

**TOWN OF CONCORD, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2008**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Concord, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Concord, Massachusetts, as of and for the year ended June 30, 2008, (except for the Concord Contributory Retirement System and Concord Municipal Light Plant, which is as of and for the year ended December 31, 2007) 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 42% 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. 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, 2008, (except the Concord Contributory Retirement system and Concord Municipal Light Plant, which are as of December 31, 2007), 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 63, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. 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 64, 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 December 19, 2008 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  
December 19, 2008

## 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, 2008. 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, employee benefits, debt service interest, intergovernmental, and other. 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 the *Governmental Accounting Standards Board*.

**B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 206,665 (i.e., net assets), a change of \$ 11,480 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 32,358, a change of \$ 11,250 in comparison with the prior year, primarily resulting from the issuance of \$ 12,351 in long-term debt.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 8,118, a change of \$ (1,215) in comparison with the prior year. This decrease in unreserved fund balance is a result of establishing a \$ 2,500 stabilization fund with unreserved funds so that money would be reserved to offset the increase in debt service cost anticipated in future years resulting from the current construction of the new Willard Elementary School.
- Total bonds payable as of June 30, 2008 was \$ 62,946, a change of \$ 8,620 in comparison to the prior year. Governmental bonds payable of \$ 38,072 increased by \$ 8,845, primarily from the issuance of bonds for the Willard and Thoreau School Projects. Business-type bonds payable of \$ 24,874 decreased by \$ (225).

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 54,154	\$ 40,030	\$ 34,490	\$ 35,589	\$ 88,644	\$ 75,619
Capital assets	131,032	123,877	86,970	82,974	218,002	206,851
Total assets	185,186	163,907	121,460	118,563	306,646	282,470
Long-term liabilities outstanding	42,216	32,755	12,563	25,331	54,779	58,086
Other liabilities	20,071	17,569	25,131	11,618	45,202	29,187
Total liabilities	62,287	50,324	37,694	36,949	99,981	87,273
Net assets:						
Invested in capital assets, net	89,829	84,853	63,009	63,776	152,838	148,629
Restricted	15,194	13,699	2,349	2,457	17,543	16,156
Unrestricted	17,876	15,031	18,408	15,369	36,284	30,400
Total net assets	\$ 122,899	\$ 113,583	\$ 83,766	\$ 81,602	\$ 206,665	\$ 195,185

**CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,171	\$ 6,036	\$ 24,932	\$ 28,698	\$ 31,103	\$ 34,734
Operating grants and contributions	9,421	8,560	-	-	9,421	8,560
Capital grants and contributions	959	628	-	-	959	628
General revenues:						
Property taxes	59,102	56,045	-	-	59,102	56,045
Excises	2,780	2,700	-	-	2,780	2,700
Penalties, interest and other taxes	426	352	-	-	426	352
Grants and contributions not restricted to specific programs	2,253	10,327 <sup>(a)</sup>	-	-	2,253	10,327
Investment income	597	3,074	1,130	832	1,727	3,906
Other	4,075 <sup>(b)</sup>	456	571	721	4,646	1,177
Total revenues	<u>85,784</u>	<u>88,178</u>	<u>26,633</u>	<u>30,251</u>	<u>112,417</u>	<u>118,429</u>
<b>Expenses:</b>						
General government	7,049	5,750	-	-	7,049	5,750
Public safety	10,057	9,687	-	-	10,057	9,687
Education	48,859	46,784	-	-	48,859	46,784
Public works	6,375	6,025	-	-	6,375	6,025
Health and human services	550	751	-	-	550	751
Culture and recreation	4,311	3,813	-	-	4,311	3,813
Interest on long-term debt	1,807	2,413	-	-	1,807	2,413
Intergovernmental	365	356	-	-	365	356
Water services	-	-	2,678	2,337	2,678	2,337
Sewer operations	-	-	3,267	2,335	3,267	2,335
Electric operations	-	-	15,337	15,611	15,337	15,611
Swim operations	-	-	2,248	1,783	2,248	1,783
Total expenses	<u>79,373</u>	<u>75,579</u>	<u>23,530</u>	<u>22,066</u>	<u>102,903</u>	<u>97,645</u>
Excess before special items and transfers	6,411	12,599	3,103	8,185	9,514	20,784
Special item	1,700 <sup>(d)</sup>	-	-	9,135 <sup>(c)</sup>	1,700	9,135
Transfers in (out)	1,205	1,119	(939)	(828)	266	291
Change in net assets	9,316	13,718	2,164	16,492	11,480	30,210
Net assets - beginning of year	<u>113,583</u>	<u>99,865</u>	<u>81,602</u>	<u>65,110</u>	<u>195,185</u>	<u>164,975</u>
Net assets - end 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>

(a) This amount includes an MSBA payment of \$ 7,176 related to school construction projects.

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

(c) This amount includes a one-time capital contribution of \$ 9,135 for the Beede Swim Center.

(d) 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 \$ 206,665, a change of \$ 11,480 from the prior year.

The largest portion of net assets \$ 152,838 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 \$ 4,209 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, \$ 17,543, represents resources that are subject to external restrictions on how they may be used. This includes:

- Restricted grant assets and other statutory restrictions, \$ 12,927; and
- Expendable and nonexpendable trust fund assets, \$ 4,616.

