
22 Monument Square  
Concord, Massachusetts 01742

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF NET ASSETS

JUNE 30, 2011

(Except for the Electric Enterprise Fund, which is as of December 31, 2010)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 32,967,954	\$ 27,623,958	\$ 60,591,912
Investments	13,581,422	4,299,383	17,880,805
Receivables, net of allowance for uncollectibles:			
Property taxes	876,466	-	876,466
Excises	113,121	-	113,121
User fees	-	5,201,391	5,201,391
Betterments	-	77,450	77,450
Departmental and other	481,087	-	481,087
Intergovernmental	890,035	-	890,035
Inventory	-	42,455	42,455
Materials and supplies	-	793,133	793,133
Prepaid expenses	-	3,321,021	3,321,021
Other assets	26,721	337,189	363,910
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	659,083	-	659,083
Betterments	-	1,239,230	1,239,230
Capital assets being depreciated, net	104,637,839	77,519,223	182,157,062
Capital assets not being depreciated	<u>52,060,281</u>	<u>7,672,581</u>	<u>59,732,862</u>
<b>TOTAL ASSETS</b>	<b>206,294,009</b>	<b>128,127,014</b>	<b>334,421,023</b>
<b>LIABILITIES</b>			
Current:			
Warrants payable	1,989,520	4,429,281	6,418,801
Accrued liabilities	2,591,924	348,101	2,940,025
Unearned revenue	-	1,191,024	1,191,024
Customer deposits	-	387,123	387,123
Provision for rate stabilization	-	9,528,361	9,528,361
Notes payable	210,000	4,000,000	4,210,000
Other current liabilities	584,136	-	584,136
Current portion of long-term liabilities:			
Bonds payable	6,036,146	1,974,634	8,010,780
Accrued employee benefits	378,427	18,318	396,745
Estimated landfill closure and postclosure care costs	10,000	-	10,000
Noncurrent:			
Bonds payable, net of current portion	50,479,900	18,297,003	68,776,903
Accrued employee benefits, net of current portion	3,405,844	291,783	3,697,627
Estimated landfill closure and postclosure care costs, net of current portion	200,000	-	200,000
Net OPEB obligation	<u>5,287,559</u>	<u>194,397</u>	<u>5,481,956</u>
<b>TOTAL LIABILITIES</b>	<b>71,173,456</b>	<b>40,660,025</b>	<b>111,833,481</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	100,788,002	61,420,167	162,208,169
Restricted for:			
Grants and other statutory restrictions	17,053,689	4,137,596	21,191,285
Permanent funds:			
Nonexpendable	4,852,375	-	4,852,375
Expendable	91,545	-	91,545
Unrestricted	<u>12,334,942</u>	<u>21,909,226</u>	<u>34,244,168</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>135,120,553</u></b>	<b>\$ <u>87,466,989</u></b>	<b>\$ <u>222,587,542</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(Except for the Electric Enterprise Fund, which is as of December 31, 2010)

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 7,981,830	\$ 669,923	\$ 252,044	\$ -	\$ (7,059,863)	\$ -	\$ (7,059,863)
Public safety	11,405,417	2,014,970	123,816	-	(9,266,631)	-	(9,266,631)
Education	55,280,989	519,009	8,466,973	-	(46,295,007)	-	(46,295,007)
Public works	7,706,245	1,442,378	197,685	363,852	(5,702,330)	-	(5,702,330)
Health and human services	756,580	12,714	34,077	-	(709,789)	-	(709,789)
Culture and recreation	4,827,635	1,589,545	32,074	-	(3,206,016)	-	(3,206,016)
Debt service interest	1,939,930	-	-	-	(1,939,930)	-	(1,939,930)
Intergovernmental	423,065	-	-	-	(423,065)	-	(423,065)
Total Governmental Activities	90,321,691	6,248,539	9,106,669	363,852	(74,602,631)	-	(74,602,631)
<b>Business-Type Activities:</b>							
Water services	2,798,406	4,374,329	-	-	-	1,575,923	1,575,923
Sewer services	3,109,426	2,648,063	-	-	-	(461,363)	(461,363)
Electric services	26,687,510	28,048,826	-	-	-	1,361,316	1,361,316
Swim Services	2,169,206	2,391,610	-	-	-	222,404	222,404
Total Business-Type Activities	34,764,548	37,462,828	-	-	-	2,698,280	2,698,280
Total	\$ 125,086,239	\$ 43,711,367	\$ 9,106,669	\$ 363,852	(74,602,631)	2,698,280	(71,904,351)
<b>General Revenues and Transfers:</b>							
Property taxes					66,848,494	-	66,848,494
Excises					2,823,022	-	2,823,022
Penalties, interest and other taxes					468,357	-	468,357
Grants and contributions not restricted to specific programs					1,591,843	-	1,591,843
Investment income					2,147,326	124,910	2,272,236
Other income (expenses)					1,513,996	(181,840)	1,332,156
Transfers, net					1,700,657	(1,128,801)	571,856
Total general revenues and transfers					77,093,695	(1,185,731)	75,907,964
Change in Net Assets					2,491,064	1,512,549	4,003,613
<b>Net Assets:</b>							
Beginning of year					132,629,489	85,954,440	218,583,929
End of year				16	\$ 135,120,553	\$ 87,466,989	\$ 222,587,542

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 23,497,062	\$ 9,470,892	\$ 32,967,954
Investments	4,965,798	8,615,624	13,581,422
Receivables:			
Property taxes	1,917,519	15,635	1,933,154
Excises	162,876	-	162,876
Departmental	-	481,087	481,087
Intergovernmental	91,581	798,454	890,035
Accrued interest and other	<u>26,721</u>	<u>-</u>	<u>26,721</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 30,661,557</u></b>	<b><u>\$ 19,381,692</u></b>	<b><u>\$ 50,043,249</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Warrants payable	\$ 1,653,475	\$ 336,048	\$ 1,989,523
Accrued liabilities	2,185,577	446,400	2,631,977
Deferred revenue	1,905,013	469,717	2,374,730
Notes payable	-	210,000	210,000
Other liabilities	<u>584,136</u>	<u>-</u>	<u>584,136</u>
<b>TOTAL LIABILITIES</b>	<b>6,328,201</b>	<b>1,462,165</b>	<b>7,790,366</b>
Fund Balances:			
Nonspendable	-	4,852,375	4,852,375
Restricted	5,904,870	13,067,152	18,972,022
Committed	4,178,960	-	4,178,960
Assigned	4,049,542	-	4,049,542
Unassigned	<u>10,199,984</u>	<u>-</u>	<u>10,199,984</u>
<b>TOTAL FUND BALANCES</b>	<b><u>24,333,356</u></b>	<b><u>17,919,527</u></b>	<b><u>42,252,883</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 30,661,557</u></b>	<b><u>\$ 19,381,692</u></b>	<b><u>\$ 50,043,249</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

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

JUNE 30, 2011

<b>Total governmental fund balances</b>	\$ 42,252,883
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	156,698,120
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	1,927,373
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(686,967)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds payable, and net OPEB obligation are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	<u>(65,070,856)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 135,120,553</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 66,132,882	\$ 866,476	\$ 66,999,358
Excise taxes	2,774,714	-	2,774,714
Penalties, interest and other taxes	418,759	-	418,759
Departmental	1,441,518	3,797,859	5,239,377
Licenses and permits	909,565	-	909,565
Fines and forfeitures	141,189	-	141,189
Intergovernmental	8,123,125	2,897,641	11,020,766
Investment income	397,215	1,750,109	2,147,324
Contributions	-	254,857	254,857
Other	86,611	1,172,528	1,259,139
Total Revenues	<u>80,425,578</u>	<u>10,739,470</u>	<u>91,165,048</u>
<b>Expenditures:</b>			
Current:			
General government	4,532,641	2,046,699	6,579,340
Public safety	7,634,264	332,116	7,966,380
Education	47,956,911	2,569,990	50,526,901
Public works	3,842,506	2,067,911	5,910,417
Snow and Ice	652,838	-	652,838
Health and human services	393,815	58,725	452,540
Culture and recreation	1,972,985	1,582,071	3,555,056
Employee benefits	8,769,360	12,817	8,782,177
Debt service	7,852,961	-	7,852,961
Capital outlay	-	3,852,245	3,852,245
Intergovernmental	423,065	-	423,065
Total Expenditures	<u>84,031,346</u>	<u>12,522,574</u>	<u>96,553,920</u>
Excess (Deficiency) of revenues over expenditures	(3,605,768)	(1,783,104)	(5,388,872)
<b>Other Financing Sources (Uses):</b>			
Issuance of bonds	-	3,250,000	3,250,000
Transfers in	1,820,664	385,866	2,206,530
Transfers out	(104,875)	(400,998)	(505,873)
Total Other Financing Sources (Uses)	<u>1,715,789</u>	<u>3,234,868</u>	<u>4,950,657</u>
Changes in fund balances	(1,889,979)	1,451,764	(438,215)
Fund Balances, at Beginning of Year, as restated	<u>26,223,335</u>	<u>16,467,763</u>	<u>42,691,098</u>
Fund Balances, at End of Year	<u>\$ 24,333,356</u>	<u>\$ 17,919,527</u>	<u>\$ 42,252,883</u>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2011

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (438,215)</b>
<ul style="list-style-type: none"> <li>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: </li> </ul>	
Capital outlay purchases, net of dispositions	6,054,997
Depreciation	(4,652,465)
<ul style="list-style-type: none"> <li>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. </li> </ul>	
	(52,953)
<ul style="list-style-type: none"> <li>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: </li> </ul>	
Issuance of debt	(3,250,000)
Repayments of debt	5,850,932
<ul style="list-style-type: none"> <li>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. </li> </ul>	
	62,099
<ul style="list-style-type: none"> <li>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds: </li> </ul>	
Change in compensated absences	59,893
Change in landfill liability	10,000
Change in OPEB liability	<u>(1,153,224)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>2,491,064</u></b>

TOWN OF CONCORD, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Transfers:</b>				
Taxes	\$ 66,000,314	\$ 66,000,314	\$ 66,000,314	\$ -
Excise taxes	2,621,000	2,621,000	2,774,714	153,714
Penalties, interest and other taxes	100,000	100,000	418,759	318,759
Departmental	1,061,500	1,061,500	1,441,518	380,018
Licenses and permits	714,000	714,000	909,565	195,565
Fines and forfeitures	80,000	80,000	141,189	61,189
Intergovernmental	4,089,467	4,089,467	4,086,177	(3,290)
Investment income	300,000	300,000	304,080	4,080
Other	46,760	46,760	86,611	39,851
Transfers in	1,380,000	2,828,108	2,820,664	(7,444)
Total Revenues and Transfers	76,393,041	77,841,149	78,983,591	1,142,442
<b>Expenditures:</b>				
General government	3,993,712	4,884,464	4,538,869	345,595
Public safety	7,489,310	7,504,310	7,503,328	982
Education	42,878,547	42,878,547	42,878,529	18
Public works	2,941,935	3,459,561	3,452,645	6,916
Snow and ice	495,000	495,000	652,838	(157,838)
Health and human services	400,322	400,322	396,640	3,682
Culture and recreation	1,976,164	2,000,894	1,995,318	5,576
Employee benefits	8,260,000	8,141,459	8,104,001	37,458
Debt service	8,039,782	8,039,782	7,957,836	81,946
Intergovernmental	453,501	453,501	423,065	30,436
Transfers out	-	118,541	118,541	-
Total Expenditures	76,928,273	78,376,381	78,021,610	354,771
Excess (deficiency) of revenues and other sources over expenditures	(535,232)	(535,232)	961,981	1,497,213
<b>Other Financing Sources/(Uses):</b>				
Use of free cash	634,430	634,430	-	(634,430)
Raise prior year deficit	(99,198)	(99,198)	-	99,198
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 961,981	\$ 961,981

See notes to financial statements.

