

TOWN OF CONCORD, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2009

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, and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of and for the year ended June 30, 2009, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which is as of and for the year ended December 31, 2008) 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 45% and 66% 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 Electric Enterprise Fund are presented in conformity with the accounting practices prescribed by the 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 governmental major fund, each enterprise major fund, and the aggregate remaining fund information of the Town of Concord, as of June 30, 2009, (except the Concord Contributory Retirement system and Concord Municipal Light Plant, which are as of December 31, 2008), 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 66, 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 68, 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 February 3, 2010 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
February 3, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities in the Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	21
Proprietary Funds:	
Statement of Net Assets	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets	23
Statement of Cash Flows	24
Fiduciary Funds:	
Statement of Fiduciary Net Assets	25
Statement of Changes in Fiduciary Net Assets	26
Notes to Financial Statements	27
Municipal Light Plant Notes to the Financial Statements	55
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress	66

SUPPLEMENTARY INFORMATION:

Combining Balance Sheet - Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Equity - Nonmajor Governmental Funds	74

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, 2009. 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 \$ 208,843 (i.e., net assets), a change of \$ 2,177 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 26,899, a change of \$ (5,460) in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 8,902, a change of \$ 784 in comparison with the prior year.
- Total bonds payable as of June 30, 2009 was \$ 71,479 a change of \$ 8,873 in comparison to the prior year. Governmental bonds payable of \$ 49,048 increased by \$ 10,976, primarily from the issuance of bonds for the Willard School Project. Business-type bonds payable of \$ 22,431 decreased by \$ (2,103).

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 48,357	\$ 54,154	\$ 36,261	\$ 34,490	\$ 84,618	\$ 88,644
Capital assets	<u>149,841</u>	<u>131,032</u>	<u>87,724</u>	<u>86,970</u>	<u>237,565</u>	<u>218,002</u>
Total assets	<u>198,198</u>	<u>185,186</u>	<u>123,985</u>	<u>121,460</u>	<u>322,183</u>	<u>306,646</u>
Long-term liabilities outstanding	55,227	42,216	23,022	12,563	78,249	54,779
Other liabilities	<u>19,490</u>	<u>20,071</u>	<u>15,601</u>	<u>25,131</u>	<u>35,091</u>	<u>45,202</u>
Total liabilities	<u>74,717</u>	<u>62,287</u>	<u>38,623</u>	<u>37,694</u>	<u>113,340</u>	<u>99,981</u>
Net assets:						
Invested in capital assets, net	94,349	89,829	65,053	63,009	159,402	152,838
Restricted	13,318	15,194	2,240	2,349	15,558	17,543
Unrestricted	<u>15,814</u>	<u>17,876</u>	<u>18,069</u>	<u>18,408</u>	<u>33,883</u>	<u>36,284</u>
Total net assets	<u>\$ 123,481</u>	<u>\$ 122,899</u>	<u>\$ 85,362</u>	<u>\$ 83,766</u>	<u>\$ 208,843</u>	<u>\$ 206,665</u>

CHANGES IN NET ASSETS

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,208	\$ 6,171	\$ 25,751	\$ 24,932	\$ 30,959	\$ 31,103
Operating grants and contributions	9,305	9,421	-	-	9,305	9,421
Capital grants and contributions	567	959	-	-	567	959
General revenues:						
Property taxes	63,402	59,102	-	-	63,402	59,102
Excises	2,799	2,780	-	-	2,799	2,780
Penalties, interest and other taxes	148	426	-	-	148	426
Grants and contributions not restricted to specific programs	1,829	2,253	-	-	1,829	2,253
Investment income	(428)	597	790	1,130	362	1,727
Other	801	4,075 ^(a)	(429)	571	372	4,646
	<u>83,631</u>	<u>85,784</u>	<u>26,112</u>	<u>26,633</u>	<u>109,743</u>	<u>112,417</u>
Total revenues						
Expenses:						
General government	8,157	7,049	-	-	8,157	7,049
Public safety	10,892	10,057	-	-	10,892	10,057
Education	51,015	48,859	-	-	51,015	48,859
Public works	6,893	6,375	-	-	6,893	6,375
Health and human services	642	550	-	-	642	550
Culture and recreation	4,856	4,311	-	-	4,856	4,311
Interest on long-term debt	1,837	1,807	-	-	1,837	1,807
Intergovernmental	354	365	-	-	354	365
Water services	-	-	2,617	2,678	2,617	2,678
Sewer operations	-	-	2,849	3,267	2,849	3,267
Electric operations	-	-	15,807	15,337	15,807	15,337
Swim operations	-	-	2,211	2,248	2,211	2,248
	<u>84,646</u>	<u>79,373</u>	<u>23,484</u>	<u>23,530</u>	<u>108,130</u>	<u>102,903</u>
Total expenses						
Excess before special items and transfers	(1,015)	6,411	2,628	3,103	1,613	9,514
Special item	-	1,700 ^(b)	-	-	-	1,700
Transfers in (out)	1,597	1,205	(1,032)	(939)	565	266
	<u>582</u>	<u>9,316</u>	<u>1,596</u>	<u>2,164</u>	<u>2,178</u>	<u>11,480</u>
Change in net assets						
Net assets - beginning of year	<u>122,899</u>	<u>113,583</u>	<u>83,766</u>	<u>81,602</u>	<u>206,665</u>	<u>195,185</u>
Net assets - end of year	<u>\$ 123,481</u>	<u>\$ 122,899</u>	<u>\$ 85,362</u>	<u>\$ 83,766</u>	<u>\$ 208,843</u>	<u>\$ 206,665</u>

^(a) This amount includes the proceeds from the sale of Strawberry Hill land of \$ 3,430.

^(b) This amount includes a one-time contribution from the Sawyer Private Trust.

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 \$ 208,843, a change of \$ 2,177 from the prior year.

The largest portion of net assets \$ 159,402 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 \$ 6,564 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, \$ 15,558, represents resources that are subject to external restrictions on how they may be used. This includes:

- Restricted grant assets and other statutory restrictions, \$ 11,743; and
- Expendable and nonexpendable trust fund assets, \$ 3,815.

The remaining balance of unrestricted net assets, \$ 33,883, may be used to meet the government's ongoing obligations to citizens and creditors. Of this total:

- \$ 15,814 is in governmental activity funds a change of \$ (2,062) from the prior year;
- \$ 18,069 is in business-type activity funds a change of \$ (339) from the prior year.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ 581. Key elements of this change are as follows:

Entity wide highlights

General fund revenues exceeding expenditures	\$ 371
Transfers from Enterprise funds, net	1,597
Pension reserve fund loss	(966)
Other special revenue fund revenues exceeding expenditures	240
Debt service principal payments exceeding depreciation expense	1,000
OPEB	(1,927)
Current year revenue used for the acquisition of capital assets	921
Permanent fund loss	(790)
Other	135
Total	<u>\$ 581</u>

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ 1,596. 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 \$ 3,621 and expenses and transfers of \$ 3,154, resulting in a change in net assets of \$ 467.
- The Sewer fund had revenues of \$ 2,736 and expenses and transfers of \$ 3,031, resulting in a change in net assets of \$ (295).
- The Light Fund had revenues of \$ 17,587 and expenses and transfers of \$ 16,576, resulting in a change in net assets of \$ 1,011.
- The Swim Fund had revenues and transfers of \$ 2,728 and expenses and transfers of \$ 2,316, resulting in a change in net assets of \$ 413.
- The unrestricted net assets for each of the Enterprise funds changed as follows:
 - Water Fund: \$ (219)
 - Sewer Fund: \$ 769
 - Light Fund: \$ (1,449)
 - Swim Fund: \$ 559

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, unreserved 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 \$ 26,899, a change of \$ (5,460) in comparison with the prior year. Key elements of this change are as follows:

Governmental fund highlights

General fund revenues exceeding expenditures	\$ 371
General fund transfers in from Enterprise funds	1,597
Pension reserve fund loss	(966)
Other special revenue fund revenues exceeding expenditures	240
Willard School project fund expenditures exceeding bond proceeds	(6,320)
Non-major Capital project fund and bond proceeds exceeding expenditures	408
Permanent fund loss	<u>(790)</u>
Total	<u>\$ (5,460)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 8,902, while total fund balance was \$ 14,241. 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>6/30/09</u>	<u>6/30/08</u>	<u>Change</u>
Unreserved fund balance	\$ 8,902	\$ 8,118	\$ 784
Total fund balance	14,241	14,977	(736)
Unreserved fund balance as of % of total General Fund expenditures	11.7%	11.2%	0.5%
Total fund balance as of % of total General Fund expenditures	18.8%	20.8%	-2.0%

The total fund balance of the general fund changed by \$ (737) during the current fiscal year. Key factors in this change are as follows:

General Fund Highlights

Use of free cash	\$ (3,150)
Revenues greater than budget	422
Expenditures less than budget	872
Increase in encumbrances	588
Raising prior year snow and ice deficit	359
Other	<u>172</u>
Total	<u>\$ (737)</u>

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 \$ 18,069. Total net assets of the enterprise funds at the end of the year amounted to \$ 85,362, a change of \$ 1,596 in comparison with 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.