The remaining balance of unrestricted net assets, \$ 36,284, may be used to meet the government's ongoing obligations to citizens and creditors. Of this total:

- \$ 17,876 is in governmental activity funds a change of \$ 2,845 from the prior year;
- \$ 18,408 is in business-type activity funds a change of \$ 3,039 from the prior year.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 9,316. Key elements of this change are as follows:

**Entity wide highlights**

General fund revenues exceeding expenditures	\$ 662
Transfers from Enterprise funds, net	1,205
Community preservation fund expenditures exceeding revenues	(1,141)
Pension reserve fund loss	(632)
Sale of Strawberry Hill land	3,430
Sawyer Trust gift	1,700
Debt service principal payments exceeding depreciation expense	507
Current year revenue used for the acquisition of capital assets	2,877
Other special revenue fund revenues exceeding expenditures	727
Trust fund revenues exceeding expenditures	108
Other	<u>(127)</u>
Total	<u>\$ 9,316</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ 2,164. This change can be attributed to the enterprise funds having program revenues greater than expenses, combined with the Town's informal policy of partially funding capital expenditures through operations

in an effort to manage the Town's debt burden. Key elements of this change are as follows:

- The Water fund had revenues of \$ 4,301 and expenses and transfers of \$ 3,158, resulting in a change in net assets of \$ 1,143.
- The Sewer fund had revenues of \$ 2,290 and expenses and transfers of \$ 3,431, resulting in a change in net assets of \$ (1,141), primarily resulting from a decrease in the collection of sewer improvement fees, depreciation expense exceeding debt service principal payments, and a significant price increase related to chemical purchases.
- The Light Fund had revenues of \$ 17,525 and expenses and transfers of \$ 15,677, resulting in a change in net assets of \$ 1,848.
- The Swim Fund had revenues and transfers of \$ 2,652 and expenses and transfers of \$ 2,338, resulting in a change in net assets of \$ 314.
- The unrestricted net assets for each of the Enterprise funds changed as follows:
  - Water Fund: + 103
  - Sewer Fund: + 379
  - Light Fund: + 2,080
  - Swim Fund: + 477

#### **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 \$ 32,358, a change of \$ 11,250 in comparison with the prior year. Key elements of this change are as follows:

## Governmental fund highlights

General fund revenues exceeding expenditures, net	\$ 662
General fund transfers in from Enterprise funds, net	1,205
Community preservation fund expenditures exceeding revenues	(1,141)
Pension reserve fund loss	(632)
Sale of Strawberry Hill land	3,430
Sawyer Trust gift	1,700
Willard School project fund expenditures exceeding revenues and bond proceeds	(1,503)
Thoreau School project fund revenues and bond proceeds exceeding expenditures	6,591
Non-major Capital project fund expenditures exceeding revenues and bond proceeds	102
Other special revenue fund revenues exceeding expenditures	728
Trust fund revenues exceeding expenditures	<u>108</u>
Total	<u>\$ 11,250</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 \$ 8,118, while total fund balance was \$ 14,977. 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>6/30/08</u>	<u>6/30/07</u>	<u>Change</u>
Unreserved fund balance	\$ 8,118	\$ 9,333	\$ (1,215)
Total fund balance	14,977	12,734	2,243
Unreserved fund balance as of % of total General Fund expenditures	11.2%	13.4%	-2.2%
Total fund balance as of % of total General Fund expenditures	20.8%	18.3%	2.5%

The total fund balance of the general fund changed by \$ 2,243 during the current fiscal year. Key factors in this change are as follows:

### General Fund Highlights

Use of free cash	\$ (500)
Revenues greater than budget	1,492
Expenditures less than budget	929
Increase in encumbrances	820
Other	<u>(498)</u>
Total	<u>\$ 2,243</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 \$ 18,408. Total net assets of the enterprise funds at the end of the year amounted to \$ 83,766, a change of \$ 2,164 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.

There were no supplemental appropriations made after the originally enacted budget for fiscal 2008.

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year end amounted to \$ 218,002 (net of accumulated depreciation), a change of \$ 11,151 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:**

- \$ 1,997 New Willard Elementary School construction in progress;
- 3,238 Recreation playing fields;
- 1,797 Police/Fire Station Renovations;
- 446 Various road improvements

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

- \$ 4,761 Sewer related infrastructure;
- 886 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 2008	\$ 10,289	\$ (189)	\$ (2,999)	\$ 54	\$ 7,155
Fiscal year 2007	8,249	-	(2,959)	-	5,290
Fiscal year 2006	15,216	-	(2,193)	-	13,023
<u>Business-type activities</u>					
<i>Water</i>					
Fiscal year 2008	1,112	-	(702)	-	410
Fiscal year 2007	4,607	-	(605)	-	4,002
Fiscal year 2006	1,509	-	(527)	-	982
<i>Sewer</i>					
Fiscal year 2008	4,927	-	(1,330)	-	3,597
Fiscal year 2007	7,251	-	(1,114)	-	6,137
Fiscal year 2006	6,001	-	(842)	-	5,159
<i>Light</i>					
Fiscal year 2008	1,929	(953)	(1,306)	564	234
Fiscal year 2007	1,943	(499)	(1,273)	406	577
Fiscal year 2006	1,999	(296)	(1,194)	218	727
<i>Swim</i>					
Fiscal year 2008	18	-	(263)	-	(245)
Fiscal year 2007	9,173	-	(109)	-	9,064
Fiscal year 2006	459	-	-	-	459