## TOWN OF CONCORD, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2011

(DECEMBER 31, 2010 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Swim Fund</u>	
<b><u>ASSETS</u></b>					
Current:					
Cash and short-term investments	\$ 5,625,787	\$ 4,104,437	\$ 14,298,456	\$ 3,595,278	\$ 27,623,958
Investments	-	-	4,299,383	-	4,299,383
User fees, net of allowance for uncollectibles	841,714	473,215	3,886,462	-	5,201,391
Betterment receivables	-	77,450	-	-	77,450
Inventory	42,455	-	-	-	42,455
Materials and supplies, at average cost	-	-	793,133	-	793,133
Prepaid expenses	-	-	3,321,021	-	3,321,021
Other assets	-	-	337,189	-	337,189
Total current assets	<u>6,509,956</u>	<u>4,655,102</u>	<u>26,935,644</u>	<u>3,595,278</u>	<u>41,695,980</u>
Noncurrent:					
Betterment receivables, net of current portion	-	1,239,230	-	-	1,239,230
Capital assets being depreciated, net	15,209,845	24,192,920	29,539,035	8,577,423	77,519,223
Capital assets not being depreciated	<u>3,273,783</u>	<u>100,000</u>	<u>4,298,798</u>	<u>-</u>	<u>7,672,581</u>
Total noncurrent assets	<u>18,483,628</u>	<u>25,532,150</u>	<u>33,837,833</u>	<u>8,577,423</u>	<u>86,431,034</u>
<b>TOTAL ASSETS</b>	<b>24,993,584</b>	<b>30,187,252</b>	<b>60,773,477</b>	<b>12,172,701</b>	<b>128,127,014</b>
<b><u>LIABILITIES</u></b>					
Current:					
Warrants payable	259,934	132,650	3,912,180	124,517	4,429,281
Accrued liabilities	63,534	118,014	166,553	-	348,101
Unearned revenue	-	-	264,253	926,771	1,191,024
Customer deposits	-	-	387,123	-	387,123
Provision for rate stabilization	-	-	9,528,361	-	9,528,361
Notes payable	-	-	4,000,000	-	4,000,000
Current portion of long-term liabilities:					
Bonds payable	670,000	774,634	530,000	-	1,974,634
Accrued employee benefits	<u>10,255</u>	<u>2,564</u>	<u>-</u>	<u>5,499</u>	<u>18,318</u>
Total current liabilities	<u>1,003,723</u>	<u>1,027,862</u>	<u>18,788,470</u>	<u>1,056,787</u>	<u>21,876,842</u>
Noncurrent:					
Bonds payable, net of current portion	4,855,000	12,062,003	1,380,000	-	18,297,003
Accrued employee benefits, net of current portion	92,293	23,073	126,925	49,492	291,783
Net OPEB obligation	-	-	194,397	-	194,397
Total noncurrent liabilities	<u>4,947,293</u>	<u>12,085,076</u>	<u>1,701,322</u>	<u>49,492</u>	<u>18,783,183</u>
<b>TOTAL LIABILITIES</b>	<b>5,951,016</b>	<b>13,112,938</b>	<b>20,489,792</b>	<b>1,106,279</b>	<b>40,660,025</b>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	12,958,628	11,956,283	27,927,833	8,577,423	61,420,167
Restricted - betterments	-	2,014,336	-	-	2,014,336
Restricted - capital improvements	-	2,123,260	-	-	2,123,260
Unrestricted	<u>6,083,940</u>	<u>980,435</u>	<u>12,355,852</u>	<u>2,488,999</u>	<u>21,909,226</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>19,042,568</u></b>	<b>\$ <u>17,074,314</u></b>	<b>\$ <u>40,283,685</u></b>	<b>\$ <u>11,066,422</u></b>	<b>\$ <u>87,466,989</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

(DECEMBER 31, 2010 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Operating Revenues:</b>					
Charges for services	\$ 4,374,329	\$ 2,648,063	\$ 28,048,826	\$ 2,391,610	\$ 37,462,828
Total Operating Revenues	4,374,329	2,648,063	28,048,826	2,391,610	37,462,828
<b>Operating Expenses:</b>					
Personnel services	967,322	345,570	-	1,181,734	2,494,626
Non-personnel services	913,400	859,536	-	696,853	2,469,789
Depreciation	740,219	1,717,711	1,425,021	285,744	4,168,695
Electric operations	-	-	25,152,554	-	25,152,554
Total Operating Expenses	2,620,941	2,922,817	26,577,575	2,164,331	34,285,664
Operating Income (Loss)	1,753,388	(274,754)	1,471,251	227,279	3,177,164
<b>Nonoperating Revenues (Expenses):</b>					
Investment income	18,111	12,242	82,172	12,385	124,910
Interest expense	(177,465)	(186,609)	(109,935)	(4,875)	(478,884)
Other nonoperating income, net	43,872	-	-	-	43,872
Other nonoperating expense, net	-	-	(225,712)	-	(225,712)
Total Nonoperating Revenues (Expenses), Net	(115,482)	(174,367)	(253,475)	7,510	(535,814)
Income Before Transfers	1,637,906	(449,121)	1,217,776	234,789	2,641,350
Transfers in	-	-	-	124,875	124,875
Transfers out - overhead allocations	(553,538)	(182,746)	(380,000)	(137,392)	(1,253,676)
Change in Net Assets	1,084,368	(631,867)	837,776	222,272	1,512,549
Net Assets at Beginning of Year	17,958,200	17,706,181	39,445,909	10,844,150	85,954,440
Net Assets at End of Year	\$ 19,042,568	\$ 17,074,314	\$ 40,283,685	\$ 11,066,422	\$ 87,466,989

See notes to financial statements.

## TOWN OF CONCORD, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011  
(DECEMBER 31, 2010 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 4,347,928	\$ 2,760,329	\$ 23,959,134	\$ 2,331,492	\$ 33,398,883
Payments to vendors and employees	(1,766,462)	(1,328,098)	(23,893,545)	(1,876,309)	(28,864,414)
Receipts from noncurrent deposits	-	-	33,932	-	33,932
Net Cash Provided By Operating Activities	2,581,466	1,432,231	99,521	455,183	4,568,401
<b>Cash Flows From Noncapital Financing Activities:</b>					
Premium from sale of bonds	43,872	-	-	-	43,872
Transfers in	-	-	-	124,875	124,875
Transfers out	(553,538)	(182,746)	(380,000)	(137,392)	(1,253,676)
Net Cash Provided by (Used for) Noncapital Financing Activities	(509,666)	(182,746)	(380,000)	(12,517)	(1,084,929)
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(728,194)	(148,010)	-	(38,230)	(914,434)
Acquisition and construction of utility plant	-	-	(1,171,592)	-	(1,171,592)
Net additions to construction in progress	(3,316)	1,625	(1,465,383)	-	(1,467,074)
Proceeds from issuance of bonds and notes	1,500,000	-	4,000,000	-	5,500,000
Transfers from (to) restricted deposits with Town	-	-	(3,183,507)	-	(3,183,507)
Principal payments on bonds and notes	(550,000)	(761,275)	(540,000)	(100,000)	(1,951,275)
Interest expense	(177,465)	(186,609)	(109,935)	(4,875)	(478,884)
Net additions to customer advances for construction	-	-	33,900	-	33,900
Net Cash (Used For) Capital and Related Financing Activities	41,025	(1,094,269)	(2,436,517)	(143,105)	(3,632,866)
<b>Cash Flows From Investing Activities:</b>					
Investment income	18,111	12,242	82,172	12,385	124,910
Sales of investment shares	-	-	5,178	-	5,178
Net Cash Provided By Investing Activities	18,111	12,242	87,350	12,385	130,088
Net Change in Cash and Short-Term Investments	2,130,936	167,458	(2,629,646)	311,946	(19,306)
Cash and Short-Term Investments, Beginning of Year	3,494,851	3,936,979	16,928,102	3,283,332	27,643,264
Cash and Short-Term Investments, End of Year	\$ 5,625,787	\$ 4,104,437	\$ 14,298,456	\$ 3,595,278	\$ 27,623,958
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 1,753,388	\$ (274,754)	\$ 1,471,251	\$ 227,279	\$ 3,177,164
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	740,219	1,717,711	1,425,021	285,744	4,168,695
Changes in assets and liabilities:					
User fees receivables	(26,401)	112,266	(399,049)	-	(313,184)
Inventory	(4,133)	-	-	-	(4,133)
Materials and supplies	-	-	(42,572)	-	(42,572)
Deferred costs	-	-	(1,497)	-	(1,497)
Prepaid expenses	-	-	(122,121)	-	(122,121)
Noncurrent deposits with Town Treasurer	-	-	33,932	-	33,932
Warrants payable	115,764	(116,775)	-	(3,407)	(4,418)
Accrued liabilities	2,629	(6,217)	1,355,251	5,685	1,357,348
OPEB	-	-	69,948	-	69,948
Unearned revenue	-	-	-	(60,118)	(60,118)
Provisions	-	-	(3,690,643)	-	(3,690,643)
Net Cash Provided By Operating Activities	\$ 2,581,466	\$ 1,432,231	\$ 99,521	\$ 455,183	\$ 4,568,401

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Pension Trust Fund (As of December 31, 2010)	Private Purpose Trust Funds	OPEB Trust Fund	Agency Funds
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 1,334,021	\$ -	\$ -	\$ 151,756
Investments	90,432,440	1,137,665	1,981,644	-
Accounts receivable	307,954	-	-	-
Other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,986</u>
Total Assets	92,074,415	1,137,665	1,981,644	165,742
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts payable	-	-	-	3,262
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,480</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,742</u>
<b><u>NET ASSETS</u></b>				
Total net assets held in trust for pension benefits and other purposes	<u>\$ 92,074,415</u>	<u>\$ 1,137,665</u>	<u>\$ 1,981,644</u>	<u>\$ -</u>

See notes to financial statements.