The budget and actual statement reflects an under collection of Intergovernmental revenue primarily resulting from State Aid (Chapter 70) reductions implemented by the Commonwealth in fiscal year 2009. The Chapter 70 reductions were partially offset by an American Recovery and Reinvestment Act (ARRA) grant which is reported in a separate major fund in accordance with the transparency requirements of the Act. The general fund revenue shortfall is offset by budgetary turn backs in education and employee benefits expenditures. The turn backs result from the Town transferring cost to the ARRA major fund.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year end amounted to \$ 237,565 (net of accumulated depreciation), a change of \$ 19,563 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:

- \$ 18,220 New Willard Elementary School construction in progress;
- 2,350 Harvey Wheeler Community Center
- 841 Warners Pond Dam Drainage
- 658 Various road improvements

Business-type activities:

- \$ 653 Sewer related infrastructure;
- 803 Water related infrastructure

A comparison to the three prior years is as follows:

	<u>Capital Purchases</u>	<u>Disposals</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation on Disposals</u>	<u>Net Activity</u>
<u>Governmental activities</u>					
Fiscal year 2009	\$ 24,374	\$ (2,374)	\$ (3,191)	\$ -	\$ 18,809
Fiscal year 2008	10,289	(189)	(2,999)	54	7,155
Fiscal year 2007	8,249	-	(2,959)	-	5,290
<u>Business-type activities</u>					
<i>Water</i>					
Fiscal year 2009	804	-	(703)	-	101
Fiscal year 2008	1,112	-	(702)	-	410
Fiscal year 2007	4,607	-	(605)	-	4,002
<i>Sewer</i>					
Fiscal year 2009	891	(732)	(1,445)	366	(920)
Fiscal year 2008	4,927	-	(1,330)	-	3,597
Fiscal year 2007	7,251	-	(1,114)	-	6,137
<i>Light</i>					
Fiscal year 2009	3,579	(859)	(1,343)	444	1,821
Fiscal year 2008	1,929	(953)	(1,306)	564	234
Fiscal year 2007	1,943	(499)	(1,273)	406	577
<i>Swim</i>					
Fiscal year 2009	19	-	(267)	-	(248)
Fiscal year 2008	18	-	(263)	-	(245)
Fiscal year 2007	9,173	-	(109)	-	9,064

<u>Capital Assets net of Accumulated depreciation</u>	<u>@ 6/30/09</u>	<u>@6/30/08</u>	<u>Change</u>
Governmental activities	\$ 149,841	\$ 131,032	\$ 18,809
Business activities			
Water	18,786	18,685	101
Sewer	27,204	28,124	(920)
Electric	32,703	30,882	1,821
Swim	9,031	9,279	(248)
Subtotal	<u>87,724</u>	<u>86,970</u>	<u>754</u>
Grand Total	<u>\$ 237,565</u>	<u>\$ 218,002</u>	<u>\$ 19,563</u>

Long-term debt. As of June 30, 2009, total bonded debt outstanding was \$ 71,479, 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 footnotes to the financial statements.

Change in credit rating. During the fiscal year, the Moody's credit rating did not change.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The adopted FY10 General Fund budget of \$ 75,528 is a 1.8 % increase over the prior year. It is anticipated that 87.1% of the resources to fund the General Fund budget will be generated by property taxes. Additional funding includes money from state aid (5.0%), local receipts (5.6%), investment earnings (0.4%), transfers from the Light Fund (0.5%), and unreserved fund balance (1.4%).

The property tax levy for FY10 (\$ 65,792) represents a 5.0 % increase over the prior year. This rise reflects an increase of 10.0% in the property tax rate from \$ 11.90 per thousand to \$ 13.09 per thousand and a decrease of 4.5% in taxable assessed value from \$ 5.26 billion to \$ 5.02 billion. The assessment date for valuing the Town's FY10 real estate and personal property is January 1, 2009. The table below presents a comparison between FY09 and FY10.

	<u>FY09</u>	<u>FY10</u>	<u>% Change</u>
Taxable Assessed Value	\$ 5,264,591,702	\$ 5,026,552,229	-4.5%
Tax Rate (per \$1,000)	\$ 11.90	\$ 13.09	10.0%
Property Tax Levy	\$ 62,648,641	\$ 65,792,569	5.0%

It should be noted that increases in the property tax levy for municipalities in Massachusetts are governed by regulations referred to as Proposition 2 ½. The total property tax levy is constrained by a ceiling which cannot be more than 2 ½ 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 \$ 916 in FY09 and \$ 912 in FY10.

Since reaching an all-time asset peak of \$ 95.34 million on October 31, 2007, the Concord Retirement Fund asset value has dropped 14.0% over the past 25 months to \$ 81.98 million. For the one-year period ending November 30th, asset market value has increased by 19.4%.

	<u>Value as of 10/31/07</u>	<u>Value as of 6/30/08</u>	<u>Value as of 11/30/08</u>	<u>Value as of 11/30/09</u>
Retirement System	\$95,339	\$85,789	\$68,637	\$81,978
Pension Reserve Fund	\$5,020	\$4,220	\$3,513	\$4,375

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 recent investment in 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.

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

(This page intentionally left blank.)

TOWN OF CONCORD, MASSACHUSETTS
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(Except for the Electric Enterprise Fund, which is as of December 31, 2008)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 29,925,893	\$ 26,744,953	\$ 56,670,846
Investments	15,377,797	1,591,658	16,969,455
Receivables, net of allowance for uncollectibles:			
Property taxes	660,098	-	660,098
Excises	55,689	-	55,689
User fees	174,622	4,660,371	4,834,993
Betterments	-	83,000	83,000
Departmental and other	622,038	-	622,038
Intergovernmental	815,435	-	815,435
Inventory	-	57,083	57,083
Materials and supplies	-	760,392	760,392
Prepaid expenses	-	464,811	464,811
Other assets	236,816	324,744	561,560
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	488,876	-	488,876
Betterments	-	1,573,184	1,573,184
Capital assets being depreciated, net	79,497,523	81,840,419	161,337,942
Capital assets not being depreciated	<u>70,343,295</u>	<u>5,884,048</u>	<u>76,227,343</u>
TOTAL ASSETS	198,198,082	123,984,663	322,182,745
LIABILITIES			
Current:			
Warrants payable	3,418,127	2,100,605	5,518,732
Accrued liabilities	3,181,786	809,053	3,990,839
Unearned revenue	-	1,283,966	1,283,966
Customer deposits	-	347,188	347,188
Provision for rate stabilization	-	11,059,355	11,059,355
Notes payable	12,500,000	-	12,500,000
Other current liabilities	390,225	-	390,225
Current portion of long-term liabilities:			
Bonds payable	5,031,169	1,948,180	6,979,349
Accrued employee benefits	402,230	14,044	416,274
Estimated landfill closure and postclosure care costs	10,000	-	10,000
Noncurrent:			
Bonds payable, net of current portion	44,016,978	20,722,911	64,739,889
Accrued employee benefits, net of current portion	3,620,071	228,145	3,848,216
Estimated landfill closure and postclosure care costs, net of current portion	220,000	-	220,000
OPEB	<u>1,926,815</u>	<u>109,218</u>	<u>2,036,033</u>
TOTAL LIABILITIES	74,717,401	38,622,665	113,340,066
NET ASSETS			
Invested in capital assets, net of related debt	94,349,032	65,053,376	159,402,408
Restricted for:			
Grants and other statutory restrictions	9,502,033	2,240,091	11,742,124
Permanent funds:			
Nonexpendable	3,728,276	-	3,728,276
Expendable	87,163	-	87,163
Unrestricted	<u>15,814,177</u>	<u>18,068,531</u>	<u>33,882,708</u>
TOTAL NET ASSETS	\$ <u>123,480,681</u>	\$ <u>85,361,998</u>	\$ <u>208,842,679</u>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

(Except for the Electric Enterprise Fund, which is as of December 31, 2008)

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 8,156,992	\$ 333,550	\$ 583,335	\$ -	\$ (7,240,107)	\$ -	\$ (7,240,107)
Public safety	10,891,957	1,505,918	465,565	-	(8,920,474)	-	(8,920,474)
Education	51,015,323	590,144	8,043,953	-	(42,381,226)	-	(42,381,226)
Public works	6,892,561	1,062,075	139,595	469,465	(5,221,426)	-	(5,221,426)
Health and human services	642,124	135,815	23,407	-	(482,902)	-	(482,902)
Culture and recreation	4,856,597	1,580,800	49,419	97,220	(3,129,158)	-	(3,129,158)
Debt service interest	1,837,251	-	-	-	(1,837,251)	-	(1,837,251)
Intergovernmental	353,725	-	-	-	(353,725)	-	(353,725)
Total Governmental Activities	84,646,530	5,208,302	9,305,274	566,685	(69,566,269)	-	(69,566,269)
Business-Type Activities:							
Water services	2,617,205	3,531,191	-	-	-	913,986	913,986
Sewer services	2,848,317	2,648,839	-	-	-	(199,478)	(199,478)
Electric services	15,807,354	17,032,870	-	-	-	1,225,516	1,225,516
Swim Services	2,210,992	2,537,763	-	-	-	326,771	326,771
Total Business-Type Activities	23,483,868	25,750,663	-	-	-	2,266,795	2,266,795
Total	\$ 108,130,398	\$ 30,958,965	\$ 9,305,274	\$ 566,685	(69,566,269)	2,266,795	(67,299,474)
General Revenues and Transfers:							
Property taxes					63,401,962	-	63,401,962
Excises					2,798,807	-	2,798,807
Penalties, interest and other taxes					148,420	-	148,420
Grants and contributions not restricted to specific programs					1,828,571	-	1,828,571
Investment income (loss)					(428,244)	790,018	361,774
Other income (expenses)					801,186	(428,890)	372,296
Transfers, net					1,597,001	(1,032,175)	564,826
Total general revenues and transfers					70,147,703	(671,047)	69,476,656
Change in Net Assets					581,434	1,595,748	2,177,182
Net Assets:							
Beginning of year					122,899,247	83,766,250	206,665,497
End of year					\$ 123,480,681	\$ 85,361,998	\$ 208,842,679