<u>Capital Assets net of Accumulated depreciation</u>	<u>@ 6/30/08</u>	<u>@6/30/07</u>	<u>Change</u>
Governmental activities	\$ 131,032	\$ 123,877	\$ 7,155
<u>Business activities</u>			
Water	18,685	18,275	410
Sewer	28,124	24,527	3,597
Electric	30,882	30,649	233
Swim	9,279	9,523	(244)
Subtotal	<u>86,970</u>	<u>82,974</u>	<u>3,996</u>
Grand Total	<u>\$ 218,002</u>	<u>\$ 206,851</u>	<u>\$ 11,151</u>

**Long-term debt.** As of June 30, 2008, total bonded debt outstanding was \$ 62,946, 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 FY09 General Fund budget of \$ 73,213 is a 5.4 % increase over the prior year. It is anticipated that 85.6% of the resources to fund the General Fund budget will be generated by property taxes. Additional funding includes money from state aid (6.1%), local receipts (6.0%), investment earnings (1.0%), transfers from the Light Fund (0.5%), and unreserved fund balance (0.8%).

The property tax levy for FY09 (\$ 62,648) represents a 6.3 % increase over the prior year. This rise reflects an increase of 11.0% in the property tax rate from \$ 10.72 per thousand to \$ 11.90 per thousand and a decrease of 4.3% in taxable assessed value from \$ 5.49 billion to \$ 5.26 billion. The assessment date for valuing the Town's FY09 real estate and personal property is January 1, 2008. The table below presents a comparison between FY08 and FY09.

	<u>FY08</u>	<u>FY09</u>	<u>% Change</u>
Taxable Assessed Value	\$ 5,498,736,316	\$ 5,264,591,702	-4.30%
Tax Rate (per \$ 1,000)	\$ 10.72	\$ 11.90	11.00%
Property Tax Levy	\$ 58,946,453	\$ 62,648,641	6.30%

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 increase by 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 \$ 1,135 in FY08 and \$ 916 in FY09.

Due to market conditions, particularly during the Fall of 2008, the value of the assets in the Retirement System and Pension Reserve Fund and those assets managed by the Trustees of Town Donations have decreased. From July 1, 2008 to November 30, 2008, the following table shows that the Retirement System lost 20% of its value, the Pension Reserve Fund 17%, and the Town Trust Funds 22%.

	<u>Value as of 12/31/07</u>	<u>Value as of 6/30/08</u>	<u>Value as of 11/30/08</u>
Retirement System	\$ 92,946	\$ 85,789	\$ 68,637
Pension Reserve Fund	\$ 4,797	\$ 4,220	\$ 3,513
Town Trust Funds	\$ 5,824	\$ 5,651	\$ 4,428

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

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TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

(Except for the Electric Enterprise Fund, which is as of December 31, 2007)

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 41,939,376	\$ 22,595,785	\$ 64,535,161
Investments	10,034,659	3,332,342	13,367,001
Receivables, net of allowance for uncollectibles:			
Property taxes	643,359	-	643,359
Excises	79,215	-	79,215
User fees	153,646	4,344,765	4,498,411
Betterments	-	91,000	91,000
Departmental and other	458,555	-	458,555
Intergovernmental	296,588	913,511	1,210,099
Inventory	-	56,446	56,446
Materials and supplies	-	718,556	718,556
Prepaid expenses	-	405,318	405,318
Other assets	238,324	301,428	539,752
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	310,221	-	310,221
Betterments	-	1,731,201	1,731,201
Capital assets being depreciated, net	66,047,344	77,618,858	143,666,202
Capital assets not being depreciated	64,984,837	9,351,016	74,335,853
	<hr/>	<hr/>	<hr/>
Snow and Ice			
<b>TOTAL ASSETS</b>	185,186,124	121,460,226	306,646,350
<b>LIABILITIES</b>			
Current:			
Warrants payable	2,936,050	2,804,918	5,740,968
Accrued liabilities	2,231,180	939,365	3,170,545
Unearned revenue	-	1,388,942	1,388,942
Customer deposits	-	346,090	346,090
Provision for rate stabilization	-	7,084,114	7,084,114
Notes payable	14,500,000	-	14,500,000
Other current liabilities	404,152	-	404,152
Current portion of long-term liabilities:			
Bonds payable	4,191,852	2,066,590	6,258,442
Accrued employee benefits	390,367	16,499	406,866
Estimated landfill closure and postclosure care costs	10,000	-	10,000
Noncurrent:			
Bonds payable, net of current portion	33,879,976	22,807,757	56,687,733
Accrued employee benefits, net of current portion	3,513,300	239,701	3,753,001
Estimated landfill closure and postclosure care costs, net of current portion	230,000	-	230,000
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	62,286,877	37,693,976	99,980,853
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	89,828,643	63,009,038	152,837,681
Restricted for:			
Grants and other statutory restrictions	10,577,197	2,349,628	12,926,825
Permanent funds:			
Nonexpendable	4,519,027	-	4,519,027
Expendable	98,004	-	98,004
Unrestricted	17,876,376	18,407,584	36,283,960
	<hr/>	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	\$ 122,899,247	\$ 83,766,250	\$ 206,665,497