Net increase (decrease)

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

	Pension Trust Fund (For the Year Ended <u>December 31, 2010</u> )	Private Purpose <u>Trust Funds</u>	OPEB <u>Trust Fund</u>
<b>Additions:</b>			
Contributions:			
Employers	\$ 3,226,582	\$ -	\$ 1,363,192
Other systems and Commonwealth of Massachusetts	242,917	-	-
Plan members	<u>2,510,802</u>	<u>-</u>	<u>-</u>
Total contributions	5,980,301	-	1,363,192
Investment Gain:			
Increase in fair value of investments	10,136,652	185,974	137,772
Less: management fees	<u>(383,100)</u>	<u>-</u>	<u>-</u>
Net investment gain	9,753,552	185,974	137,772
Total additions	15,733,853	185,974	1,500,964
<b>Deductions:</b>			
Benefit payments to plan members and beneficiaries	5,360,575	-	-
Refunds to plan members	219,899	-	-
Administrative expenses	168,552	-	-
Other	<u>132,972</u>	<u>34,218</u>	<u>-</u>
Total deductions	5,881,998	34,218	-
Net increase	9,851,855	151,756	1,500,964
<b>Net assets:</b>			
Beginning of year	<u>82,222,560</u>	<u>985,909</u>	<u>480,680</u>
End of year	<u>\$ 92,074,415</u>	<u>\$ 1,137,665</u>	<u>\$ 1,981,644</u>

See notes to financial statements.

# TOWN OF CONCORD, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectman. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2011, it was determined that no entities met the required GASB 39 criteria of component units. The Concord Contributory Retirement System was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at 22 Monument Square, Concord, Massachusetts 01742.

#### B. Government-wide and Fund Financial Statements

##### Government-wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants

and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### Fund Financial Statements

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

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

#### Government-Wide Financial Statements

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

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

#### Fund Financial Statements

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

The government reports the following major governmental funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major proprietary funds:

- Water Enterprise Fund
- Sewer Enterprise Fund
- Electric Enterprise Fund
- Swim Enterprise Fund

The *Pension Trust Fund* accounts for the activities of the Employees Contributory Retirement System, which includes individuals employed by the Town, Concord Carlisle Regional School District and the Concord Housing Authority. The fund accumulates resources for pension benefit payments to qualified employees.

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

The *OPEB Trust Fund* is used to account for reserves set aside by the Town to fund future OPEB costs.

The *Agency Fund* is used to account for student activity funds and employee details. Agency funds report only assets and liabilities, and thus have no measurement focus.

*D. Cash and Short-Term Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

In the prior year, the governmental funds considered investments in Federal securities to be cash; in the current year, the governmental funds considered investments in Federal securities with maturities of three months or less to be cash.

For purpose of the Statement of Cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Investments*

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Contributory Retirement System consist of marketable securities, bonds, and short-term money market investments. Investments are carried at market value.

*F. Property Tax Limitations*

Legislation known as “Proposition 2½” limits the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2011 tax levy reflected an excess capacity of approximately \$ 2,039,388.

*G. Inventories*

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

*H. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Machinery, equipment and furnishings	5 - 10
Infrastructure	20 - 75

I. Compensated Absences

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

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

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e. inventory or prepaid items) or can never be spent (i.e. perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In the case of the General fund, the restricted funds represent MSBA grant revenues restricted for debt service. The Town intends on using these reserves to fund debt service as follows:

2012	\$	427,413
2013		409,878
2014		409,878
2015		409,878
2016		409,878
2017		<u>3,837,945</u>
Total	\$	<u><u>5,904,870</u></u>

- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Board of Selectmen). In the General fund, this represents the amounts committed for the following purposes:

<u>Purpose</u>		<u>Amount</u>
General stabilization	\$	25,039
Other town stabilization		2,261
School capital stabilization		826,498
School debt stabilization		1,855,398
Insurance reserve		<u>1,469,764</u>
Total	\$	<u><u>4,178,960</u></u>

- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances (\$3,199,542), have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year (\$850,000).
- 5) Unassigned funds are available to be spent in future periods.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

L. Use of Estimates

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

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

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

**B. Budgetary Basis**

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

**C. Budget/GAAP Reconciliation**

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 80,425,578	\$ 84,031,346
Other financing sources/uses (GAAP basis)	<u>1,820,664</u>	<u>104,875</u>
Subtotal (GAAP Basis)	82,246,242	84,136,221
Adjust tax revenue to accrual basis	(132,568)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(4,534,222)
Add end of year appropriation carryforwards to expenditures	-	3,199,542
To record the use of fund balance restricted for MSBA debt service	431,796	-
To reverse the effect of non- budgeted State contributions for teachers retirement	(4,468,744)	(4,468,744)
To reflect non-budgeted activity	<u>906,865</u>	<u>(311,187)</u>
Budgetary Basis (p. 21)	<u><u>\$ 78,983,591</u></u>	<u><u>\$ 78,021,610</u></u>

*D. Excess of Expenditures over Appropriations*

Expenditures exceeding appropriations during the current fiscal year were as follows:

Snow and Ice	\$ 157,838
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The above appropriation deficit will need to be raised in subsequent periods.

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

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

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

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

As of June 30, 2011 and December 31, 2010, \$ 302,138 and \$ 340,545 of the Town's and System's bank balances of \$ 63,997,252 and \$ 1,418,121, respectively, was exposed to custodial credit risk as uninsured or uncollateralized.

Of the System's total exposed balance, \$ 340,545 was invested in MMDT.

**4. Investments**

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

A. Credit Risk

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

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	Fair <u>Value</u>	Minimum Legal <u>Rating</u>	Exempt From <u>Disclosure</u>	<u>Rating as of Year End</u> <u>Aa</u>
Corporate equities	\$ 5,709	N/A	\$ 5,709	\$ -
Long-term C.D.'s	5,027	N/A	5,027	-
Bond mutual funds	2,102		-	2,102
Mutual funds	<u>3,863</u>	N/A	<u>3,863</u>	-
Total investments	<u>\$ 16,701</u>		<u>\$ 14,599</u>	<u>\$ 2,102</u>

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

Presented below is the actual rating as of year-end of the System (in thousands):

<u>Investment Type</u>	Fair <u>Value</u>	Minimum Legal <u>Rating</u>	Exempt From <u>Disclosure</u>	<u>Average Rating as of Year End</u> <u>Aaa</u> <u>A3</u>	
Federal agency securities	\$ 544		\$ -	\$ 544	\$ -
U.S. Treasury bonds/notes	4,818		-	4,818	-
State investment pool*	35,851	N/A	35,851	-	-
Corporate bonds	15,192		-	-	15,192
Pooled investments	16,013	N/A	16,013	-	-
Corporate equities	11,841	N/A	11,841	-	-
Mortgage-backed securities	<u>6,173</u>		<u>-</u>	<u>6,173</u>	<u>-</u>
Total investments	<u>\$ 90,432</u>		<u>\$ 63,705</u>	<u>\$ 11,535</u>	<u>\$ 15,192</u>

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

**B. Custodial Credit Risk**

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

Of the System’s investment in U.S. Treasury Bonds and Notes of \$ 4,817,770, Corporate Bonds of \$ 15,192,560, Corporate Equities of \$ 11,841,410, Mortgage-backed Securities of \$ 6,172,974, Federal Agency Securities of \$ 543,867, and Pooled Funds of \$ 51,863,359, the System has a custodial credit risk exposure of \$ 90,432,440 because the related securities are uninsured, unregistered and held by the System’s brokerage firm, which is also the counterparty to these securities. The System manages this risk with SIPC, Excess SIPC and because the assets are held in separately identifiable trust accounts. Of the System’s total exposure, \$ 35,851,624 is invested in the State Investment Pool.

Of the Town’s investment of \$ 16,700,731, the Town has a custodial credit risk exposure of \$ 16,700,731 because the related securities are uninsured, unregistered and held by the Town’s brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Mellon Intermediate Bond Fund	\$ 2,046,254
Middlesex Savings Long-term C.D.	\$ 1,013,969
Middlesex Savings Long-term C.D.	\$ 2,011,038
Middlesex Savings Long-term C.D.	\$ 1,004,015
Middlesex Savings Long-term C.D.	\$ 1,006,244
Bank of America Pension Reserve Trust	\$ 2,763,353

The System does not have an investment in one issue greater than 5% of total investments, with the exception of the PRIT Fund and U.S. Treasury Securities.

**D. Interest Rate Risk**

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Rating</u>	<u>Average Duration (In Years)</u>
Bond mutual funds	\$ <u>2,102</u>	Aa	3.62
Total	\$ <u><u>2,102</u></u>		

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Duration (In Years)</u>
Federal agency securities	\$ 544	2.43
U.S. Treasury bonds/notes	4,818	13.14
Mortgage-backed securities	6,173	18.88
Corporate bonds	<u>15,192</u>	8.72
Total	\$ <u><u>26,727</u></u>	

**E. Foreign Currency Risk**

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

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor’s for 100% of the estimated fair market value. Taxes

are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

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

Taxes receivable at June 30, 2011 consist of the following (in thousands):

Real Estate		
2011	\$ 589	
2010	10	
2009	13	
2008	12	
2007	13	
2006	13	
Prior	<u>129</u>	
		779
Personal Property		
2011	5	
2010	3	
2009	1	
2008	3	
2007	6	
2006	23	
Prior	<u>20</u>	
		61
Tax Liens, municipal liens, and supplementals		746
Deferred Taxes		331
CPA Real Estate		<u>16</u>
Total		<u>\$ 1,933</u>

## 6. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

	<u>Governmental</u>
Property taxes	\$ 398
Excise taxes	50

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2011.

## 8. Interfund Fund Transfers In and (Out)

Although the total of interfund transfers balance throughout the year, the Municipal Light Plant Enterprise Fund is presented at December 31, 2010, not June 30, 2011. Therefore, a timing difference of \$ 571,856 exists in the accompanying Statement of Activities and Statements of Revenues, Expenditures and Changes in Fund Net Assets.