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2009

ASSETS	<u>General</u>	<u>Willard School Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 8,813,867	\$ 5,124,847	\$ 15,987,181	\$ 29,925,895
Investments	9,071,335	-	6,306,461	15,377,796
Receivables:				
Property taxes	1,462,386	-	9,882	1,472,268
Excises	89,077	-	-	89,077
Departmental	174,622	-	622,038	796,660
Intergovernmental	120,017	-	695,418	815,435
Accrued interest and other	<u>236,816</u>	<u>-</u>	<u>-</u>	<u>236,816</u>
TOTAL ASSETS	<u>\$ 19,968,120</u>	<u>\$ 5,124,847</u>	<u>\$ 23,620,980</u>	<u>\$ 48,713,947</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 1,779,498	\$ -	\$ 1,638,629	\$ 3,418,127
Accrued liabilities	1,945,030	957,905	373,129	3,276,064
Deferred revenue	1,612,742	-	618,127	2,230,869
Notes payable	-	12,500,000	-	12,500,000
Other liabilities	<u>390,225</u>	<u>-</u>	<u>-</u>	<u>390,225</u>
TOTAL LIABILITIES	5,727,495	13,457,905	2,629,885	21,815,285
Fund Balances:				
Reserved for:				
Encumbrances	4,298,170	-	-	4,298,170
Expenditures	1,040,000	-	-	1,040,000
Perpetual (nonexpendable) permanent funds	-	-	3,728,276	3,728,276
Unreserved:				
Undesignated, reported in:				
General fund	8,902,455	-	-	8,902,455
Special revenue funds	-	-	15,286,237	15,286,237
Capital project funds	-	(8,333,058)	1,889,419	(6,443,639)
Permanent funds	<u>-</u>	<u>-</u>	<u>87,163</u>	<u>87,163</u>
TOTAL FUND BALANCES	<u>14,240,625</u>	<u>(8,333,058)</u>	<u>20,991,095</u>	<u>26,898,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,968,120</u>	<u>\$ 5,124,847</u>	<u>\$ 23,620,980</u>	<u>\$ 48,713,947</u>

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, 2009

Total governmental fund balances	\$ 26,898,662
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	149,840,818
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,874,186
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(565,867)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, and OPEB obligation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(54,567,118)</u>
Net assets of governmental activities	\$ <u>123,480,681</u>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>ARRA Funds</u>	<u>Willard School Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 62,218,910	\$ -	\$ -	\$ 821,432	\$ 63,040,342
Excise taxes	2,822,332	-	-	-	2,822,332
Penalties, interest and other taxes	148,420	-	-	-	148,420
Departmental	1,026,514	-	-	3,456,848	4,483,362
Licenses and permits	707,516	-	-	-	707,516
Fines and forfeitures	100,853	-	-	16,724	117,577
Intergovernmental	8,348,479	226,606	-	3,447,554	12,022,639
Investment income (loss)	791,358	-	-	(1,373,912)	(582,554)
Contributions	-	-	-	507,008	507,008
Other	110,114	-	-	238,220	348,334
Total Revenues	<u>76,274,496</u>	<u>226,606</u>	<u>-</u>	<u>7,113,874</u>	<u>83,614,976</u>
Expenditures:					
Current:					
General government	4,270,048	-	-	2,265,428	6,535,476
Public safety	7,095,480	-	-	593,789	7,689,269
Education	44,855,013	226,606	-	2,409,063	47,490,682
Public works	3,283,542	-	-	1,881,008	5,164,550
Snow and Ice	739,985	-	-	-	739,985
Health and human services	379,410	-	-	45,399	424,809
Culture and recreation	2,039,700	-	-	1,721,079	3,760,779
Employee benefits	6,955,978	-	-	95,265	7,051,243
Debt service	5,930,392	-	-	-	5,930,392
Capital outlay	-	-	18,220,253	2,156,676	20,376,929
Intergovernmental	353,725	-	-	-	353,725
Total Expenditures	<u>75,903,273</u>	<u>226,606</u>	<u>18,220,253</u>	<u>11,167,707</u>	<u>105,517,839</u>
Excess (Deficiency) of revenues over expenditures	371,223	-	(18,220,253)	(4,053,833)	(21,902,863)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	11,900,000	2,946,061	14,846,061
Transfers in	1,887,639	-	100,000	5,638,923	7,626,562
Transfers out	(2,995,666)	-	-	(3,033,895)	(6,029,561)
Total Other Financing Sources (Uses)	<u>(1,108,027)</u>	<u>-</u>	<u>12,000,000</u>	<u>5,551,089</u>	<u>16,443,062</u>
Changes in fund balances	(736,804)	-	(6,220,253)	1,497,256	(5,459,801)
Fund Balances, at Beginning of Year, as restated	<u>14,977,429</u>	<u>-</u>	<u>(2,112,805)</u>	<u>19,493,839</u>	<u>32,358,463</u>
Fund Balances, at End of Year	<u>\$ 14,240,625</u>	<u>\$ -</u>	<u>\$ (8,333,058)</u>	<u>\$ 20,991,095</u>	<u>\$ 26,898,662</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, 2009

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (5,459,801)

- 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:

Capital outlay purchases, net of dispositions 22,000,067

Depreciation (3,191,430)

- 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.

338,095

- 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:

Issuance of debt (15,168,170)

Repayments of debt 4,191,851

- In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

(98,710)

- 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:

Increase in compensated absences (103,653)

Increase in OPEB liability (1,926,815)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 581,434

See notes to financial statements.

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers:				
Taxes	\$ 62,125,086	\$ 62,125,086	\$ 62,125,086	\$ -
Excise taxes	2,441,000	2,441,000	2,822,332	381,332
Penalties, interest and other taxes	100,000	100,000	148,420	48,420
Departmental	1,011,500	1,011,500	1,026,514	15,014
Licenses and permits	689,000	689,000	707,516	18,516
Fines and forfeitures	120,000	120,000	100,853	(19,147)
Intergovernmental	4,477,986	4,477,986	4,245,121	(232,865)
Investment income	750,000	750,000	791,358	41,358
Other	48,920	48,920	110,114	61,194
Transfers in	354,500	1,779,456	1,887,639	108,183
Total Revenues and Transfers	72,117,992	73,542,948	73,964,953	422,005
Expenditures:				
General government	4,235,613	4,776,829	4,348,607	428,222
Public safety	7,280,409	7,294,408	7,254,555	39,853
Education	41,180,888	41,180,888	40,958,931	221,957
Public works	2,886,099	3,461,784	3,442,152	19,632
Snow and ice	500,255	500,255	739,985	(239,730)
Health and human services	377,179	377,179	368,579	8,600
Culture and recreation	2,075,193	2,094,381	2,056,576	37,805
Employee benefits	7,029,765	7,304,633	7,213,138	91,495
Debt service	6,347,193	6,347,193	6,125,808	221,385
Intergovernmental	396,483	396,483	353,725	42,758
Transfers out	2,600,000	2,600,000	2,600,000	-
Total Expenditures	74,909,077	76,334,033	75,462,056	871,977
Excess (deficiency) of revenues and other sources over expenditures	(2,791,085)	(2,791,085)	(1,497,103)	1,293,982
Other Financing Sources/(Uses):				
Use of free cash - Transfer to stabilization	2,500,000	2,500,000	-	(2,500,000)
Use of free cash - Operations	650,000	650,000	-	(650,000)
Raise prior year deficit	(358,915)	(358,915)	-	358,915
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ (1,497,103)	\$ (1,497,103)

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2009

(DECEMBER 31, 2008 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>	
<u>ASSETS</u>					
Current:					
Cash and short-term investments	\$ 3,431,144	\$ 4,066,064	\$ 16,362,532	\$ 2,885,213	\$ 26,744,953
Investments	-	-	1,591,658	-	1,591,658
User fees, net of allowance for uncollectibles	682,708	371,041	3,606,622	-	4,660,371
Betterment receivables	-	83,000	-	-	83,000
Inventory	57,083	-	-	-	57,083
Materials and supplies, at average cost	-	-	760,392	-	760,392
Prepaid expenses	-	-	464,811	-	464,811
Other assets	-	-	324,744	-	324,744
Total current assets	<u>4,170,935</u>	<u>4,520,105</u>	<u>23,110,759</u>	<u>2,885,213</u>	<u>34,687,012</u>
Noncurrent:					
Betterment receivables, net of current portion	-	1,573,184	-	-	1,573,184
Capital assets being depreciated, net	15,515,550	27,104,124	30,189,395	9,031,350	81,840,419
Capital assets not being depreciated	3,270,467	100,000	2,513,581	-	5,884,048
Total noncurrent assets	<u>18,786,017</u>	<u>28,777,308</u>	<u>32,702,976</u>	<u>9,031,350</u>	<u>89,297,651</u>
TOTAL ASSETS	22,956,952	33,297,413	55,813,735	11,916,563	123,984,663
<u>LIABILITIES</u>					
Current:					
Warrants payable	93,254	105,708	1,799,204	102,439	2,100,605
Accrued liabilities	93,950	241,569	459,582	13,952	809,053
Unearned revenue	-	-	241,865	1,042,101	1,283,966
Customer deposits	-	-	347,188	-	347,188
Provision for rate stabilization	-	-	11,059,355	-	11,059,355
Current portion of long-term liabilities:					
Bonds payable	560,000	748,180	540,000	100,000	1,948,180
Accrued employee benefits	9,394	2,349	-	2,301	14,044
Total current liabilities	<u>756,598</u>	<u>1,097,806</u>	<u>14,447,194</u>	<u>1,260,793</u>	<u>17,562,391</u>
Noncurrent:					
Bonds payable, net of current portion	4,575,000	13,597,911	2,450,000	100,000	20,722,911
Accrued employee benefits, net of current portion	84,547	21,137	101,752	20,709	228,145
OPEB	59,972	14,993	-	34,253	109,218
Total noncurrent liabilities	<u>4,719,519</u>	<u>13,634,041</u>	<u>2,551,752</u>	<u>154,962</u>	<u>21,060,274</u>
TOTAL LIABILITIES	5,476,117	14,731,847	16,998,946	1,415,755	38,622,665
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	13,651,017	12,858,033	29,712,976	8,831,350	65,053,376
Restricted	-	2,240,091	-	-	2,240,091
Unrestricted	3,829,818	3,467,442	9,101,813	1,669,458	18,068,531
TOTAL NET ASSETS	\$ 17,480,835	\$ 18,565,566	\$ 38,814,789	\$ 10,500,808	\$ 85,361,998