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

(Except for the Electric Enterprise Fund, which is for the year ended December 31, 2007)

	<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>
<b>Governmental Activities:</b>							
General government	\$ 7,049,474	\$ 639,324	\$ 1,090,935	\$ -	\$ (5,319,215)	\$ -	\$ (5,319,215)
Public safety	10,056,938	1,714,243	461,467	-	(7,881,228)	-	(7,881,228)
Education	48,858,792	582,605	7,753,708	-	(40,522,479)	-	(40,522,479)
Public works	6,374,296	1,392,774	25,471	331,994	(4,624,057)	-	(4,624,057)
Health and human services	550,162	112,074	23,743	-	(414,345)	-	(414,345)
Culture and recreation	4,311,466	1,729,549	66,119	627,200	(1,888,598)	-	(1,888,598)
Debt service interest	1,806,471	-	-	-	(1,806,471)	-	(1,806,471)
Intergovernmental	365,050	-	-	-	(365,050)	-	(365,050)
Total Governmental Activities	79,372,649	6,170,569	9,421,443	959,194	(62,821,443)	-	(62,821,443)
<b>Business-Type Activities:</b>							
Water services	2,677,507	4,121,503	-	-	-	1,443,996	1,443,996
Sewer services	3,267,277	1,128,956	-	-	-	(1,138,321)	(1,138,321)
Electric services	15,337,032	16,248,165	-	-	-	911,133	911,133
Swim Services	2,248,100	2,433,255	-	-	-	185,155	185,155
Total Business-Type Activities	23,529,916	24,931,879	-	-	-	1,401,963	1,401,963
Total	\$ 102,902,565	\$ 31,102,448	\$ 9,421,443	\$ 959,194	(62,821,443)	1,401,963	(61,419,480)
<b>General Revenues, Special Items, and Transfers:</b>							
Property taxes					59,102,393	-	59,102,393
Excises					2,779,842	-	2,779,842
Penalties, interest and other taxes					425,601	-	425,601
Grants and contributions not restricted to specific programs					2,252,953	-	2,252,953
Investment income					596,859	1,130,275	1,727,134
Special item - Sawyer Trust gift					1,700,000	-	1,700,000
Other					4,074,439	570,949	4,645,388
Transfers, net					1,205,336	(939,264)	266,072
Total general revenues, special items, and transfers					72,137,423	761,960	72,899,383
Change in Net Assets					9,315,980	2,163,923	11,479,903
<b>Net Assets:</b>							
Beginning of year					113,583,267	81,602,327	195,185,594
End of year					\$ 122,899,247	\$ 83,766,250	\$ 206,665,497

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

<b>ASSETS</b>	<u>General</u>	<u>Willard School Project Fund</u>	<u>Thoreau School Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 18,136,169	\$ 10,003,408	\$ 3,056	\$ 13,796,745	\$ 41,939,378
Investments	-	-	-	10,034,658	10,034,658
Receivables:					
Property taxes	1,189,577	-	-	7,280	1,196,857
Excises	113,990	-	-	-	113,990
Departmental	153,646	-	-	458,555	612,201
Intergovernmental	27,359	-	-	269,228	296,587
Accrued interest and other	238,324	-	-	-	238,324
<b>TOTAL ASSETS</b>	<b><u>\$ 19,859,065</u></b>	<b><u>\$ 10,003,408</u></b>	<b><u>\$ 3,056</u></b>	<b><u>\$ 24,566,466</u></b>	<b><u>\$ 54,431,995</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants payable	\$ 1,424,120	\$ -	\$ -	\$ 1,511,932	\$ 2,936,052
Accrued liabilities	1,705,057	116,213	-	597,916	2,419,186
Deferred revenue	1,348,307	-	-	465,835	1,814,142
Notes payable	-	12,000,000	-	2,500,000	14,500,000
Other liabilities	404,152	-	-	-	404,152
<b>TOTAL LIABILITIES</b>	<b>4,881,636</b>	<b>12,116,213</b>	<b>-</b>	<b>5,075,683</b>	<b>22,073,532</b>
Fund Balances:					
Reserved for:					
Encumbrances	3,709,633	-	-	-	3,709,633
Expenditures	3,150,000	-	-	-	3,150,000
Perpetual (nonexpendable) permanent funds	-	-	-	4,519,027	4,519,027
Unreserved:					
Undesignated, reported in:					
General fund	8,117,796	-	-	-	8,117,796
Special revenue funds	-	-	-	15,895,713	15,895,713
Capital project funds	-	(2,112,805)	3,056	(1,021,961)	(3,131,710)
Permanent funds	-	-	-	98,004	98,004
<b>TOTAL FUND BALANCES</b>	<b><u>14,977,429</u></b>	<b><u>(2,112,805)</u></b>	<b><u>3,056</u></b>	<b><u>19,490,783</u></b>	<b><u>32,358,463</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 19,859,065</u></b>	<b><u>\$ 10,003,408</u></b>	<b><u>\$ 3,056</u></b>	<b><u>\$ 24,566,466</u></b>	<b><u>\$ 54,431,995</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