## 9. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 77,340	\$ 26,640	\$ -	\$ 103,980
Machinery, equipment, and furnishings	13,741	1,531	-	15,272
Infrastructure	23,068	2,062	-	25,130
Total capital assets, being depreciated	114,149	30,233	-	144,382
Less accumulated depreciation for:				
Buildings and improvements	(14,711)	(2,497)	-	(17,208)
Machinery, equipment, and furnishings	(10,038)	(1,013)	-	(11,051)
Infrastructure	(10,342)	(1,143)	-	(11,485)
Total accumulated depreciation	(35,091)	(4,653)	-	(39,744)
Total capital assets, being depreciated, net	79,058	25,580	-	104,638
Capital assets, not being depreciated:				
Land	47,544	1,175	-	48,719
Construction in progress	28,694	2,114	(27,467)	3,341
Total capital assets, not being depreciated	76,238	3,289	(27,467)	52,060
Governmental activities capital assets, net	\$ 155,296	\$ 28,869	\$ (27,467)	\$ 156,698

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,356	\$ 38	\$ -	\$ 9,394
Machinery, equipment, and furnishings	4,481	91	-	4,572
Infrastructure	48,370	786	-	49,156
Light plant	48,184	1,195	(517)	48,862
Total capital assets, being depreciated	<u>110,391</u>	<u>2,110</u>	<u>(517)</u>	<u>111,984</u>
Less accumulated depreciation for:				
Buildings and improvements	(821)	(238)	-	(1,059)
Machinery, equipment and furnishings	(2,208)	(304)	-	(2,512)
Infrastructure	(9,369)	(2,202)	-	(11,571)
Light plant	(18,168)	(1,425)	270	(19,323)
Total accumulated depreciation	<u>(30,566)</u>	<u>(4,169)</u>	<u>270</u>	<u>(34,465)</u>
Total capital assets, being depreciated, net	79,825	(2,059)	(247)	77,519
Capital assets, not being depreciated:				
Land	3,370	-	-	3,370
Light plant construction in progress	2,834	1,466	-	4,300
Construction in progress	<u>2</u>	<u>3</u>	<u>(2)</u>	<u>3</u>
Total capital assets, not being depreciated	<u>6,206</u>	<u>1,469</u>	<u>(2)</u>	<u>7,673</u>
Business-type activities capital assets, net	<u>\$ 86,031</u>	<u>\$ (590)</u>	<u>\$ (249)</u>	<u>\$ 85,192</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

**Governmental Activities:**

General government	\$ 403
Public safety	485
Education	1,910
Public works	1,517
Culture and recreation	261
Health and human services	<u>77</u>
Total depreciation expense - governmental activities	<u>\$ 4,653</u>

**Business-Type Activities:**

Water	\$ 740
Sewer	1,718
Electric	1,425
Swim facility	<u>286</u>
Total depreciation expense - business-type activities	<u>\$ 4,169</u>

**10. Warrants Payable**

Warrants payable represent 2011 expenditures paid by July 15, 2011 as permitted by law.

**11. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2011 receivable balances, except real and personal property taxes that are accrued for subsequent 60 day collections.

**12. Anticipation Notes Payable**

The Town had the following notes outstanding at June 30, 2011:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/11</u>
Bond anticipation notes	0.95%	06/28/11	10/12/11	\$ <u>210,000</u>
Total				\$ <u>210,000</u>

The following summarizes activity in notes payable during fiscal year 2011 (in thousands):

	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Governmental	\$ 1,450	\$ 210	\$ (1,450)	\$ 210
Business-Type	-	4,000	(4,000)	-
Total	\$ <u>1,450</u>	\$ <u>4,210</u>	\$ <u>(5,450)</u>	\$ <u>210</u>

**13. Long-Term Debt**

A. General Obligation Bonds

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

bonds as listed below include transactions for the Electric Light Fund through June 30, 2011, which are not reflected in the Statement(s) of Net Assets. General obligation bonds currently outstanding are as follows:

	Serial	Interest	Amount
	Maturities		Outstanding
	Through	Rate(s) %	as of
<u>Governmental Activities:</u>			<u>June 30, 2011</u>
Equipment	2012	4.00 - 5.00	80,000
Thoreau School	2012	2.00 - 4.25	40,000
Emerson Playground	2012	2.00 - 4.25	50,000
Fire Engine	2012	2.00 - 2.50	225,000
Design - Road Improvements	2013	2.00 - 2.50	150,000
Traffic controls	2013	2.00 - 2.50	100,000
Engineering and design	2013	2.00 - 3.00	100,000
School remodeling	2014	2.25 - 3.30	75,000
Road Improvements	2014	1.50 - 3.50	180,000
Road Improvements	2014	4.00 - 5.00	150,000
Fire Equipment (Ambulance)	2014	2.00 - 3.00	200,000
Road Improvements	2015	3.25 - 3.88	240,000
Willard School	2015	2.00 - 3.00	375,000
Sidewalk Improvements	2015	2.00 - 3.00	250,000
Building Renovation	2016	1.50 - 3.75	510,000
Building Renovation (School)	2016	1.50 - 3.75	175,000
Building Renovation	2016	3.25 - 3.88	660,000
Building Renovation	2016	1.50 - 3.75	500,000
Road Improvements	2016	3.50 - 3.70	450,000
Road Improvements	2016	2.00 - 4.25	560,000
School Building	2016	3.50 - 3.70	350,000
School Remodeling	2016	2.00 - 4.25	200,000
School Remodeling	2016	2.00 - 4.25	500,000
School Remodeling	2017	2.00 - 2.50	480,000
Road Improvements	2017	2.00 - 2.50	560,000
Building Renovations	2018	2.00 - 4.00	900,000
Land Acquisition	2018	2.00 - 4.00	725,000
Road Improvements	2018	2.00 - 4.00	700,000
General Obligation Bonds	2018	3.00 - 3.75	2,125,000
Willard School Design	2018	3.00 - 3.75	1,285,000
Title V Loans	2019	3.50 - 3.70	562,536
Title V Loans	2020	0.00	108,510
Alcott School	2022	3.75 - 5.00	1,710,000
School	2025	2.50 - 4.25	4,900,000
Thoreau School	2025	3.75 - 5.00	7,770,000
Thoreau School	2025	3.75 - 5.00	5,710,000
Willard School	2028	2.00 - 4.25	10,640,000
Willard School Remodeling	2029	2.00 - 4.25	12,220,000
Total Governmental Activities:			<u>\$ 56,516,046</u>

<u>Business-Type Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of <u>June 30, 2011</u>
Water	2012	3.70 - 4.00	\$ 200,000
Light	2014	4.60 - 5.00	900,000
Light	2015	3.63 - 3.75	220,000
Light	2017	4.00 - 5.00	560,000
Water	2016	3.50 - 5.00	500,000
Water	2018	3.00 - 3.75	525,000
Sewer	2016	3.50 - 5.00	500,000
Light	2026	2.00 - 4.00	4,000,000
Water	2026	2.00 - 4.00	1,500,000
Sewer MWPAT	2026	2.00	3,307,613
Sewer MWPAT	2026	2.00	9,029,024
Water	2027	3.75 - 5.00	<u>2,800,000</u>
Total Business-Type Activities:			<u>\$ 24,041,637</u>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2011 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,036,146	\$ 1,977,484	\$ 8,013,630
2013	5,396,146	1,796,477	7,192,623
2014	5,116,146	1,632,713	6,748,859
2015	4,766,145	1,474,897	6,241,042
2016	4,351,146	1,321,380	5,672,526
2017-2021	15,405,317	4,682,488	20,087,805
2022-2026	12,169,999	1,984,998	14,154,997
2027-2029	<u>3,275,001</u>	<u>259,967</u>	<u>3,534,968</u>
Total	<u>\$ 56,516,046</u>	<u>\$ 15,130,404</u>	<u>\$ 71,646,450</u>

The general fund has been designated as the sole source to repay the governmental-type obligation debt outstanding as of June 30, 2011:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,209,634	\$ 597,997	\$ 2,807,631
2013	2,018,264	529,589	2,547,853
2014	2,032,168	468,899	2,501,067
2015	1,746,353	419,436	2,165,789
2016	1,705,824	377,001	2,082,825
2017-2021	7,036,637	1,283,016	8,319,653
2022-2026	6,464,892	508,357	6,973,249
2027	827,865	14,196	842,061
Total	\$ <u>24,041,637</u>	\$ <u>4,198,491</u>	\$ <u>28,240,128</u>

**C. Bond Authorizations**

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2011 are as follows:

<u>Purpose</u>	<u>Amount</u>
Septic System	\$ 296,830
Willard School	10,000
CMLP Smart Grid	500,000
Septic System	2,000,000
Water System Improvements	400,000
School Building Improvements	600,000
Road Improvements	750,000
School Building Improvements	825,000
Fire Equipment	900,000
Library Equipment	140,000
Recreation Facilities	250,000
Road Engineering and Design	50,000
Land Acquisition - Rogers Parcel	450,000
Total	\$ <u>7,171,830</u>

**D. Overlapping Debt**

The Town is a member community of other governmental agencies which are authorized to issue debt. The Town is not directly responsible for the payment or guarantee of these debts; however, annual debt service costs are included in the operating budgets of these agencies, and are funded through user charges and/or assessments to the Town. The following summarizes the debt of these other agencies and the Town's related participation percentages as of June 30, 2011:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
CCRS	\$ 1,885,000	69.73%	\$ 1,314,411

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

**E. Changes in General Long-Term Liabilities**

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

	<u>Total Balance 7/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/11</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/11</u>
<b><u>Governmental Activities</u></b>						
Bonds payable	\$ 59,117	\$ 3,250	\$ (5,851)	\$ 56,516	\$ (6,036)	\$ 50,480
Other:						
Accrued employee benefits	3,829	383	(428)	3,784	(378)	3,406
Landfill closure	220	-	(10)	210	(10)	200
Net OPEB obligation	4,134	3,929	(2,775)	5,288	-	5,288
Governmental Activities	<u>\$ 67,300</u>	<u>\$ 7,562</u>	<u>\$ (9,064)</u>	<u>\$ 65,798</u>	<u>\$ (6,424)</u>	<u>\$ 59,374</u>
	<u>Total Balance 7/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/11</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/11</u>
<b><u>Business-Type Activities</u></b>						
Bonds payable	\$ 20,483	\$ 5,500	\$ (1,941)	\$ 24,042	\$ (2,210)	\$ 21,832
Other:						
Accrued employee benefits	291	130	(111)	310	(30)	280
Net OPEB obligation <sup>(1)</sup>	-	381	(381)	-	-	-
Business-type activities	<u>20,774</u>	<u>6,011</u>	<u>(2,433)</u>	<u>24,352</u>	<u>(2,240)</u>	<u>22,112</u>
Grand Total	<u>\$ 88,074</u>	<u>\$ 13,573</u>	<u>\$ (11,497)</u>	<u>\$ 90,150</u>	<u>\$ (8,664)</u>	<u>\$ 81,486</u>

(1) This footnote is presented with all funds as of and for the year ended June 30, 2011. Pages 14 and 21 report the Electric Fund as of December 31, 2010.