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, 2009

(DECEMBER 31, 2008 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Operating Revenues:					
Charges for services	\$ 3,531,191	\$ 2,648,839	\$ 17,032,870	\$ 2,537,763	\$ 25,750,663
Total Operating Revenues	3,531,191	2,648,839	17,032,870	2,537,763	25,750,663
Operating Expenses:					
Personnel services	990,972	286,841	-	1,279,084	2,556,897
Non-personnel services	708,277	822,974	-	652,477	2,183,728
Depreciation	702,636	1,445,552	1,342,637	266,931	3,757,756
Electric operations	-	-	14,305,284	-	14,305,284
Total Operating Expenses	2,401,885	2,555,367	15,647,921	2,198,492	22,803,665
Operating Income	1,129,306	93,472	1,384,949	339,271	2,946,998
Nonoperating Revenues (Expenses):					
Investment income	90,025	87,084	554,759	58,150	790,018
Interest expense	(215,320)	(292,950)	(159,433)	(12,500)	(680,203)
Other nonoperating income, net	-	-	(428,890)	-	(428,890)
Total Nonoperating Revenues (Expenses), Net	(125,295)	(205,866)	(33,564)	45,650	(319,075)
Income Before Transfers	1,004,011	(112,394)	1,351,385	384,921	2,627,923
Transfers in	-	-	-	132,500	132,500
Transfers out	(537,034)	(182,814)	(340,000)	(104,827)	(1,164,675)
Change in Net Assets	466,977	(295,208)	1,011,385	412,594	1,595,748
Net Assets at Beginning of Year	17,013,858	18,860,774	37,803,404	10,088,214	83,766,250
Net Assets at End of Year	\$ 17,480,835	\$ 18,565,566	\$ 38,814,789	\$ 10,500,808	\$ 85,361,998

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009
(DECEMBER 31, 2008 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 3,527,445	\$ 2,781,266	\$ 20,690,678	\$ 2,411,504	\$ 29,410,893
Payments to vendors and employees	(1,677,763)	(1,879,202)	(12,671,300)	(1,903,351)	(18,131,616)
Receipts from noncurrent deposits	-	-	1,098	-	1,098
Net Cash Provided By Operating Activities	1,849,682	902,064	8,020,476	508,153	11,280,375
Cash Flows From Noncapital Financing Activities:					
Intergovernmental grants	-	913,511	-	-	913,511
Transfers in	-	-	-	132,500	132,500
Transfers out	(537,034)	(182,814)	(340,000)	(104,827)	(1,164,675)
Net Cash (Used for) Noncapital Financing Activities	(537,034)	730,697	(340,000)	27,673	(118,664)
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets, net of dispositions	(803,496)	(525,237)	-	(19,974)	(1,348,707)
Acquisition and construction of utility plant	-	-	(2,724,980)	-	(2,724,980)
Net reductions to construction in progress	-	-	(865,838)	-	(865,838)
Principal payments on bonds and notes	(585,000)	(878,256)	(640,000)	(100,000)	(2,203,256)
Interest expense	(215,320)	(292,950)	(156,918)	(12,500)	(677,688)
Net additions to customer advances for construction	-	-	15,143	-	15,143
Net Cash (Used For) Capital and Related Financing Activities	(1,603,816)	(1,696,443)	(4,372,593)	(132,474)	(7,805,326)
Cash Flows From Investing Activities:					
Investment income	90,025	87,084	554,759	58,150	790,018
Sales of investment shares	-	-	2,765	-	2,765
Net Cash Provided By Investing Activities	90,025	87,084	557,524	58,150	792,783
Net Change in Cash and Short-Term Investments	(201,143)	23,402	3,865,407	461,502	4,149,168
Cash and Short-Term Investments, Beginning of Year	3,632,287	4,042,662	12,497,125	2,423,711	22,595,785
Cash and Short-Term Investments, End of Year	\$ 3,431,144	\$ 4,066,064	\$ 16,362,532	\$ 2,885,213	\$ 26,744,953
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating income	\$ 1,129,306	\$ 93,472	\$ 1,384,949	\$ 339,271	\$ 2,946,998
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	702,636	1,445,552	1,342,637	266,931	3,757,756
Changes in assets and liabilities:					
User fees receivables	(3,746)	132,427	(317,433)	-	(188,752)
Inventory	(637)	-	-	-	(637)
Materials and supplies	-	-	(41,836)	-	(41,836)
Deferred costs	-	-	8,854	-	8,854
Prepaid expenses	-	-	(59,493)	-	(59,493)
Noncurrent deposits with Town Treasurer	-	-	1,740,684	-	1,740,684
Warrants payable	(20,552)	(364,206)	-	22,846	(361,912)
Accrued liabilities	(15,628)	(419,757)	(14,225)	(6,420)	(456,030)
Other liabilities	(1,669)	(417)	-	(22,469)	(24,555)
OPEB	59,972	14,993	-	34,253	109,218
Unearned revenue	-	-	1,098	(126,259)	(125,161)
Provisions	-	-	3,975,241	-	3,975,241
Net Cash Provided By Operating Activities	\$ 1,849,682	\$ 902,064	\$ 8,020,476	\$ 508,153	\$ 11,280,375

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2009

	Pension Trust Fund (As of December 31, 2008)	Private Purpose Trust Funds	Agency Funds
<u>ASSETS</u>			
Cash and short-term investments	\$ 2,765,005	\$ -	\$ 60,917
Investments	67,426,206	910,322	22,323
Accounts receivable	326,547	-	-
Other assets	<u>-</u>	<u>-</u>	<u>44,723</u>
Total Assets	70,517,758	910,322	127,963
<u>LIABILITIES AND NET ASSETS</u>			
Other liabilities	<u>-</u>	<u>-</u>	<u>127,963</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>127,963</u>
<u>NET ASSETS</u>			
Total net assets held in trust for pension benefits and other purposes	<u>\$ 70,517,758</u>	<u>\$ 910,322</u>	<u>\$ -</u>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Fund (For the Year Ended December 31, 2008)	Private Purpose Trust Funds
Additions:		
Contributions:		
Employers	\$ 2,952,658	\$ -
Other systems and Commonwealth of Massachusetts	230,792	-
Plan members	2,261,095	-
Other	3,438	-
Total contributions	<u>5,447,983</u>	<u>-</u>
Investment Gain/(Loss):		
Increase (decrease) in fair value of investments	(22,334,273)	(178,653)
Less: management fees	(391,012)	-
Net investment gain/(loss)	<u>(22,725,285)</u>	<u>(178,653)</u>
Total additions	(17,277,302)	(178,653)
Deductions:		
Benefit payments to plan members and beneficiaries	4,794,807	-
Refunds to plan members	67,310	-
Administrative expenses	166,842	-
Other	469,151	42,954
Total deductions	<u>5,498,110</u>	<u>42,954</u>
Net increase (decrease)	(22,775,412)	(221,607)
Net assets:		
Beginning of year	<u>93,293,170</u>	<u>1,131,929</u>
End of year	<u>\$ 70,517,758</u>	<u>\$ 910,322</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.

Blended Component Units - Blended component units are entities that are legally separate, but are so related that they are, in substance, the same as the primary government, providing services entirely or almost entirely for the benefit of the primary government. The following component unit is blended within the primary government:

In the Fiduciary Funds: The Concord Contributory Retirement System which 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 con-

siders 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.
- The ARRA (American Recovery and Reinvestment Act) Fund is used to account for the receipt and expenditure of federal "stimulus" funds awarded the community to replace some of the fiscal year 2009 Chapter 70 State aid reductions.
- The *Willard School Project Fund* accounts for the construction costs related to the new Willard School.

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 *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 2 ½" 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 2009 tax levy reflected an excess capacity of approximately \$ 916,771.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 with 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)	\$ 76,274,496	\$ 75,903,273
Other financing sources/uses (GAAP basis)	<u>1,887,639</u>	<u>2,995,666</u>
Subtotal (GAAP Basis)	78,162,135	78,898,939
Adjust tax revenue to accrual basis	(93,824)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(3,709,633)
Add end of year appropriation carryforwards to expenditures	-	4,298,170
To reverse the effect of non- budgeted State contributions for teachers retirement	(4,103,358)	(4,103,358)
Other	<u>-</u>	<u>77,938</u>
Budgetary Basis (p. 21)	<u>\$ 73,964,953</u>	<u>\$ 75,462,056</u>

D. Excess of Expenditures over Appropriations

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

Snow and Ice	\$ 239,730
--------------	------------

The above appropriation deficit will need to be raised in subsequent periods.

E. Deficit Fund Equity

The following funds reported deficits as of June 30, 2009:

Major governmental funds:

Willard School Project \$ (8,333,058)

The Governmental fund deficits result from the financing of projects with bond anticipation notes that are recorded as liabilities at the fund level. These deficit fund balances will be fully eliminated when the bond anticipation notes are replaced with long-term bonds.