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

JUNE 30, 2008

<b>Total governmental fund balances</b>	\$ 32,358,463
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	131,032,181
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	1,536,090
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(467,157)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, net of amounts reported in the governmental funds.</li></ul>	<u>(41,560,330)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 122,899,247</u></b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Willard School Project Fund</u>	<u>Thoreau School Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 58,428,326	\$ -	\$ -	\$ 778,841	\$ 59,207,167
Excise taxes	2,671,594	-	-	-	2,671,594
Penalties, interest and other taxes	425,601	-	-	-	425,601
Departmental	999,606	-	-	4,570,455	5,570,061
Licenses and permits	886,306	-	-	-	886,306
Fines and forfeitures	150,358	-	-	46,197	196,555
Intergovernmental	8,252,936	-	-	4,018,222	12,271,158
Investment income (loss)	902,464	-	-	(305,605)	596,859
Contributions	-	-	-	2,051,226	2,051,226
Other	113,127	-	-	3,490,166	3,603,293
Total Revenues	<u>72,830,318</u>	<u>-</u>	<u>-</u>	<u>14,649,502</u>	<u>87,479,820</u>
<b>Expenditures:</b>					
Current:					
General government	4,279,128	-	-	3,322,906	7,602,034
Public safety	6,793,370	-	-	536,321	7,329,691
Education	42,766,354	-	-	2,597,427	45,363,781
Public works	3,472,325	-	-	1,800,542	5,272,867
Snow and Ice	444,750	-	-	-	444,750
Health and human services	366,726	-	-	47,320	414,046
Culture and recreation	1,913,843	-	-	2,033,963	3,947,806
Employee benefits	6,687,671	-	-	118,044	6,805,715
Debt service	5,079,460	-	-	-	5,079,460
Capital outlay	-	3,342,799	208,887	3,609,390	7,161,076
Intergovernmental	365,050	-	-	-	365,050
Total Expenditures	<u>72,168,677</u>	<u>3,342,799</u>	<u>208,887</u>	<u>14,065,913</u>	<u>89,786,276</u>
Excess (Deficiency) of revenues over expenditures	661,641	(3,342,799)	(208,887)	583,589	(2,306,456)
<b>Other Financing Sources (Uses):</b>					
Issuance of bonds	-	1,840,000	6,800,000	3,711,000	12,351,000
Transfers in	1,841,746	-	-	679,451	2,521,197
Transfers out	(259,969)	-	-	(1,055,892)	(1,315,861)
Total Other Financing Sources (Uses)	<u>1,581,777</u>	<u>1,840,000</u>	<u>6,800,000</u>	<u>3,334,559</u>	<u>13,556,336</u>
Changes in fund balances	2,243,418	(1,502,799)	6,591,113	3,918,148	11,249,880
Fund Balances, at Beginning of Year, as restated	<u>12,734,011</u>	<u>(610,006)</u>	<u>(6,588,057)</u>	<u>15,572,635</u>	<u>21,108,583</u>
Fund Balances, at End of Year	<u>\$ 14,977,429</u>	<u>\$ (2,112,805)</u>	<u>\$ 3,056</u>	<u>\$ 19,490,783</u>	<u>\$ 32,358,463</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, 2008

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 11,249,880</b>
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</li> </ul>	
Capital outlay purchases	10,289,627
Depreciation	(2,999,106)
Dispositions, net	(134,851)
<ul style="list-style-type: none"> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.</li> </ul>	
	3,474
<ul style="list-style-type: none"> <li>• The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:</li> </ul>	
Issuance of debt	(12,351,000)
Repayments of debt	3,505,853
<ul style="list-style-type: none"> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li> </ul>	
	(232,864)
<ul style="list-style-type: none"> <li>• Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</li> </ul>	
	<u>(15,033)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u><u>9,315,980</u></u></b>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Transfers:</b>				
Taxes	\$ 58,357,992	\$ 58,357,992	\$ 58,357,992	\$ -
Excise taxes	2,591,000	2,591,000	2,671,594	80,594
Penalties, interest and other taxes	105,000	105,000	425,601	320,601
Departmental	876,500	876,500	999,606	123,106
Licenses and permits	689,000	689,000	886,306	197,306
Fines and forfeitures	120,000	120,000	150,358	30,358
Intergovernmental	4,234,876	4,234,876	4,400,173	165,297
Investment income	1,000,000	1,000,000	1,264,061	264,061
Other	48,860	48,860	113,127	64,267
Transfers in	1,595,122	1,595,122	1,841,746	246,624
<b>Total Revenues and Transfers</b>	<b>69,618,350</b>	<b>69,618,350</b>	<b>71,110,564</b>	<b>1,492,214</b>
<b>Expenditures:</b>				
General government	4,628,042	4,628,042	4,164,122	463,920
Public safety	6,853,855	6,853,855	6,721,233	132,622
Education	39,696,516	39,696,516	39,651,869	44,647
Public works	3,316,075	3,316,075	3,285,596	30,479
Snow and Ice	444,750	444,750	803,665	(358,915)
Health and human services	367,833	367,833	362,494	5,339
Culture and recreation	1,970,531	1,970,531	1,897,514	73,017
Employee benefits	6,999,000	6,999,000	6,878,813	120,187
Debt service	5,460,182	5,460,182	5,058,496	401,686
Intergovernmental	381,566	381,566	365,050	16,516
<b>Total Expenditures</b>	<b>70,118,350</b>	<b>70,118,350</b>	<b>69,188,852</b>	<b>929,498</b>
Excess (deficiency) of revenues and other sources over expenditures	(500,000)	(500,000)	1,921,712	2,421,712
<b>Other Financing Sources:</b>				
Use of free cash	500,000	500,000	-	(500,000)
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,921,712	\$ 1,921,712