**14. Landfill Closure and Postclosure Care Costs**

The Town stopped accepting waste and permanently capped its landfill in fiscal 2003. State and Federal laws and regulations require the Town to

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

The \$ 210,000 reported as landfill closure and postclosure care liability at June 30, 2011 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### **15. Restricted Net Assets**

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

#### **16. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

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

#### **17. Post-Employment Healthcare and Life Insurance Benefits**

##### **Other Post-Employment Benefits**

GASB Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially

required contribution as an expense on the statement of revenues, expenses, and changes in net assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

*A. Plan Description*

The Town provides post-employment health and life insurance benefits for retired employees through the Minuteman-Nashoba Health Group. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of January 1, 2009, the actuarial valuation date, approximately 375 retirees and 611 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

*B. Benefits Provided*

The Town provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Department and meet the eligibility criteria will be eligible to receive these benefits.

*C. Funding Policy*

Retirees contribute 50% of the cost of the medical and prescription drug plan. Retirees also contribute 50% of the premium for a \$ 5,000 life insurance benefit. The Town contributes the remainder of the medical, prescription drug, and life insurance plan costs on a pay-as-you-go basis.

*D. Annual OPEB Costs and Net OPEB Obligation*

The Town's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2009.

	Governmental Funds	Water Fund	Sewer Fund	Electric Fund	Swim Fund	Total
Annual Required Contribution (ARC)	\$ 3,914,309	\$ 72,064	\$ 23,017	\$ 246,278	\$ 39,704	\$ 4,295,372
Interest on net OPEB obligation	196,138	-	-	-	-	196,138
Adjustment to ARC	(181,388)	-	-	-	-	(181,388)
Annual OPEB cost	3,929,059	72,064	23,017	246,278	39,704	4,310,122
Contributions made	(1,675,835)	(3,967)	(5,992)	(107,854)	(58)	(1,793,706)
Additional funding to trust	(1,100,000)	(68,097)	(17,025)	(138,424)	(39,646)	(1,363,192)
Increase in net OPEB obligation	1,153,224	-	-	-	-	1,153,224
Net OPEB obligation - beginning of year	4,134,335	-	-	-	-	4,134,335
Net OPEB obligation - end of year	\$ 5,287,559	\$ -	\$ -	\$ -	\$ -	\$ 5,287,559

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 4,310,122	73.24%	\$ 5,287,579
2010	\$ 4,053,093	51.30%	\$ 4,134,335
2009	\$ 3,799,114	40.70%	\$ 2,160,482

The Town's net OPEB obligation as of June 30, 2011 is recorded as a component of the "noncurrent liabilities" line item.

#### E. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2009, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 46,353,207
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 46,353,207
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 33,707,000
UAAL as a percentage of covered payroll	137.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability 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

to 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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the 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 Town 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.

In the January 1, 2009 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial value of assets was not determined, as the Town has not advanced funded its obligation. The actuarial assumptions included a 4.25% investment rate of return and an initial annual health-care cost trend rate range of 6.50% to 9.00% which decreases to a 6.00% long-term rate for all healthcare benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 3.50% per year for a period of 30 years.

**18. Contributory Retirement System**

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

*A. Plan Description and Contribution Information*

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Concord Contributory Retirement System (CCRS), a cost sharing, multiple employer defined benefit PERS. Eligible employees must participate in the CCRS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the CCRS Retirement Board. Chapter 32 also establishes contribution percentages and benefits paid. The CCRS Retirement Board does not have the authority to amend benefit provisions. As required by Massachusetts General Laws, the System issues a separate report to the Commonwealth's Public Employee Retirement Administration Commission.

Membership of the plan consisted of the following at December 31, 2010:

Retirees and beneficiaries receiving benefits	255
Terminated plan members entitled to but not yet receiving benefits	124
Active plan members	<u>471</u>
Total	<u>850</u>
Number of participating employers	3

Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The percentage is determined by the participant's date of entry into the system. The percentages are as follows:

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

Additionally, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular earnings over the rate of \$ 30,000 per year calculated on a per pay period basis. Employers are required to contribute at actuarially determined amounts as accepted by the Public Employee Retirement Administration Commission (PERAC). The Plan's Schedule of Employer Contributions is as follows:

Schedule of Employer Contributions:

<u>Year Ended</u> <u>June-30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2011	\$ 3,226,582	100%
2010	\$ 3,011,632	100%
2009	\$ 2,952,658	100%
2008	\$ 2,896,357	100%
2007	\$ 2,992,219	100%
2006	\$ 2,934,229	100%
2005	\$ 2,818,185	100%
2004	\$ 2,728,786	100%
2003	\$ 2,654,545	100%
2002	\$ 2,516,203	114%

**B. Summary of Significant Accounting Policies**

Basis of Accounting - Contributory retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value in accordance with PERAC requirements.

**C. Funded Status and Funding Progress**

The information presented below is from the Concord Contributory Retirement System's most recent valuation.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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]
1/1/10	\$ 90,445	\$ 106,054	\$ 15,609	85%	\$ 24,097	65%

The Schedule of Funding Progress following the notes to the financial statements presents multi-year trend information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

**D. Actuarial Methods and Assumptions**

The annual required contribution for the current year was determined as part of the actuarial valuation using the entry age normal actuarial cost method. Under this method an unfunded actuarial accrued liability of \$ 15.6 million was calculated. The actuarial assumptions included (a) 7.75% investment rate of return and (b) a projected salary increase of 4.50% per year. Liabilities for cost of living increases have been assumed at an annual increase of 3%, on the first \$ 12,000 of benefit payments. The actuarial value of assets is determined by projecting the market value of assets as of the beginning of the prior plan year with the assumed rate of return during that year (7.75%) and accounting for deposits and disbursements with interest at the assumed rate of return. An adjustment is then applied to recognize the difference between the actual investment return and expected return over a five-year period. As of December 31, 2010, the unfunded actuarially accrued liability is being amortized using an approximate level percent of payroll.

E. Teachers

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The Town is not required to contribute.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education are eligible, and must participate in the MTRS.

Based on the Commonwealth of Massachusetts' retirement laws, employees covered by the pension plan must contribute a percentage of gross earnings into the pension fund. The percentage is determined by the participant's date of entry into the system and gross earnings, up to \$ 30,000, as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7% *
January 1, 1984 - June 30, 1996	8% *
July 1, 1996 - June 30, 2001	9% *
Beginning July 1, 2001	11%

\*Effective January 1, 1990, all participants hired after January 1, 1979, who have not elected to increase to 11%, contribute an additional 2% of salary in excess of \$ 30,000.

In fiscal year 2011, the Commonwealth of Massachusetts contributed \$ 4,468,744 to the MTRS on behalf of the Town. This is included in the employee benefit expenditures and intergovernmental revenues in the general fund.

**19. Risk Management**

The government 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 government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**20. Beginning Fund Balance Reclassification**

The Town's major governmental funds for fiscal year 2011, as defined by GASB Statement 34 and with the implementation of Statement 54 have

changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/2010 (as previously <u>reported</u> )	<u>Reclassification</u>	Fund Equity 6/30/2010 \$ <u>(as restated)</u>
General Fund	\$ 20,841,051	\$ 5,382,284	26,223,335
Willard School Project Fund	(372,386)	372,386	-
Nonmajor Funds	<u>22,222,433</u>	<u>(5,754,670)</u>	<u>16,467,763</u>
Total	<u>\$ 42,691,098</u>	<u>\$ -</u>	<u>\$ 42,691,098</u>

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**TOWN OF CONCORD, MASSACHUSETTS**  
**MUNICIPAL LIGHT PLANT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Town of Concord, Massachusetts  
Concord Municipal Light Plant**

Notes Accompanying the Financial Statements  
For the Years Ended December 31, 2010 and 2009

**1. Nature of Operations and Summary of Significant Accounting Policies**

*A. Nature of Operations*

The Light Plant purchases electricity which it distributes to consumers within the Town of Concord.

*B. Regulation and Basis of Presentation*

Under Massachusetts law, electric rates of the Light Plant are set by the Municipal Light Board and may be changed once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Light Plant, the Light Plant's rates are not subject to DPU approval.

The Light Plant's policy is to prepare its financial statements in conformity with the accounting practices prescribed by the DPU which require that certain items be charged or credited directly to net assets. Generally accepted accounting principles would require the same items to be charged or credited to operating income. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case GASB prevails.

The Light Plant is considered an enterprise fund of the Town of Concord, Massachusetts. The operations of the Light Plant are accounted for with a separate set of self-balancing accounts organized on a Proprietary Fund type (Enterprise Fund) basis.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation)

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

C. Concentrations

Industry -The Light Plant operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation was enacted by the Commonwealth of Massachusetts, effective March 1, 1998, to restructure the electric utility industry. The basic intent of the law is to introduce competition and provide consumers with choices and lower prices while assuring continued reliable service. The ongoing changes in the industry and the resultant financial impact on the Light Plant are not determinable.

D. Risks and Uncertainties

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

E. Utility Plant

The provision for depreciation of utility plant was computed in 2010 and 2009 at 3% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore, no depreciation is taken in the year of plant additions. Massachusetts law stipulates that the Light Plant may change its depreciation rate from the statutory 3% only with the approval of the DPU.

The Light Plant charges maintenance to expense when incurred. Replacements and betterments are charged to utility plant. At the time properties are retired, the cost of property retired less accumulated depreciation, salvage value, and any cash proceeds is charged to unrestricted net assets.

F. Materials and Supplies

Materials and supplies are inventories of parts and accessories purchased for use in the utility business for construction, operation and maintenance purposes, and are stated at average cost.

G. Operating Revenues

Revenues, including revenues from the Town of Concord, are based on rates established by the Light Board and filed with the DPU, which are applied to customers' consumption of electricity.

The Light Plant designs its electric service rates to recover costs of providing power supply services. In order to minimize possible future rate increases, the Plant has elected to establish a rate stabilization reserve. Each year the Plant will determine a rate stabilization amount to be charged or credited to revenues. The stabilization charged (credited) in 2010 and 2009 was \$ (3,690,643) and \$ 2,159,649, and are reflected as an increase (decrease) in provision for rate stabilization in the accompanying balance sheets.

*H. Taxes*

The Light Plant is exempt from federal and state income taxes as well as local property taxes, but pays amounts in lieu of property taxes to the Town of Concord general fund.

*I. Statement of Cash Flows*

For purposes of the Statement of Cash Flows, the Light Plant considers both unrestricted and special deposits on deposit with the Town Treasurer as cash and cash equivalents.