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, 2009 and December 31, 2008, \$ 280,227 and \$ 2,664,176 of the Town's and System's bank balances of \$ 60,463,641 and \$ 2,914,403, respectively, was exposed to custodial credit risk as uninsured, uncollateralized, and collateral held by pledging bank's trust department not in the Town's and System's name.

Of the System's total exposed balance, \$ 1,842,587 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>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>Aaa</u>	<u>Aa</u>
Corporate equities	\$ 1,704	N/A	\$ 1,704	\$ -	\$ -
Long-term C.D.'s	9,072	N/A	9,072	-	-
Bond mutual funds	1,597		-	-	1,597
Mutual funds	3,592	N/A	3,592	-	-
Federal agency securities	<u>1,937</u>		<u>-</u>	<u>1,937</u>	<u>-</u>
Total investments	<u>\$ 17,902</u>		<u>\$ 14,368</u>	<u>\$ 1,937</u>	<u>\$ 1,597</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>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>	
				<u>Aaa</u>	<u>A3</u>
Federal agency securities	\$ 918		\$ -	\$ 918	\$ -
U.S. Treasury notes	6,170		-	6,170	-
State investment pool*	23,595	N/A	23,595	-	-
Corporate bonds	12,813		-	-	12,813
Pooled Investments	19,019	N/A	19,019	-	-
Mortgage-backed securities	<u>4,911</u>		<u>-</u>	<u>4,911</u>	<u>-</u>
Total investments	<u>\$ 67,426</u>		<u>\$ 42,614</u>	<u>\$ 11,999</u>	<u>\$ 12,813</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 investment in U.S. Treasury Bonds and Notes of \$ 6,169,985, Corporate Bonds of \$ 12,812,900, Mortgage-backed Securities of \$ 4,911,230, Federal Agency Securities of \$ 918,190, and Pooled Funds of \$ 42,613,901, the System has a custodial credit risk exposure of \$ 67,426,206 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, \$ 23,594,913 is invested in the State Investment Pool.

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:

Federal Home Loan Bank Consolidated Discount Notes	\$ 1,937,311
Mellon Intermediate Bond Fund	\$ 1,597,220
Middlesex Savings Long-term C.D.	\$ 1,029,651
Middlesex Savings Long-term C.D.	\$ 2,021,633
Middlesex Savings Long-term C.D.	\$ 1,007,391
Middlesex Savings Long-term C.D.	\$ 1,012,660
Middlesex Savings Long-term C.D.	\$ 4,000,000
Columbia Disciplined Value Fund	\$ 2,389,649

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	\$ 1,597	Aa	3.88
Federal agency securities	<u>1,937</u>	Aaa	0.23
Total	<u>\$ 3,534</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	\$ 918	2.08
U.S. Treasury notes	6,170	11.20
Mortgage-backed securities	4,911	19.79
Corporate bonds	<u>12,813</u>	8.23
Total	<u>\$ 24,812</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, 2009 consist of the following (in thousands):

Real Estate		
2009	\$ 433	
2008	12	
2007	13	
2006	13	
2005	11	
2004	12	
Prior	<u>106</u>	600
Personal Property		
2009	1	
2008	4	
2007	6	
2006	23	
2005	4	
2004	6	
Prior	<u>11</u>	55
Tax Liens, municipal liens, and supplementals		512
Deferred Taxes		295
CPA Real Estate		<u>10</u>
Total		<u>\$ 1,472</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	\$ 323
Excise taxes	33

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2009.

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, 2008, not June 30, 2009. Therefore, a timing difference of \$ 564,826 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, 2009 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 65,649	\$ 13,704	\$ (2,374)	\$ 76,979
Machinery, equipment, and furnishings	11,249	715	-	11,964
Infrastructure	16,988	4,597	-	21,585
	<u>93,886</u>	<u>19,016</u>	<u>(2,374)</u>	<u>110,528</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	(10,909)	(1,662)	-	(12,571)
Machinery, equipment, and furnishings	(8,532)	(662)	-	(9,194)
Infrastructure	(8,398)	(867)	-	(9,265)
	<u>(27,839)</u>	<u>(3,191)</u>	<u>-</u>	<u>(31,030)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	66,047	15,825	(2,374)	79,498
Capital assets, not being depreciated:				
Land	47,341	203	-	47,544
Construction in progress	17,644	18,721	(13,566)	22,799
	<u>64,985</u>	<u>18,924</u>	<u>(13,566)</u>	<u>70,343</u>
Total capital assets, not being depreciated, net				
Governmental activities capital assets, net	<u>\$ 131,032</u>	<u>\$ 34,749</u>	<u>\$ (15,940)</u>	<u>\$ 149,841</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,374	\$ -	\$ (41)	\$ 9,333
Machinery, equipment, and furnishings	4,359	260	(285)	4,334
Infrastructure	51,931	5,788	(860)	56,859
Light plant	45,438	2,713	(859)	47,292
Total capital assets, being depreciated	<u>111,102</u>	<u>8,761</u>	<u>(2,045)</u>	<u>117,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(473)	(257)	41	(689)
Machinery, equipment and furnishings	(1,651)	(311)	69	(1,893)
Infrastructure	(15,155)	(1,848)	710	(16,293)
Light plant	(16,204)	(1,343)	444	(17,103)
Total accumulated depreciation	<u>(33,483)</u>	<u>(3,759)</u>	<u>1,264</u>	<u>(35,978)</u>
Total capital assets, being depreciated, net	77,619	5,002	(781)	81,840
Capital assets, not being depreciated:				
Land	3,370	-	-	3,370
Light plant construction in progress	1,648	866	-	2,514
Construction in progress	4,333	-	(4,333)	-
Total capital assets, not being depreciated, net	<u>9,351</u>	<u>866</u>	<u>(4,333)</u>	<u>5,884</u>
Business-type activities capital assets, net	<u>\$ 86,970</u>	<u>\$ 5,868</u>	<u>\$ (5,114)</u>	<u>\$ 87,724</u>

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

Governmental Activities:	
General government	\$ 341
Public safety	399
Education	1,137
Public works	1,196
Culture and recreation	109
Health and human services	<u>9</u>
Total depreciation expense - governmental activities	<u>\$ 3,191</u>

Business-Type Activities:	
Water	\$ 703
Sewer	1,446
Electric	1,343
Swim facility	<u>267</u>
Total depreciation expense - business-type activities	<u>\$ 3,759</u>

10. Warrants Payable

Warrants payable represent 2009 expenditures paid by July 15, 2009 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, 2009 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, 2009:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/09</u>
Willard School	1.00%	01/29/09	01/28/10	\$ <u>12,500,000</u>
Total				\$ <u><u>12,500,000</u></u>

The following summarizes activity in notes payable during fiscal year 2009 (in thousands):

	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Bond Anticipation	\$ <u>14,500</u>	\$ <u>12,500</u>	\$ <u>(14,500)</u>	\$ <u>12,500</u>
Total	\$ <u><u>14,500</u></u>	\$ <u><u>12,500</u></u>	\$ <u><u>(14,500)</u></u>	\$ <u><u>12,500</u></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, 2009, which are not reflected in the Statement(s) of Net Assets. General obligation bonds currently outstanding are as follows:

	Serial	Interest	Amount
	Maturities	Rate(s) %	Outstanding
	Through		as of
<u>Governmental Activities:</u>			<u>June 30, 2009</u>
Land Acquisition	2010	3.63 - 4.40	10,000
Road Improvements	2010	5.15	50,000
Building	2010	5.15	35,000
Building Renovations	2010	5.15	15,000
Building Renovations	2010	5.15	15,000
School Remodeling	2010	2.25 - 3.30	60,000
Alcott School	2010	2.00 - 4.25	15,000
School Remodeling	2011	1.50 - 2.88	330,000
Drainage	2011	2.25 - 3.00	20,000
Road Improvements	2011	1.50 - 3.50	180,000
School Remodeling	2011	1.50 - 3.75	120,000
Equipment	2012	4.00 - 5.00	250,000
Recreation	2012	4.00 - 5.00	110,000
Thoreau School	2012	2.00 - 4.25	140,000
Emerson Playground	2012	2.00 - 4.25	150,000
Road Improvements	2014	4.00 - 5.00	420,000
Road Improvements	2014	4.00 - 5.00	300,000
Road Improvements	2015	1.50 - 3.75	370,000
Building Renovation	2015	1.50 - 3.75	1,030,000
Building Renovation (School)	2016	2.50 - 4.25	245,000
Building Renovation	2016	3.25 - 3.50	700,000
Building Renovation	2016	3.25 - 3.50	700,000
Road Improvements	2016	3.25 - 3.88	630,000
School Building	2016	3.25 - 3.88	510,000
Hunt Gymnasium	2016	3.50 - 3.70	20,000
School Remodeling	2016	2.00 - 4.25	460,000
School Remodeling	2016	2.00 - 4.25	800,000
Road Improvements	2016	2.00 - 4.25	1,000,000
General Obligation Bonds	2018	4.00 - 5.00	3,045,000
Willard School Design	2018	4.00 - 5.00	1,655,000
Title V Loans	2019	3.50 - 3.70	703,170
Title V Loans	2020	3.50 - 3.70	129,977
Alcott School	2022	3.75 - 5.00	2,030,000
School	2025	3.50 - 3.70	5,600,000
Thoreau School	2025	3.75 - 5.00	8,880,000
Thoreau School	2025	3.75 - 5.00	6,420,000
Willard School	2028	2.00 - 4.25	11,900,000
Total Governmental Activities:			<u>\$ 49,048,147</u>