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2008  
 (DECEMBER 31, 2007 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Swim Fund</u>	
<b><u>ASSETS</u></b>					
Current:					
Cash and short-term investments	\$ 3,632,287	\$ 4,042,662	\$ 12,497,125	\$ 2,423,711	\$ 22,595,785
Investments	-	-	3,332,342	-	3,332,342
User fees, net of allowance for uncollectibles	678,962	337,451	3,328,352	-	4,344,765
Betterment receivables	-	91,000	-	-	91,000
Intergovernmental receivables	-	913,511	-	-	913,511
Inventory	56,446	-	-	-	56,446
Materials and supplies, at average cost	-	-	718,556	-	718,556
Prepaid expenses	-	-	405,318	-	405,318
Other assets	-	-	301,428	-	301,428
<b>Total current assets</b>	<b>4,367,695</b>	<b>5,384,624</b>	<b>20,583,121</b>	<b>2,423,711</b>	<b>32,759,151</b>
Noncurrent:					
Betterment receivables, net of current portion	-	1,731,201	-	-	1,731,201
Capital assets being depreciated, net	15,266,825	23,839,498	29,234,229	9,278,306	77,618,858
Capital assets not being depreciated	3,418,332	4,284,941	1,647,743	-	9,351,016
<b>Total noncurrent assets</b>	<b>18,685,157</b>	<b>29,855,640</b>	<b>30,881,972</b>	<b>9,278,306</b>	<b>88,701,075</b>
<b>TOTAL ASSETS</b>	<b>23,052,852</b>	<b>35,240,264</b>	<b>51,465,093</b>	<b>11,702,017</b>	<b>121,460,226</b>
<b><u>LIABILITIES</u></b>					
Current:					
Warrants payable	113,806	469,914	2,141,605	79,593	2,804,918
Accrued liabilities	109,578	661,326	148,090	20,371	939,365
Unearned revenue	-	-	220,582	1,168,360	1,388,942
Customer deposits	-	-	346,090	-	346,090
Provision for rate stabilization	-	-	7,084,114	-	7,084,114
Current portion of long-term liabilities:					
Bonds payable	585,000	741,590	640,000	100,000	2,066,590
Accrued employee benefits	9,561	2,390	-	4,548	16,499
<b>Total current liabilities</b>	<b>817,945</b>	<b>1,875,220</b>	<b>10,580,481</b>	<b>1,372,872</b>	<b>14,646,518</b>
Noncurrent:					
Bonds payable, net of current portion	5,135,000	14,482,757	2,990,000	200,000	22,807,757
Accrued employee benefits, net of current portion	86,049	21,513	91,208	40,931	239,701
<b>Total noncurrent liabilities</b>	<b>5,221,049</b>	<b>14,504,270</b>	<b>3,081,208</b>	<b>240,931</b>	<b>23,047,458</b>
<b>TOTAL LIABILITIES</b>	<b>6,038,994</b>	<b>16,379,490</b>	<b>13,661,689</b>	<b>1,613,803</b>	<b>37,693,976</b>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	12,965,157	13,813,603	27,251,972	8,978,306	63,009,038
Restricted	-	2,349,628	-	-	2,349,628
Unrestricted	4,048,701	2,697,543	10,551,432	1,109,908	18,407,584
<b>TOTAL NET ASSETS</b>	<b>\$ 17,013,858</b>	<b>\$ 18,860,774</b>	<b>\$ 37,803,404</b>	<b>\$ 10,088,214</b>	<b>\$ 83,766,250</b>

See notes to financial statements.

TOWN OF CONCORD, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

(DECEMBER 31, 2007 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities Enterprise Funds				Total
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Operating Revenues:</b>					
Charges for services	\$ 4,121,503	\$ 2,128,956	\$ 16,248,165	\$ 2,433,255	\$ 24,931,879
Total Operating Revenues	4,121,503	2,128,956	16,248,165	2,433,255	24,931,879
<b>Operating Expenses:</b>					
Personnel services	926,584	291,350	-	1,349,517	2,567,451
Non-personnel services	799,191	1,174,996	-	620,804	2,594,991
Depreciation	702,252	1,329,981	1,306,191	262,779	3,601,203
Electric operations	-	-	13,849,591	-	13,849,591
Total Operating Expenses	2,428,027	2,796,327	15,155,782	2,233,100	22,613,236
Operating Income	1,693,476	(667,371)	1,092,383	200,155	2,318,643
<b>Nonoperating Revenues (Expenses):</b>					
Investment income	179,422	160,841	705,769	84,243	1,130,275
Interest expense	(249,480)	(470,950)	(181,250)	(15,000)	(916,680)
Other nonoperating income, net	-	-	570,949	-	570,949
Total Nonoperating Revenues (Expenses), Net	(70,058)	(310,109)	1,095,468	69,243	784,544
Income Before Transfers and Capital Contribution	1,623,418	(977,480)	2,187,851	269,398	3,103,187
Transfers in	-	-	-	135,000	135,000
Transfers out	(479,991)	(164,208)	(340,000)	(90,065)	(1,074,264)
Change in Net Assets	1,143,427	(1,141,688)	1,847,851	314,333	2,163,923
Net Assets at Beginning of Year	15,870,431	20,002,462	35,955,553	9,773,881	81,602,327
Net Assets at End of Year	\$ 17,013,858	\$ 18,860,774	\$ 37,803,404	\$ 10,088,214	\$ 83,766,250

See notes to financial statements.