*J. Compensated Absences*

The Light Plant's employment benefit plan, consistent with the Town's policy, provides that employees are entitled to a minimum of ten days vacation per year up to twenty-five days per year depending on years of service and employment classification. Employees are allowed to accumulate and carry forward to the following year their unused vacation days for the year plus one week.

*K. Post-employment Benefits*

In accordance with state statutes and Town policy, postemployment health-care and life benefits are provided to all employees who retire from the Town. These benefits are provided through the Town's group plans.

The employees of the Light Plant are eligible to participate in the Town's deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Participation in the plan is optional. All amounts of compensation deferred under the plan, all property or rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

L. Subsequent Events

The Light Plant has evaluated all subsequent events through June 28, 2011, the date the financial statements were available to be issued.

2. Investment in Associated Companies

A. Hydro-Quebec

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Light Plant has funded its equity requirements for the Hydro-Quebec phase II interconnection. The Light Plant's ownership interest is less than one quarter of one percent in both projects. The balances, reflected at cost, were \$ 23,451 and \$ 28,629, as of December 31, 2010 and 2009, respectively.

B. Energy New England

The Light Plant purchased a five percent interest in Energy New England, LLC for \$ 150,000 in 2007. Energy New England is an energy and energy services cooperative established to assist publicly owned entities to ensure their continued viability in the deregulated wholesale electric utility markets and to strengthen their competitive position in the retail energy market for the benefit of the municipal entities. Energy New England functions as an autonomous, entrepreneurial business unit that is free from many of the constraints imposed on traditional municipal utility operations. The balance, reflected at cost, was \$ 150,000 as of December 31, 2010.

### 3. Long-term Debt

A summary of the long-term debt follows:

	<u>2010</u>	<u>2009</u>
\$ 6,000,000, 4.7% electric bonds, issued July 15, 1994, with annual payments of principal and interest through July 15, 2013.	\$ 900,000	\$ 1,200,000
\$ 600,000, 2.7% electric bonds, issued February 15, 2003, with annual payments of principal and interest through February 15, 2011.	65,000	140,000
\$ 500,000, 3.7% electric bonds, issued March 1, 2006, with annual payments of principal and interest through March 1, 2015.	275,000	330,000
\$ 1,000,000, 4.2% electric bonds, issued March 1, 2007, with annual payments of principal and interest through March 1, 2017.	<u>670,000</u>	<u>780,000</u>
Total long-term debt	1,910,000	2,450,000
Less current installments of long-term debt	<u>530,000</u>	<u>540,000</u>
Long-term debt, excluding current installments	<u>\$ 1,380,000</u>	<u>\$ 1,910,000</u>

Long-Term debt activity for the year ended December 31, 2010 was as follows:

Balance of long-term debt at January 1, 2010	\$ 2,450,000
Bonds issued	-
Payments	<u>(540,000)</u>
Balance of long-term debt at December 31, 2010	<u>\$ 1,910,000</u>

The future payments on the long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 530,000	\$ 80,715	\$ 610,715
2012	465,000	58,180	523,180
2013	460,000	36,886	496,886
2014	160,000	15,734	175,734
2015	160,000	9,547	169,547
2016-2017	<u>135,000</u>	<u>4,425</u>	<u>139,425</u>
	<u>\$ 1,910,000</u>	<u>\$ 205,487</u>	<u>\$ 2,115,487</u>

#### **4. Bond Anticipation Notes**

The Light Plant issued \$ 4,000,000 of bond anticipation notes (BANs) on May 27, 2010 for a premium of \$ 35,121. The BANs have a coupon rate of 1.5% and mature May 26, 2011. The BANs were issued pursuant to Article 20 of the 2009 annual town meeting for the Light Plant's Smart Grid Project. On May 17, 2011, the BANs were retired with the issuance of long-term serial bonds.

#### **5. Deposits with Town Treasurer**

The Light Plant is required to establish cash funds to be used for purposes established by either town meeting vote or state statute. The funds subject to restrictions are as follows:

##### **A. Depreciation Fund**

An amount equivalent to annual depreciation expense is transferred from operating fund cash to the Depreciation Fund. Certain additions to utility plant were paid from this fund. Interest earned by this fund has been applied to increase the fund balance.

##### **B. Smart Grid Fund**

The Light Plant has funded this account, as approved in Article 20 of the 2009 annual town meeting, by issuing bond anticipation notes that were retired by long-term serial bonds May 17, 2011. The funds are to be used for the purposes of designing, purchasing and installing a Smart Grid system.

##### **C. Underground Fund**

The Light Plant funds this account, for the purpose of placing existing lines underground, from dividends, purchase power refunds, current operations and effective June 1, 1999, a 2% (1.5% as of May 1, 2008) charge on all electric bills. Interest earned by this fund has been applied to increase the fund balance.

##### **D. Worker's Compensation Insurance Fund**

The Light Plant transfers annual amounts to this fund equal to .09% to 1.66% of certain payroll costs. These transfers amounted to \$ 15,460 and \$ 15,555 in 2010 and 2009, respectively. Claims and premiums of \$ 11,776 and \$ 13,629 were paid from the Fund in 2010 and 2009, respectively.

**6. Special Deposits**

Special deposits represent cash funds held by the Light Plant for specific purposes. A summary of these funds follows:

	<u>2010</u>	<u>2009</u>
Customer advances for construction	\$ 101,987	\$ 68,087
Customer deposits	387,123	353,191
Funds held to retire long-term debt	401,875	407,219
Emergency reserve fund	1,130,000	1,130,000
Rate stabilization	5,661,331	8,759,067
Cares fund	<u>189,399</u>	<u>89,104</u>
Total Deposits	<u>\$ 7,871,715</u>	<u>\$ 10,806,668</u>

**7. Deferred Costs**

Deferred costs consist of cost of investigating future power supply contracts or projects. The costs will be amortized over the life of an applicable contract or capitalized as a cost of a project. When it is decided not to pursue a contract or project, the associated costs will be expensed.

**8. Related Party Transactions**

The Light Plant sells electricity to various Town departments. Sales to these departments totaled \$ 1,479,749 and \$ 1,294,837 for 2010 and 2009, respectively.

The Light Plant reimburses the Town for various employee benefits, including health insurance and retirement. Reimbursements for these benefits totaled \$ 714,850 and \$ 807,127 in 2010 and 2009, respectively.

In addition, the Light Plant paid the Town \$ 380,000 and \$ 355,000 for payments in lieu of taxes in 2010 and 2009.

**9. Commitments and Contingencies**

**A. Power Sales Agreements**

In 2002, the Light Plant changed power suppliers from Boston Edison Company (Nstar) to Constellation Power Source (CPS). The contract, which runs through September 30, 2009, provided for CPS to supply the Light Plant with Full Requirements Service, the same type of service that

was supplied by Boston Edison Company for more than 70 years. The contract contained monthly on-peak and off-peak prices for power, which provided rate stability for the largest component of the Light Plant's cost of doing business.

The Contract with CPS was for supply only. Nstar continues to transmit the power from the New England Power Grid over its wires to Concord for a fee.

Payments owed by the Light Plant under the Agreements are an electric operating expense paid solely from the Light Plant's electric revenues.

In addition, the Light Plant is required to pay its share of the annual operation, maintenance and tax (OM&T) expenses as provided for under the terms of an Interconnection Agreement with Nstar. The Light Plant's total OM&T charges were \$ 66,756 and \$ 76,965 for the years ended December 31, 2010 and 2009.

Purchased power expense under the Constellation Power agreement was \$ 6,568,246 in 2009.

In 2007, the Light Plant entered into a power contract to purchase monthly blocks of on-peak and off-peak energy at fixed energy prices from October 1, 2009 through December 31, 2012. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2011	72,091	\$ 5,707,470
2012	<u>73,945</u>	<u>5,978,450</u>
	<u>146,036</u>	<u>\$ 11,685,920</u>

In 2008, the Light Plant entered into power contracts to purchase monthly blocks of on-peak and off-peak energy at fixed energy prices from October 1, 2009 through December 31, 2012. Future commitments under these contracts are as follows:

	<u>MWH</u>	<u>Amount</u>
2011	72,091	\$ 6,420,878
2012	<u>73,948</u>	<u>6,973,333</u>
	<u>146,039</u>	<u>\$ 13,394,211</u>

Purchased power expense under these contracts was \$ 11,745,197 and \$ 2,375,388 in 2010 and 2009, respectively.

In 2008, the Light Plant entered into a power contract to purchase 8,100 KW of monthly installed capacity at a fixed price of \$ 5.85 per KW from June 1, 2010 through May 31, 2015. Future commitments under this contract are as follows:

	<u>KW</u>	<u>Amount</u>
2011	97,200	\$ 568,620
2012	97,200	568,620
2013	97,200	568,620
2014	97,200	568,620
2015	<u>40,500</u>	<u>236,925</u>
	<u>429,300</u>	<u>\$ 2,511,405</u>

Purchased power expense under this contract was \$ 331,695 in 2010.

In 2008, the Light Plant entered into a power contract to purchase 10,000 KW of monthly installed capacity at fixed prices ranging from \$ 3.60 to \$ 5.47 per KW from June 1, 2011 through May 31, 2017. Future commitments under this contract are as follows:

	<u>KW</u>	<u>Amount</u>
2011	70,000	\$ 252,000
2012	120,000	477,500
2013	120,000	529,600
2014	120,000	563,900
2015	120,000	600,100
2016	120,000	639,400
2017	<u>50,000</u>	<u>273,500</u>
	<u>720,000</u>	<u>\$ 3,336,000</u>

In 2010, the Light Plant entered into a power contract to purchase 1 MW of monthly installed capacity at a fixed price of \$ 65.00 per MWH from May 1, 2010 through April 30, 2013. Future commitments under this contract are as follows:

	<u>MWH</u>	<u>Amount</u>
2011	8,760	\$ 569,400
2012	8,760	569,400
2013	<u>2,880</u>	<u>187,200</u>
	<u>20,400</u>	<u>\$ 1,326,000</u>

In 2010, the Light Plant entered into a power contract to purchase 5 MW of monthly installed capacity at a fixed price of \$ 53.45 per MWH from January , 2013 through December 31, 2015. Future commitments under this contact are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	43,800	\$ 2,341,110
2014	43,800	2,341,110
2015	<u>43,800</u>	<u>2,341,110</u>
	<u>131,400</u>	<u>\$ 7,023,330</u>

In 2011, the Light Plan entered into various power contracts to purchase 1 to 5 MW of monthly installed capacity at fixed prices ranging from \$ 56.45 to \$ 61.60 per MWH from January 1, 2013 through December 31, 2015. Future commitments under these contracts are as follows:

	<u>MWH</u>	<u>Amount</u>
2013	27,384	\$ 1,545,827
2014	14,888	885,092
2015	<u>12,856</u>	<u>791,930</u>
	<u>55,128</u>	<u>\$ 3,222,849</u>

In 2008, the Light Plant entered into a power contract with Braintree Electric Light Department to purchase an 8.75% entitlement in the Thomas A. Watson Power Plant to begin on the commercial online date of July 1, 2009 and to continue for twenty years from that date. Purchased power expense under this contract was \$ 2,221,201 and \$ 729,758 in 2010 and 2009, respectively.