<u>Business-Type Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of June 30, 2009
Water	2010	5.15	\$ 10,000
Light	2011	2.25 - 3.30	140,000
Light	2011	3.63 - 3.75	330,000
Water	2012	3.70 - 4.00	600,000
Light	2014	4.60 - 5.00	1,500,000
Light	2017	4.00 - 5.00	780,000
Swim Center equipment	2016	3.50 - 3.70	200,000
Water	2016	3.50 - 5.00	700,000
Water	2018	3.00-3.75	675,000
Water	2027	3.75 - 5.00	3,150,000
Sewer	2016	3.50 - 5.00	700,000
Sewer MWPAT	2026	2.00	3,678,311
Sewer MWPAT	2026	2.00	<u>9,967,780</u>
Total Business-Type Activities:			<u>\$ 22,431,091</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2009 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 5,031,169	\$ 1,706,708	\$ 6,737,877
2011	4,385,932	1,555,609	5,941,541
2012	4,221,146	1,419,769	5,640,915
2013	3,831,146	1,293,914	5,125,060
2014	3,616,146	1,171,682	4,787,828
2015-2019	13,795,729	4,132,001	17,927,730
2020-2024	10,011,879	1,948,828	11,960,707
2025-2029	<u>4,155,000</u>	<u>337,447</u>	<u>4,492,447</u>
Total	<u>\$ 49,048,147</u>	<u>\$ 13,565,958</u>	<u>\$ 62,614,105</u>

The general fund has been designated as the sole source to repay the governmental-type obligation debt outstanding as of June 30, 2009:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,948,180	\$ 639,464	\$ 2,587,644
2011	1,941,275	571,859	2,513,134
2012	1,789,634	504,242	2,293,876
2013	1,598,264	443,377	2,041,641
2014	1,612,168	391,055	2,003,223
2015-2019	5,599,432	1,367,020	6,966,452
2020-2024	4,996,674	696,156	5,692,830
2025-2029	<u>2,945,464</u>	<u>115,808</u>	<u>3,061,272</u>
Total	\$ <u>22,431,091</u>	\$ <u>4,728,981</u>	\$ <u>27,160,072</u>

C. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2009 are as follows:

<u>Purpose</u>	<u>Amount</u>
CPS building renovations	\$ 600,000
CMLP SmartGrid	4,500,000
Septic system	296,830
Cambridge Turnpike design	300,000
Septic system	2,000,000
Police/fire station design	100,000
Fire Engine	450,000
Burke land acquisition	250,000
Road improvements	700,000
Sidewalk extensions	250,000
Traffic controls	150,000
Willard school	16,185,000 ^(a)
Police/fire station renovations	<u>900,000</u>
Total	\$ <u>26,681,830</u>

^(a) \$ 12,500,000 ban outstanding at June 30, 2009.

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, 2009:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
CCRSB \$	3,562,000	71.82%	\$ 2,558,228

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

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/09</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/09</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 38,072	\$ 15,168	\$ (4,192)	\$ 49,048	\$ (5,031)	\$ 44,017
Other:						
Accrued employee benefits	3,904	508	(390)	4,022	(402)	3,620
Landfill closure	240	-	(10)	230	(10)	220
OPEB	-	1,927	-	1,927	-	1,927
Governmental Activities	<u>\$ 42,216</u>	<u>\$ 17,603</u>	<u>\$ (4,592)</u>	<u>\$ 55,227</u>	<u>\$ (5,443)</u>	<u>\$ 49,784</u>
	<u>Total Balance 7/1/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/09</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/09</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 24,534	\$ -	\$ (2,103)	\$ 22,431	\$ (1,948)	\$ 20,483
Other:						
Accrued employee benefits	256	11	(25)	242	(14)	228
OPEB	-	109	-	109	-	109
Business-type activities	<u>24,790</u>	<u>120</u>	<u>(2,128)</u>	<u>22,782</u>	<u>(1,962)</u>	<u>20,820</u>
Grand Total	<u>\$ 67,006</u>	<u>\$ 17,723</u>	<u>\$ (6,720)</u>	<u>\$ 78,009</u>	<u>\$ (7,405)</u>	<u>\$ 70,604</u>

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 \$ 230,000 reported as landfill closure and postclosure care liability at June 30, 2009 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 2009. 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. Reserves of Fund Equity

“Reserves” of fund equity are established to segregate fund balances which are either not available for expenditure in the future or are legally set aside for a specific future use.

The following types of reserves are reported at June 30, 2009:

Reserved for Encumbrances - An account used to segregate that portion of fund balance committed for expenditure of financial resources upon vendor performance.

Reserved for Expenditures - Represents the amount of fund balance appropriated to be used for expenditures in the subsequent year budget.

Reserved for Perpetual Funds - Represents the principal of the nonexpendable trust fund investments. The balance cannot be spent for any purpose; however, it may be invested and the earnings may be spent.

17. Subsequent Events

Debt

Subsequent to June 30, 2009, the Town has incurred the following additional debt:

MWPAT interim loan	\$	2,000,000	0.00%	09/15/09	09/15/12
--------------------	----	-----------	-------	----------	----------

18. Commitments and Contingencies

Outstanding Lawsuits - There are several pending lawsuits 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.

19. Post-Employment Health Care and Life Insurance Benefits

Other Post-Employment Benefits

During the year, the Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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

In addition to providing the pension benefits described in Note 20, 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 2009 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, 2009, 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.

Annual Required Contribution (ARC)	\$ 3,799,114
Interest on net OPEB obligation	NA
Adjustment to ARC	<u>NA</u>
Annual OPEB cost	3,799,114
Contributions made	<u>(1,545,699)</u>
Increase in net OPEB obligation	2,253,415
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 2,253,415</u></u>

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 3,799,114	40.70%	\$ 2,253,415

The Town's net OPEB obligation as of June 30, 2009 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)	\$ 43,796,093
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 43,796,093</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	\$ 33,707,000
UAAL as a percentage of covered payroll	129.9%

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 advance 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 health care 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.

20. 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, 2008:

Retirees and beneficiaries receiving benefits	260
Terminated plan members entitled to but not yet receiving benefits	124
Active plan members	<u>479</u>
Total	<u><u>863</u></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>
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%
2001	\$ 2,185,595	118%
2000	\$ 2,120,769	117%

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]
1/1/08	\$ 90,963	\$ 94,681	\$ 3,718	96%	\$ 21,295	17%

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 \$ 3.7 million was calculated. The actuarial assumptions included (a) 7.75% investment rate of return and (b) a projected salary increase of 4.75% 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, 2008, the unfunded actuarially accrued liability is being amortized over 1 year 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 2009, the Commonwealth of Massachusetts contributed \$ 4,103,358 to the MTRS on behalf of the Town. This is included in the employee benefit expenditures and intergovernmental revenues in the general fund.

21. 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.

22. Beginning Fund Balance Restatement

In fiscal 2009, the Town completed the Thoreau School Project. As such, the Town's beginning (July 1, 2008) fund balances have been restated as follows (in thousands):

Fund Basis Financial Statements:

	Thoreau School Building Fund	Non-major Governmental Funds
As previously reported	\$ 3	\$ 19,491
Major fund reclassification	<u>(3)</u>	<u>3</u>
As restated	<u>\$ -</u>	<u>\$ 19,494</u>

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

Town of Concord, Massachusetts
Municipal Light Plant

Notes Accompanying the Financial Statements
For the Years Ended December 31, 2008 and 2007

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 2008 and 2007 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 in 2008 and 2007 was \$ 3,975,241 and \$ 3,167,546, and is reflected as an increase 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. Postemployment 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.

L. Deferred Compensation Plan

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.

M. Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

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 \$ 31,947 and \$ 34,712, as of December 31, 2008 and 2007, 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, 2008.

3. Long-term Debt

A summary of the long-term debt follows:

	<u>2008</u>	<u>2007</u>
\$2,000,000, 5.3% electric bonds, issued April 15, 1993, with annual payments of principal and interest due through April 15, 2008.	\$ -	\$ 30,000
\$500,000, 5.3% electric bonds, issued April 15, 1993, with annual payments of principal and interest through April 15, 2008.	-	70,000
\$6,000,000, 4.7% electric bonds, issued July 15, 1994, with annual payments of principal and interest through July 15, 2013.	1,500,000	1,800,000
\$600,000, 2.7% electric bonds, issued February 15, 2003, with annual payments of principal and interest through February 15, 2011.	215,000	290,000
\$500,000, 3.7% electric bonds, issued March 1, 2006, with annual payments of principal and interest through March 1, 2015.	385,000	440,000
\$1,000,000, 4.2% electric bonds, issued March 1, 2007, with annual payments of principal and interest through March 1, 2017.	<u>890,000</u>	<u>1,000,000</u>
Total long-term debt	2,990,000	3,630,000
Less current installments of long-term debt	<u>540,000</u>	<u>640,000</u>
Long-term debt, excluding	<u>\$ 2,450,000</u>	<u>\$ 2,990,000</u>

Long-Term debt activity for the year ended December 31, 2008 was as follows:

Balance of long-term debt at January 1, 2008	\$ 3,630,000
Bonds issued	-
Payments	<u>(640,000)</u>
Balance of long-term debt at December 31, 2008	<u>\$ 2,990,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 540,000	\$ 127,831	\$ 667,831
2010	540,000	104,375	644,375
2011	530,000	80,715	610,715
2012	465,000	58,180	523,180
2013	465,000	36,886	501,886
2014-2017	<u>450,000</u>	<u>29,106</u>	<u>479,106</u>
	<u>\$ 2,990,000</u>	<u>\$ 437,093</u>	<u>\$ 3,427,093</u>

4. 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. 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 \$ 15,481 and \$ 15,453 in 2008 and 2007, respectively. Claims and premiums of \$ 9,341 and \$ 7,757 were paid from the Fund in 2008 and 2007, respectively.