## TOWN OF CONCORD, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008  
(DECEMBER 31, 2007 FOR THE MUNICIPAL LIGHT PLANT ENTERPRISE FUND)

	Business-Type Activities				Total
	Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Swim Fund	
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers and users	\$ 4,124,524	\$ 2,364,577	\$ 20,491,179	\$ 2,458,952	\$ 29,439,232
Payments to vendors and employees	(2,621,990)	(1,875,664)	(13,394,974)	(1,940,729)	(19,833,357)
Receipts from noncurrent deposits	-	-	101,518	-	101,518
Net Cash Provided By Operating Activities	1,502,534	488,913	7,197,723	518,223	9,707,393
<b>Cash Flows From Noncapital Financing Activities:</b>					
Transfers in	-	-	-	135,000	135,000
Transfers out	(479,991)	(164,208)	(340,000)	(90,065)	(1,074,264)
Net Cash (Used for) Noncapital Financing Activities	(479,991)	(164,208)	(340,000)	44,935	(939,264)
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Proceeds from issuance of bonds and notes	750,000	5,686,026	1,000,000	-	7,436,026
Acquisition and construction of capital assets	(1,112,715)	(4,927,731)	-	(17,837)	(6,058,283)
Acquisition and construction of utility plant	-	-	(1,714,098)	-	(1,714,098)
Net additions to construction in progress	-	-	239,374	-	239,374
Principal payments on bonds and notes	(1,380,000)	(710,128)	(1,235,000)	(100,000)	(3,425,128)
Interest expense	(249,480)	(470,950)	(181,250)	(15,000)	(916,680)
Net additions to customer advances for construction	-	-	(18,616)	-	(18,616)
Net Cash (Used For) Capital and Related Financing Activities	(1,992,195)	(422,783)	(1,909,590)	(132,837)	(4,457,405)
<b>Cash Flows From Investing Activities:</b>					
Investment income	179,422	160,841	705,769	84,243	1,130,275
Investment in Energy New England, LLC	-	-	(150,000)	-	(150,000)
Sales of investment shares	-	-	3,792	-	3,792
Net Cash Provided By Investing Activities	179,422	160,841	559,561	84,243	984,067
Net Change in Cash and Short-Term Investments	(790,230)	62,763	5,507,694	514,564	5,294,791
Cash and Short-Term Investments, Beginning of Year	4,422,517	3,979,899	6,989,431	1,909,147	17,300,994
Cash and Short-Term Investments, End of Year	\$ 3,632,287	\$ 4,042,662	\$ 12,497,125	\$ 2,423,711	\$ 22,595,785
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating income	\$ 1,693,476	\$ (667,371)	\$ 1,092,383	\$ 200,155	\$ 2,318,643
Adjustments to reconcile operating income to net cash provided by operating activities:					
Other income	-	-	509,445	-	509,445
Depreciation	702,252	1,329,981	1,306,191	262,779	3,601,203
Changes in assets and liabilities:					
User fees receivables	3,021	3,283	566,023	-	572,327
Betterments	-	232,338	-	-	232,338
Inventory	(21,604)	-	-	-	(21,604)
Materials and supplies	-	-	110,515	-	110,515
Deferred costs	-	-	(2,166)	-	(2,166)
Prepaid expenses	-	-	84,275	-	84,275
Noncurrent deposits with Town Treasurer	-	-	(134,223)	-	(134,223)
Warrants payable	(411,840)	(503,430)	-	16,993	(898,277)
Accrued liabilities	(469,136)	92,521	396,216	1,606	21,207
Other liabilities	6,365	1,591	101,518	10,993	120,467
Unearned revenue	-	-	-	25,697	25,697
Provisions	-	-	3,167,546	-	3,167,546
Net Cash Provided By Operating Activities	\$ 1,502,534	\$ 488,913	\$ 7,197,723	\$ 518,223	\$ 9,707,393

See notes to financial statements.

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TOWN OF CONCORD, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2008

	Pension Trust Fund (As of <u>December 31, 2007</u> )	Private Purpose Trust Funds	Agency Funds
<b><u>ASSETS</u></b>			
Cash and short-term investments	\$ 2,307,574	\$ -	\$ 69,532
Investments	90,649,561	1,131,929	-
Accounts receivable	336,035	-	-
Other assets	<u>-</u>	<u>-</u>	<u>92,090</u>
Total Assets	93,293,170	1,131,929	161,622
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Other liabilities	<u>-</u>	<u>-</u>	<u>161,622</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>161,622</u>
<b><u>NET ASSETS</u></b>			
Total net assets held in trust for pension benefits and other purposes	<u>\$ 93,293,170</u>	<u>\$ 1,131,929</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, 2008