In 2009, the Light Plant entered into a power contract with Miller Hydro Group, Inc. to purchase 5.975% of power generated at a price of \$ 63.50 per MWH starting March 1, 2010 through February 28, 2013. In 2010, the Light Plan extended the contract to purchase 5.975% of power generated at a price of \$ 57.35 per MWH started March 1, 2013 through May 31, 2016. It is estimated that approximately 6,000 MWH of power will be purchased annually. Purchased power expense under this contract was \$ 294,063 in 2010.

In 2010, the Light Plant entered into a power contact with Spruce Mountain Wind, LLC to purchase 9.257% of the energy, capacity and environmental attributes of the project starting on the Commercial Operation Date (scheduled for January 1, 2012) and continuing for 15 years from that date. The contract energy price is \$ 99.25 per MWH which will be offset by the Light Plant's share of the environmental

attributes. It is estimated that approximately 6,000 MWH of power will be purchased annually.

**B. Contingencies**

The Light Plant is involved in various legal matters incident to its business, none of which is believed by management to be significant to the financial condition or the results of operations of the Light Plant.

**10. Pension Plan**

The Light Plant follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, as amended by GASB Statement No. 50, with respect to the employees' retirement funds.

**A. Plan Description**

The Light Plant contributes to the Town of Concord Contributory Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a Town Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Town of Concord Contributory Retirement System at Town House, Concord, MA.

**B. Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. The Light Plant is required to pay into the System, its share of the remaining system wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Light Plant are governed by Chapter 32 of the Massachusetts General Laws. The Light Plant's contributions to the System for the years ended December 31, 2010, 2009 and 2008 were \$ 256,337, \$ 248,130, and \$ 271,950, respectively, which were equal to its annual required contribution.

**11. Other Post-Employment Benefits**

In addition to providing pension benefits, the Light Plant provides the majority of retired employees with payments for their healthcare and life insurance costs. Benefits paid by the Light Plant are on a pay-as-you-go basis. The

detail allocation of benefits paid for retired employees for the years ended December 31, 2010 and 2009 is not available.

December 31, 2009 is the initial year that the Light plant has implemented GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. As allowed by GASB 45, the Plant has established the net Other Post-Employment Benefit (OPEB) obligation to zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

**A. Plan Description**

The Light Plant participates in an agent multi-employer defined benefit healthcare plan administered by the Town of Concord. The Light Plant provides post-employment healthcare benefits to retirees that meet certain requirements. Retirees of the Light Plan under age 65 are eligible for the same health benefits as active employees, while retirees over the age of 65 are eligible for Medicare. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan does not issue a publicly available financial report.

At January 1, 2009 the Light Plant's membership consisted of the following:

Current retirees and beneficiaries	\$ 14
Current active members	<u>30</u>
Total	<u>\$ 44</u>

**B. Funding Policy**

The contribution requirements of the plan members and the Light Plant are established and may be amended through collective bargaining. The cost of the benefits provided to retirees is borne 50% by the Light Plant, and 50% by the retiree.

**C. Annual OPEB Costs and NET OPEB Obligation**

The Light Plant's annual other post-employment benefit (OPEB) costs (expenses) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Plant's annual OPEB costs for the year, the amount actually contributed to

the plan, and changes in the Plant's net OPEB obligation are summarized as follows:

Normal cost	\$ 113,673
Amortization of unfunded actuarial accrued liability	117,153
ARC	<u>230,826</u>
Interest on NOO	551
Annual OPEB cost/expense	<u>231,377</u>
Contributions made	<u>(161,429)</u>
Increase/(decrease) in net OPEB obligation	69,948
Net OPEB obligation - beginning of year	<u>124,449</u>
Net OPEB obligation - end of year	<u><u>\$ 194,397</u></u>

The Light Plant's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year is as follows:

Year Ended	ARC	Interest on NOO	Annual OPEB Cost	Contribution	NOO	Percentage of Annual OPEB Cost Contributed
12/31/2009	\$ 217,384	N/A	\$ 217,384	\$ (92,935)	\$ 124,449	43%
12/31/2010	\$ 230,826	\$ 551	\$ 231,377	\$ (161,429)	\$ 194,397	70%

#### D. Funding Status and Funding Progress

As of December 31, 2009 the Plan was unfunded. The most recent actuarial valuation on January 1, 2009, projected an actuarial accrued liability for the Light Plant of \$ 2,932,973. There are no assets in the Plan, and the unfunded actuarial accrued liability (UAAL) is projected at \$ 2,932,973. The covered payroll of the Light Plant (annual payroll of active employees covered by the plan) was \$ 2,041,593, and the ratio of the UAAL to the covered payroll was 143.7%.

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and 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 schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*E. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the 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 the effect of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, actuarial liabilities were determined using the projected unit cost method. The actuarial methods and assumptions included a 4.25% investment rate of return and annual healthcare cost rate trends ranging from 10% to 5%. The UAAL is being amortized as a level percentage of pay assuming a 3.5% increasing, closed basis. The remaining amortization period at January 1, 2009 was 30 years.

**TOWN OF CONCORD, MASSACHUSETTS**  
**SCHEDULE OF FUNDING PROGRESS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2011

(Unaudited)  
(Amounts Expressed in thousands)

**Employees' Retirement System**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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]
01/01/10	\$ 90,445	\$ 106,054	\$ 15,609	85.3%	\$ 24,097	64.8%
01/01/08	\$ 90,963	\$ 94,681	\$ 3,718	96.1%	\$ 21,295	17.5%
01/01/06	\$ 75,974	\$ 83,989	\$ 8,015	90.5%	\$ 18,925	42.4%
01/01/04	\$ 63,067	\$ 76,564	\$ 13,497	82.4%	\$ 17,996	75.0%
01/01/02	\$ 56,748	\$ 67,763	\$ 11,015	83.7%	\$ 16,776	65.7%
01/01/00	\$ 56,251	\$ 59,720	\$ 3,469	94.2%	\$ 14,807	23.4%
01/01/98	\$ 43,221	\$ 51,392	\$ 8,171	84.1%	\$ 13,676	59.7%
01/01/96	\$ 33,678	\$ 42,701	\$ 9,023	78.9%	\$ 11,930	75.6%
01/01/94	\$ 27,603	\$ 38,207	\$ 10,604	72.2%	\$ 11,314	93.7%

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	\$ -	\$ 46,353	\$ 46,353	0.0%	\$ 33,707	129.9%

See Independent Auditors' Report.

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TOWN OF CONCORD, MA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2011

	Special Revenue Funds			
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>Receipts Reserved for Appropriation</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 1,870,532	\$ 347,063	\$ 289,656	\$ 642,260
Investments	-	-	-	-
Receivables				
Property taxes	15,635	-	-	-
Departmental	-	-	-	481,087
Intergovernmental	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,886,167</u>	<u>\$ 347,063</u>	<u>\$ 289,656</u>	<u>\$ 1,123,347</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Warrants payable	\$ 7,421	\$ 18,129	\$ -	\$ 12,399
Accrued liabilities	-	-	-	-
Deferred revenue	15,635	-	-	454,082
Notes payable	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	23,056	18,129	-	466,481
Fund Balances:				
Non-spendable	-	-	-	-
Restricted	1,863,111	328,934	289,656	656,866
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>1,863,111</u>	<u>328,934</u>	<u>289,656</u>	<u>656,866</u>
Total Liabilities and Fund Balances	<u>\$ 1,886,167</u>	<u>\$ 347,063</u>	<u>\$ 289,656</u>	<u>\$ 1,123,347</u>

See Independent Auditors' Report.

Special Revenue Funds					
<u>53 G</u> <u>Review</u>	<u>Miscellaneous</u> <u>Grants and</u> <u>Contributions</u>	<u>School</u> <u>Lunch</u>	<u>Gifts</u>	<u>Recreation</u>	<u>Other</u> <u>Revolving</u>
\$ 3,298	\$ 98,768	\$ 228,734	\$ 1,063,708	\$ 323,974	\$ 303,130
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	21,476	-	-	-
<u>\$ 3,298</u>	<u>\$ 98,768</u>	<u>\$ 250,210</u>	<u>\$ 1,063,708</u>	<u>\$ 323,974</u>	<u>\$ 303,130</u>
\$ -	-	\$ 17,871	\$ 61,205	\$ 62,685	\$ 250
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,871	61,205	62,685	250
-	-	-	-	-	-
3,298	98,768	232,339	1,002,503	261,289	302,880
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,298</u>	<u>98,768</u>	<u>232,339</u>	<u>1,002,503</u>	<u>261,289</u>	<u>302,880</u>
<u>\$ 3,298</u>	<u>\$ 98,768</u>	<u>\$ 250,210</u>	<u>\$ 1,063,708</u>	<u>\$ 323,974</u>	<u>\$ 303,130</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>				
	<u>Land</u> <u>Acquisition</u>	<u>Federal</u> <u>Grants</u>	<u>State</u> <u>Grants</u>	<u>Highway</u> <u>Grants</u>	<u>Solid</u> <u>Waste</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ 22,082	\$ (305,825)	\$ 390,242	\$ (363,852)	\$ 468,761
Investments	-	-	-	-	-
Receivables					
Property taxes	-	-	-	-	-
Departmental	-	-	-	-	-
Intergovernmental	-	392,963	20,163	363,852	-
	<u>-</u>	<u>392,963</u>	<u>20,163</u>	<u>363,852</u>	<u>-</u>
Total Assets	<u>\$ 22,082</u>	<u>\$ 87,138</u>	<u>\$ 410,405</u>	<u>\$ -</u>	<u>\$ 468,761</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Warrants payable	\$ 8,509	\$ 11,028	\$ 19,205	\$ -	\$ 69,173
Accrued liabilities	-	18,727	8,825	-	256,279
Deferred revenue	-	-	-	-	-
Notes payable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	8,509	29,755	28,030	-	325,452
Fund Balances:					
Non-spendable	-	-	-	-	-
Restricted	13,573	57,383	382,375	-	143,309
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>13,573</u>	<u>57,383</u>	<u>382,375</u>	<u>-</u>	<u>143,309</u>
Total Liabilities and Fund Balances	<u>\$ 22,082</u>	<u>\$ 87,138</u>	<u>\$ 410,405</u>	<u>\$ -</u>	<u>\$ 468,761</u>

See Independent Auditors' Report.