B. 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.

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.

5. Special Deposits

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

	<u>2008</u>	<u>2007</u>
Customer advances for construction	\$ 85,209	\$ 70,066
Customer deposits	347,188	346,090
Funds held to retire long-term debt	417,674	513,663
Emergency reserve fund	1,130,000	1,130,000
Replacement underground fund	-	71,738
Rate stabilization	7,446,198	4,060,205
Cares fund	67,199	-
Total Deposits	<u>\$ 9,493,468</u>	<u>\$ 6,191,762</u>

6. 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.

7. Related Party Transactions

The Light Plant sells electricity to various Town departments. Sales to these departments totaled \$ 1,219,282 and \$ 1,111,880 for 2008 and 2007, respectively.

The Light Plant reimburses the Town for various employee benefits, including health insurance and retirement. Reimbursements for these benefits totaled \$ 495,390 and \$ 464,299 in 2008 and 2007, respectively.

In addition, the Light Plant paid the Town \$ 340,000 for payments in lieu of taxes in 2008 and 2007.

8. 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, provides 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 contains monthly on-peak and off-peak prices for power, which will provide rate stability for the largest component of the Light Plant's cost of doing business.

The Contract with CPS is 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 Boston Edison. The Light

Plant's total OM&T charges were \$ 111,229 and \$ 60,603 for the years ended December 31, 2008 and 2007.

Purchased power expense under the Constellation Power agreement was \$ 8,766,283 and \$ 8,844,529 in 2008 and 2007, respectively.

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>
2009	15,579	\$ 1,180,269
2010	70,695	5,655,457
2011	72,091	5,707,470
2012	<u>73,945</u>	<u>5,978,450</u>
	<u>232,310</u>	<u>\$ 18,521,646</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>KW</u>	<u>Amount</u>
2009	15,579	\$ 1,195,086
2010	70,692	6,089,549
2011	72,091	6,420,878
2012	<u>73,948</u>	<u>6,973,333</u>
	<u>232,310</u>	<u>\$ 20,678,846</u>

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>
2010	56,700	\$ 331,695
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>486,000</u>	<u>\$ 2,843,100</u>

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 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 and to continue for twenty years from that date. The contract is subject to a condition precedent that the seller shall achieve a commercial online date on or before June 30, 2012.

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.

9. 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, 2008, 2007 and 2006 were \$ 271,950, \$ 279,736 and \$ 287,706, respectively, which were equal to its annual required contribution.

10. Post-Employment Benefits

In addition to providing pension benefits, the Light Plant provides the majority of retired employees with payments for their health care 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, 2008 and 2007, is not available.

The Town plans to fully implement GASB Statement No. 45, Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for the Town's fiscal year ended June 30, 2009. This statement will require the Town to account for and report the value of its future other post-employment benefit (OPEB) obligations currently rather than on the pay-as-you-go basis. There is no actuarial valuation available which would permit an estimation of the unfunded past service cost liability or the future costs of current participants in the plan as of December 31, 2008.

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

June 30, 2009

(Unaudited)
(Amounts Expressed in thousands)

Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/08	\$ 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 Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/09	\$ -	\$ 43,796	\$ 43,796	0.0%	\$ 33,707	129.9%

See Independent Auditors' Report.

(This page intentionally left blank.)

TOWN OF CONCORD, MA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2009

	Special Revenue Funds			
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>Receipts Reserved for Appropriation</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 1,851,289	\$ 336,770	\$ 325,749	\$ 490,022
Investments	-	-	-	-
Property taxes	9,882	-	-	-
Departmental	-	-	-	622,038
Intergovernmental	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,861,171</u>	<u>\$ 336,770</u>	<u>\$ 325,749</u>	<u>\$ 1,112,060</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants payable	\$ 128,163	\$ 15,012	\$ -	\$ -
Accrued liabilities	-	1,089	-	-
Deferred revenue	9,882	-	-	608,245
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	138,045	16,101	-	608,245
Fund Balances:				
Reserved for:				
Perpetual (nonexpendable) permanent	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	1,723,126	320,669	325,749	503,815
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,723,126</u>	<u>320,669</u>	<u>325,749</u>	<u>503,815</u>
Total Liabilities and Fund Balances	<u>\$ 1,861,171</u>	<u>\$ 336,770</u>	<u>\$ 325,749</u>	<u>\$ 1,112,060</u>

See Independent Auditors Report.

Special Revenue Funds

<u>53 G Review</u>	<u>Miscellaneous Grants and Contributions</u>	<u>School Lunch</u>	<u>Gifts</u>	<u>Recreation</u>	<u>Insurance Reserve Revolving</u>	<u>Other Revolving</u>
\$ 5,320	\$ 137,461	\$ 191,663	\$ 884,171	\$ 278,750	\$ 1,586,943	\$ 388,398
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,499	-	-	-	-
<u>\$ 5,320</u>	<u>\$ 137,461</u>	<u>\$ 199,162</u>	<u>\$ 884,171</u>	<u>\$ 278,750</u>	<u>\$ 1,586,943</u>	<u>\$ 388,398</u>
\$ 1,105	\$ -	\$ 11,768	\$ 4,131	\$ 57,748	\$ -	\$ 16,701
-	-	-	1,180	20,697	-	-
-	-	-	-	-	-	-
1,105	-	11,768	5,311	78,445	-	16,701
-	-	-	-	-	-	-
4,215	137,461	187,394	878,860	200,305	1,586,943	371,697
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,215</u>	<u>137,461</u>	<u>187,394</u>	<u>878,860</u>	<u>200,305</u>	<u>1,586,943</u>	<u>371,697</u>
<u>\$ 5,320</u>	<u>\$ 137,461</u>	<u>\$ 199,162</u>	<u>\$ 884,171</u>	<u>\$ 278,750</u>	<u>\$ 1,586,943</u>	<u>\$ 388,398</u>

See Independent Auditors Report.

(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>
<u>ASSETS</u>					
Cash and short-term investments	\$ 24,010	\$ 24,094	\$ 258,842	\$ (469,465)	\$ 444,603
Investments	-	-	-	-	-
Property taxes	-	-	-	-	-
Departmental	-	-	-	-	-
Intergovernmental	-	32,420	186,034	469,465	-
Total Assets	<u>\$ 24,010</u>	<u>\$ 56,514</u>	<u>\$ 444,876</u>	<u>\$ -</u>	<u>\$ 444,603</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Warrants payable	\$ -	\$ 12,860	\$ 16,231	\$ -	\$ 5,387
Accrued liabilities	-	14,570	5,846	-	284,618
Deferred revenue	-	-	-	-	-
Total Liabilities	-	27,430	22,077	-	290,005
Fund Balances:					
Reserved for:					
Perpetual permanent funds	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	24,010	29,084	422,799	-	154,598
Capital project funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Total Fund Balances	<u>24,010</u>	<u>29,084</u>	<u>422,799</u>	<u>-</u>	<u>154,598</u>
Total Liabilities and Fund Balances	<u>\$ 24,010</u>	<u>\$ 56,514</u>	<u>\$ 444,876</u>	<u>\$ -</u>	<u>\$ 444,603</u>

See Independent Auditors Report.

Special Revenue Funds					
School Debt Stabilization Fund	School Capital Needs Stabilization Fund	Other Stabilization Fund	Pension Reserve Fund	Sawyer Gift Fund	Subtotals
\$ 2,608,262	\$ 506,716	\$ 2,251	\$ 471,202	\$ 1,705,950	\$ 12,053,001
-	-	-	3,121,131	-	3,121,131
-	-	-	-	-	9,882
-	-	-	-	-	622,038
-	-	-	-	-	695,418
<u>\$ 2,608,262</u>	<u>\$ 506,716</u>	<u>\$ 2,251</u>	<u>\$ 3,592,333</u>	<u>\$ 1,705,950</u>	<u>\$ 16,501,470</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,106
-	-	-	-	-	328,000
-	-	-	-	-	618,127
-	-	-	-	-	1,215,233
-	-	-	-	-	-
2,608,262	506,716	2,251	3,592,333	1,705,950	15,286,237
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,608,262</u>	<u>506,716</u>	<u>2,251</u>	<u>3,592,333</u>	<u>1,705,950</u>	<u>15,286,237</u>
<u>\$ 2,608,262</u>	<u>\$ 506,716</u>	<u>\$ 2,251</u>	<u>\$ 3,592,333</u>	<u>\$ 1,705,950</u>	<u>\$ 16,501,470</u>

See Independent Auditors Report.

(continued)

(continued)

	<u>Capital Project Funds</u>	
	<u>Capital Project Funds</u>	<u>Subtotals</u>
<u>ASSETS</u>		
Cash and short-term investments	\$ 1,833,578	\$ 1,833,578
Investments	1,470,493	1,470,493
Property taxes	-	-
Departmental	-	-
Intergovernmental	-	-
	<hr/>	<hr/>
Total Assets	\$ <u>3,304,071</u>	\$ <u>3,304,071</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants payable	\$ 1,369,523	\$ 1,369,523
Accrued liabilities	45,129	45,129
Deferred revenue	-	-
	<hr/>	<hr/>
Total Liabilities	1,414,652	1,414,652
Fund Balances:		
Reserved for:		
Perpetual permanent funds	-	-
Unreserved:		
Undesignated, reported in:		
Special revenue funds	-	-
Capital project funds	1,889,419	1,889,419
Permanent funds	-	-
	<hr/>	<hr/>
Total Fund Balances	<u>1,889,419</u>	<u>1,889,419</u>
Total Liabilities and Fund Balances	\$ <u>3,304,071</u>	\$ <u>3,304,071</u>

See Independent Auditors Report.