Special Revenue Funds

Pension Reserve Fund	Sawyer Gift Fund	Subtotals
\$ 1,798,015	\$ 1,172,131	\$ 8,352,677
3,763,249	-	3,763,249
-	-	15,635
-	-	481,087
-	-	798,454
<u>\$ 5,561,264</u>	<u>\$ 1,172,131</u>	<u>\$ 13,411,102</u>
\$ -	\$ -	\$ 287,875
-	-	283,831
-	-	469,717
-	-	-
-	-	1,041,423
-	-	-
5,561,264	1,172,131	12,369,679
-	-	-
-	-	-
-	-	-
<u>5,561,264</u>	<u>1,172,131</u>	<u>12,369,679</u>
<u>\$ 5,561,264</u>	<u>\$ 1,172,131</u>	<u>\$ 13,411,102</u>

(continued)

(continued)

	<u>Capital Project Funds</u>	
	<u>Capital Project Funds</u>	<u>Subtotals</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 1,026,670	\$ 1,026,670
Investments	-	-
Receivables		
Property taxes	-	-
Departmental	-	-
Intergovernmental	-	-
	<hr/>	<hr/>
Total Assets	\$ <u>1,026,670</u>	\$ <u>1,026,670</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants payable	\$ 48,173	\$ 48,173
Accrued liabilities	162,569	162,569
Deferred revenue	-	-
Notes payable	210,000	210,000
	<hr/>	<hr/>
Total Liabilities	420,742	420,742
Fund Balances:		
Non-spendable	-	-
Restricted	605,928	605,928
Committed	-	-
Assigned	-	-
Unassigned	-	-
	<hr/>	<hr/>
Total Fund Balances	<u>605,928</u>	<u>605,928</u>
Total Liabilities and Fund Balances	\$ <u>1,026,670</u>	\$ <u>1,026,670</u>

See Independent Auditors' Report.

Nonexpendable Trust Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Expendable Trust Funds	Subtotals	
\$ -	\$ 91,545	\$ 91,545	\$ 9,470,892
4,852,375	-	4,852,375	8,615,624
-	-	-	15,635
-	-	-	481,087
-	-	-	798,454
<u>\$ 4,852,375</u>	<u>\$ 91,545</u>	<u>\$ 4,943,920</u>	<u>\$ 19,381,692</u>
\$ -	\$ -	\$ -	\$ 336,048
-	-	-	446,400
-	-	-	469,717
-	-	-	210,000
-	-	-	1,462,165
4,852,375	-	4,852,375	4,852,375
-	91,545	91,545	13,067,152
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,852,375</u>	<u>91,545</u>	<u>4,943,920</u>	<u>17,919,527</u>
<u>\$ 4,852,375</u>	<u>\$ 91,545</u>	<u>\$ 4,943,920</u>	<u>\$ 19,381,692</u>

TOWN OF CONCORD, MA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2011

	Special Revenue Funds			
	Community Preservation	Parking	Cemetery	Receipts Reserved for Appropriation
Revenues:				
Property taxes	\$ 866,476	\$ -	\$ -	\$ -
Departmental	-	316,328	130,609	216,293
Intergovernmental	233,141	-	-	11,101
Investment income	6,708	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,106,325</u>	<u>316,328</u>	<u>130,609</u>	<u>227,394</u>
Expenditures:				
Current:				
General government	681,318	-	-	-
Public safety	-	216,837	-	-
Education	-	-	-	-
Public works	-	-	-	195,066
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Employee benefits	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>681,318</u>	<u>216,837</u>	<u>-</u>	<u>195,066</u>
Excess (deficiency) of revenues over (under) expenditures	425,007	99,491	130,609	32,328
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(56,763)	(144,375)	(14,367)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(56,763)</u>	<u>(144,375)</u>	<u>(14,367)</u>
Changes in fund balances	425,007	42,728	(13,766)	17,961
Fund balances, at Beginning of Year, as restated	<u>1,438,104</u>	<u>286,206</u>	<u>303,422</u>	<u>638,905</u>
Fund balances, at End of Year	<u>\$ 1,863,111</u>	<u>\$ 328,934</u>	<u>\$ 289,656</u>	<u>\$ 656,866</u>

See Independent Auditors' Report.

Special Revenue Funds

53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation	Other Revolving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,240	-	424,833	-	1,542,843	98,881
-	-	68,116	-	-	-
-	-	-	-	-	-
-	-	-	254,857	-	-
-	84,979	-	1,011,076	-	-
5,240	84,979	492,949	1,265,933	1,542,843	98,881
6,465	141,608	-	638,593	-	51,054
-	-	-	13,682	-	-
-	-	598,062	100,293	-	28,716
-	-	-	186,383	-	61,523
-	-	-	33,518	-	-
-	-	-	118,519	1,454,276	-
-	-	-	-	-	-
-	-	-	-	-	-
6,465	141,608	598,062	1,090,988	1,454,276	141,293
(1,225)	(56,629)	(105,113)	174,945	88,567	(42,412)
-	-	-	-	-	-
-	-	-	-	6,004	16,840
-	-	-	(20,000)	(44,558)	-
-	-	-	(20,000)	(38,554)	16,840
(1,225)	(56,629)	(105,113)	154,945	50,013	(25,572)
4,523	155,397	337,452	847,558	211,276	328,452
\$ 3,298	\$ 98,768	\$ 232,339	\$ 1,002,503	\$ 261,289	\$ 302,880

(continued)

(continued)

	Special Revenue Funds				
	<u>Land Acquisition</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Highway Grants</u>	<u>Solid Waste</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Departmental	-	-	-	-	1,062,832
Intergovernmental	-	1,289,667	931,764	363,852	-
Investment income	124	-	-	-	-
Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>124</u>	<u>1,289,667</u>	<u>931,764</u>	<u>363,852</u>	<u>1,062,832</u>
Expenditures:					
Current:					
General government	22,608	-	13,771	-	-
Public safety	-	43,725	57,872	-	-
Education	-	1,051,441	791,478	-	-
Public works	-	230,696	15,021	363,852	913,915
Health and human services	-	-	25,207	-	-
Culture and recreation	-	-	9,276	-	-
Employee benefits	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>22,608</u>	<u>1,325,862</u>	<u>912,625</u>	<u>363,852</u>	<u>913,915</u>
Excess (deficiency) of revenues over (under) expenditures	(22,484)	(36,195)	19,139	-	148,917
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(114,931)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,931)</u>
Changes in fund balances	(22,484)	(36,195)	19,139	-	33,986
Fund balances, at Beginning of Year, as restated	<u>36,057</u>	<u>93,578</u>	<u>363,236</u>	<u>-</u>	<u>109,323</u>
Fund balances, at End of Year	<u>\$ 13,573</u>	<u>\$ 57,383</u>	<u>\$ 382,375</u>	<u>\$ -</u>	<u>\$ 143,309</u>

See Independent Auditors' Report.

Special Revenue Funds

Pension Reserve Fund	Sawyer Gift Fund	Subtotals
\$ -	\$ -	\$ 866,476
-	-	3,797,859
-	-	2,897,641
949,076	45,356	1,001,264
-	-	254,857
-	-	1,096,055
<u>949,076</u>	<u>45,356</u>	<u>9,914,152</u>
-	491,282	2,046,699
-	-	332,116
-	-	2,569,990
-	-	1,966,456
-	-	58,725
-	-	1,582,071
12,817	-	12,817
-	-	-
<u>12,817</u>	<u>491,282</u>	<u>8,568,874</u>
936,259	(445,926)	1,345,278
-	-	-
363,022	-	385,866
-	-	(394,994)
<u>363,022</u>	<u>-</u>	<u>(9,128)</u>
1,299,281	(445,926)	1,336,150
<u>4,261,983</u>	<u>1,618,057</u>	<u>11,033,529</u>
\$ <u><u>5,561,264</u></u>	\$ <u><u>1,172,131</u></u>	\$ <u><u>12,369,679</u></u>

(continued)

(continued)

	<u>Capital Project Funds</u>	
	<u>Capital Project Funds</u>	<u>Subtotal</u>
Revenues:		
Property taxes	\$ -	\$ -
Departmental	-	-
Intergovernmental	-	-
Investment income	-	-
Contributions	-	-
Other	-	-
	<hr/>	<hr/>
Total Revenues	-	-
Expenditures:		
Current:		
General government	-	-
Public safety	-	-
Education	-	-
Public works	-	-
Health and human services	-	-
Culture and recreation	-	-
Employee benefits	-	-
Capital Outlay	<u>3,852,245</u>	<u>3,852,245</u>
	<hr/>	<hr/>
Total Expenditures	<u>3,852,245</u>	<u>3,852,245</u>
	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(3,852,245)	(3,852,245)
Other Financing Sources (Uses):		
Issuance of bonds	3,250,000	3,250,000
Transfers in	-	-
Transfers out	-	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<u>3,250,000</u>	<u>3,250,000</u>
	<hr/>	<hr/>
Changes in fund balances	(602,245)	(602,245)
	<hr/>	<hr/>
Fund balances, at Beginning of Year, as restated	<u>1,208,173</u>	<u>1,208,173</u>
	<hr/>	<hr/>
Fund balances, at End of Year	<u>\$ 605,928</u>	<u>\$ 605,928</u>

See Independent Auditors' Report.

Nonexpendable Trust Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Expendable Trust Funds	Subtotal	
\$ -	\$ -	\$ -	\$ 866,476
-	-	-	3,797,859
-	-	-	2,897,641
741,954	6,891	748,845	1,750,109
-	-	-	254,857
<u>76,473</u>	<u>-</u>	<u>76,473</u>	<u>1,172,528</u>
818,427	6,891	825,318	10,739,470
-	-	-	2,046,699
-	-	-	332,116
-	-	-	2,569,990
101,455	-	101,455	2,067,911
-	-	-	58,725
-	-	-	1,582,071
-	-	-	12,817
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,852,245</u>
<u>101,455</u>	<u>-</u>	<u>101,455</u>	<u>12,522,574</u>
716,972	6,891	723,863	(1,783,104)
-	-	-	3,250,000
-	-	-	385,866
<u>-</u>	<u>(6,004)</u>	<u>(6,004)</u>	<u>(400,998)</u>
<u>-</u>	<u>(6,004)</u>	<u>(6,004)</u>	<u>3,234,868</u>
716,972	887	717,859	1,451,764
<u>4,135,403</u>	<u>90,658</u>	<u>4,226,061</u>	<u>16,467,763</u>
\$ <u><u>4,852,375</u></u>	\$ <u><u>91,545</u></u>	\$ <u><u>4,943,920</u></u>	\$ <u><u>17,919,527</u></u>