	Permanent Funds		Total Nonmajor Governmental Funds
	Nonexpendable Trust Funds	Expendable Trust Funds	
\$ 2,013,439	\$ 87,163	\$ 2,100,602	\$ 15,987,181
1,714,837	-	1,714,837	6,306,461
-	-	-	9,882
-	-	-	622,038
-	-	-	695,418
<u>\$ 3,728,276</u>	<u>\$ 87,163</u>	<u>\$ 3,815,439</u>	<u>\$ 23,620,980</u>
\$ -	\$ -	\$ -	\$ 1,638,629
-	-	-	373,129
-	-	-	618,127
-	-	-	2,629,885
3,728,276	-	3,728,276	3,728,276
-	-	-	15,286,237
-	-	-	1,889,419
-	87,163	87,163	87,163
<u>3,728,276</u>	<u>87,163</u>	<u>3,815,439</u>	<u>20,991,095</u>
<u>\$ 3,728,276</u>	<u>\$ 87,163</u>	<u>\$ 3,815,439</u>	<u>\$ 23,620,980</u>

See Independent Auditors Report.

TOWN OF CONCORD, MA

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2009

	Special Revenue Funds			
	Community Preservation	Parking	Cemetery	Receipts Reserved for Appropriation
Revenues:				
Property taxes	\$ 821,432	\$ -	\$ -	\$ -
Departmental	-	330,982	147,924	-
Fines and forfeitures	-	-	-	-
Intergovernmental	523,033	-	-	16,602
Investment income	45,537	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	1,390,002	330,982	147,924	16,602
Expenditures:				
Current:				
General government	1,808,949	-	-	-
Public safety	-	250,206	-	-
Education	-	-	-	-
Public works	-	-	52,408	230,980
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Employee benefits	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	1,808,949	250,206	52,408	230,980
Excess (deficiency) of revenues over (under) expenditures	(418,947)	80,776	95,516	(214,378)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	381,061
Transfers in	-	-	-	-
Transfers out	-	(55,041)	(159,556)	(2,606,813)
Total Other Financing Sources (Uses)	-	(55,041)	(159,556)	(2,225,752)
Changes in fund balances	(418,947)	25,735	(64,040)	(2,440,130)
Fund balances, at Beginning of Year, as restated	2,142,073	294,934	389,789	2,943,945
Fund balances, at End of Year	\$ 1,723,126	\$ 320,669	\$ 325,749	\$ 503,815

See Independent Auditors' Report.

Special Revenue Funds						
53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation	Insurance Reserve Revolving	Other Revolving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	526,305	-	1,536,182	-	12,954
16,724	-	-	-	-	-	-
-	-	-	97,220	-	-	175,791
-	-	-	-	-	-	-
-	-	-	507,008	-	-	-
-	154,309	-	-	-	-	-
16,724	154,309	526,305	604,228	1,536,182	-	188,745
26,518	185,034	-	96,107	-	-	43,527
-	-	-	6,066	-	-	-
-	-	475,878	182,594	-	-	8,047
-	-	-	46,185	-	-	95,261
-	-	-	21,993	-	-	-
-	-	-	195,667	1,507,481	-	12,959
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,518	185,034	475,878	548,612	1,507,481	-	159,794
(9,794)	(30,725)	50,427	55,616	28,701	-	28,951
-	-	-	-	-	-	-
-	-	-	-	11,366	270,466	-
-	-	-	(20,000)	(52,748)	-	-
-	-	-	(20,000)	(41,382)	270,466	-
(9,794)	(30,725)	50,427	35,616	(12,681)	270,466	28,951
14,009	168,186	136,967	843,244	212,986	1,316,477	342,746
\$ 4,215	\$ 137,461	\$ 187,394	\$ 878,860	\$ 200,305	1,586,943	\$ 371,697

See Independent Auditors' Report.

(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	-	-	-	-	902,501
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	771,490	1,393,953	469,465	-
Investment income	340	-	-	-	-
Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>340</u>	<u>771,490</u>	<u>1,393,953</u>	<u>469,465</u>	<u>902,501</u>
Expenditures:					
Current:					
General government	5,201	-	9,362	-	-
Public safety	-	165,988	162,996	-	-
Education	-	592,452	1,150,092	-	-
Public works	-	-	36,438	469,465	833,453
Health and human services	-	-	23,406	-	-
Culture and recreation	-	-	4,972	-	-
Employee benefits	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>5,201</u>	<u>758,440</u>	<u>1,387,266</u>	<u>469,465</u>	<u>833,453</u>
Excess (deficiency) of revenues over (under) expenditures	(4,861)	13,050	6,687	-	69,048
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	-	-
Transfers in	12,700	-	-	-	-
Transfers out	-	-	-	-	(128,371)
Total Other Financing Sources (Uses)	<u>12,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,371)</u>
Changes in fund balances	7,839	13,050	6,687	-	(59,323)
Fund balances, at Beginning of Year, as restated	<u>16,171</u>	<u>16,034</u>	<u>416,112</u>	<u>-</u>	<u>213,921</u>
Fund balances, at End of Year	<u>\$ 24,010</u>	<u>\$ 29,084</u>	<u>\$ 422,799</u>	<u>\$ -</u>	<u>\$ 154,598</u>

See Independent Auditors' Report.

Special Revenue Funds					
School Debt Stabilization Fund	School Capital Needs Stabilization Fund	Other Stabilization Funds	Pension Reserve Fund	Sawyer Gift Fund	Subtotals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 821,432
-	-	-	-	-	3,456,848
-	-	-	-	-	16,724
-	-	-	-	-	3,447,554
108,262	20,606	8	(870,930)	71,051	(625,126)
-	-	-	-	-	507,008
-	-	-	-	-	154,309
<u>108,262</u>	<u>20,606</u>	<u>8</u>	<u>(870,930)</u>	<u>71,051</u>	<u>7,778,749</u>
-	-	-	-	90,730	2,265,428
-	-	-	-	-	585,256
-	-	-	-	-	2,409,063
-	-	-	-	-	1,764,190
-	-	-	-	-	45,399
-	-	-	-	-	1,721,079
-	-	-	95,265	-	95,265
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>95,265</u>	<u>90,730</u>	<u>8,885,680</u>
108,262	20,606	8	(966,195)	(19,679)	(1,106,931)
-	-	-	-	-	381,061
2,500,000	-	-	344,391	-	3,138,923
-	-	-	-	-	(3,022,529)
<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>344,391</u>	<u>-</u>	<u>497,455</u>
2,608,262	20,606	8	(621,804)	(19,679)	(609,476)
-	486,110	2,243	4,214,137	1,725,629	15,895,713
<u>\$ 2,608,262</u>	<u>\$ 506,716</u>	<u>\$ 2,251</u>	<u>\$ 3,592,333</u>	<u>\$ 1,705,950</u>	<u>\$ 15,286,237</u>

See Independent Auditors' Report.

(continued)

(continued)

	<u>Capital Project Funds</u>	
	<u>Capital Project Funds</u>	<u>Subtotal</u>
Revenues:		
Property taxes	\$ -	\$ -
Departmental	-	-
Fines and forfeitures	-	-
Intergovernmental	-	-
Investment income	-	-
Contributions	-	-
Other	-	-
Total Revenues	-	-
Expenditures:		
Current:		
General government	-	-
Public safety	-	-
Education	-	-
Public works	-	-
Health and human services	-	-
Culture and recreation	-	-
Employee benefits	-	-
Capital Outlay	<u>2,156,676</u>	<u>2,156,676</u>
Total Expenditures	<u>2,156,676</u>	<u>2,156,676</u>
Excess (deficiency) of revenues over (under) expenditures	(2,156,676)	(2,156,676)
Other Financing Sources (Uses):		
Issuance of bonds	2,565,000	2,565,000
Transfers in	2,500,000	2,500,000
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>5,065,000</u>	<u>5,065,000</u>
Changes in fund balances	2,908,324	2,908,324
Fund balances, at Beginning of Year, as restated	<u>(1,018,905)</u>	<u>(1,018,905)</u>
Fund balances, at End of Year	<u>\$ 1,889,419</u>	<u>\$ 1,889,419</u>

See Independent Auditors' Report.

Nonexpendable Trust Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Expendable Trust Funds	Subtotal	
\$ -	\$ -	\$ -	\$ 821,432
-	-	-	3,456,848
-	-	-	16,724
-	-	-	3,447,554
(757,844)	9,058	(748,786)	(1,373,912)
-	-	-	507,008
<u>83,911</u>	<u>-</u>	<u>83,911</u>	<u>238,220</u>
(673,933)	9,058	(664,875)	7,113,874
-	-	-	2,265,428
-	8,533	8,533	593,789
-	-	-	2,409,063
116,818	-	116,818	1,881,008
-	-	-	45,399
-	-	-	1,721,079
-	-	-	95,265
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,156,676</u>
<u>116,818</u>	<u>8,533</u>	<u>125,351</u>	<u>11,167,707</u>
(790,751)	525	(790,226)	(4,053,833)
-	-	-	2,946,061
-	-	-	5,638,923
<u>-</u>	<u>(11,366)</u>	<u>(11,366)</u>	<u>(3,033,895)</u>
<u>-</u>	<u>(11,366)</u>	<u>(11,366)</u>	<u>5,551,089</u>
(790,751)	(10,841)	(801,592)	1,497,256
<u>4,519,027</u>	<u>98,004</u>	<u>4,617,031</u>	<u>19,493,839</u>
<u>\$ 3,728,276</u>	<u>\$ 87,163</u>	<u>\$ 3,815,439</u>	<u>\$ 20,991,095</u>

See Independent Auditors' Report.