	Pension Trust Fund (For the Year Ended December 31, 2007)	Private Purpose Trust Funds
<b>Additions:</b>		
Contributions:		
Employers	\$ 2,896,357	\$ -
Other systems and Commonwealth of Massachusetts	228,399	-
Plan members	2,382,075	-
Other	1,981	-
Total contributions	<u>5,508,812</u>	<u>-</u>
Investment Gain:		
Increase (decrease) in fair value of investments	7,467,720	(42,696)
Less: management fees	(428,545)	-
Net investment gain	<u>7,039,175</u>	<u>(42,696)</u>
Total additions	12,547,987	(42,696)
<b>Deductions:</b>		
Benefit payments to plan members and beneficiaries	4,678,793	-
Refunds to plan members	195,645	-
Administrative expenses	133,875	-
Other	341,819	36,374
Total deductions	<u>5,350,132</u>	<u>36,374</u>
Net increase	7,197,855	(79,070)
<b>Net assets:</b>		
Beginning of year	<u>86,095,315</u>	<u>1,210,999</u>
End of year	<u>\$ 93,293,170</u>	<u>\$ 1,131,929</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 considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items

are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Willard School Project Fund* accounts for the construction costs related to the new Willard School.
- The *Thoreau School Project Fund* accounts for the construction costs related to the new Thoreau School.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 police 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 2008 tax levy reflected an excess capacity of approximately \$ 1,135,487.

*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)	\$ 72,830,318	\$ 72,168,677
Other financing sources/uses (GAAP basis)	<u>1,841,746</u>	<u>259,969</u>
Subtotal (GAAP Basis)	74,672,064	72,428,646
Adjust tax revenue to accrual basis	(70,334)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(2,901,038)
Add end of year appropriation carryforwards to expenditures	-	3,709,633
To reverse the effect of non- budgeted State contributions for teachers retirement	(3,852,763)	(3,852,763)
Other	<u>361,597</u>	<u>(195,626)</u>
Budgetary Basis (p. 21)	<u>\$ 71,110,564</u>	<u>\$ 69,188,852</u>

**D. Deficit Fund Equity**

The following funds reported deficits as of June 30, 2008:

<u>Major governmental funds:</u>	
Willard School Project	\$ (2,112,805)
<u>Nonmajor governmental funds:</u>	
Burke Land	\$ (2,500,000)
Alcott School	( 7,623)

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, 2008 and December 31, 2007, \$ 301,707 and \$ 1,000 of the Town’s and System’s bank balances of \$ 67,680,349 and \$ 2,396,499, 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.

#### 4. Investments

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

##### A. Credit Risk

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

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

<u>Investment Type</u>	Fair Value	Minimum Legal Rating	Exempt From Disclosure	<u>Rating as of Year End</u>	
				Aaa	Aa
Corporate equities	\$ 2,124		\$ 2,124	\$ -	\$ -
Bond mutual funds	1,899		-	-	1,899
Mutual funds	4,552	N/A	4,552	-	-
Federal agency securities	<u>5,924</u>		<u>-</u>	<u>5,924</u>	<u>-</u>
Total investments	<u>\$ 14,499</u>		<u>\$ 6,676</u>	<u>\$ 5,924</u>	<u>\$ 1,899</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>Aa</u>	<u>A3</u>
Debt related securities	\$ 1,158		\$ -	\$ 1,158	\$ -	\$ -
U.S. Treasury notes	4,186		-	4,186	-	-
State investment pool*	33,325	N/A	33,325	-	-	-
Corporate bonds	14,978		-	-	-	14,978
Pooled Investments	32,090	N/A	32,090	-	-	-
Mortgage-backed securities	<u>4,913</u>		<u>-</u>	<u>4,913</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 90,650</u>		<u>\$ 65,415</u>	<u>\$ 10,257</u>	<u>\$ -</u>	<u>\$ 14,978</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.

### 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	\$ 2,969,750	20%
Federal Home Loan Consolidated Bonds	\$ 2,000,000	14%
Federal National Mortgage Association discount Notes	\$ 954,383	7%

The System does not have an investment in one issue greater than 5% of total investments.

**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	\$ 1,899	Aa	3.51
Federal agency securities	<u>5,924</u>	Aaa	0.50
Total	<u>\$ 7,823</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 Rating</u>	<u>Average Duration (In Years)</u>
Debt Related Securities:	\$ 1,158	Aaa	2.70
U.S. Treasury notes	4,186	Aaa	13.72
Mortgage-backed securities	4,913	Aaa	21.78
Corporate bonds	<u>14,978</u>	A3	7.90
Total	<u>\$ 25,235</u>		

**E. Foreign Currency Risk**

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, 2008 consist of the following (in thousands):

Real Estate		
2008	\$ 391	
2007	13	
2006	13	
2005	10	
2004	12	
Prior	<u>106</u>	
		545
Personal Property		
2008	\$ 6	
2007	7	
2006	23	
2005	4	
2004	5	
Prior	<u>12</u>	
		57
Tax Liens, municipal liens, supplementals, and foreclosures		329
Deferred Taxes		<u>266</u>
Total		<u>\$ 1,197</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	\$ 243
Exise taxes	35

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2008.

## 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, 2007, not June 30, 2008. Therefore, a timing difference of \$ 266,072 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, 2008 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 63,049	\$ 2,760	\$ (160)	\$ 65,649
Machinery, equipment, and furnishings	10,399	879	(29)	11,249
Infrastructure	<u>16,483</u>	<u>505</u>	<u>-</u>	<u>16,988</u>
Total capital assets, being depreciated	89,931	4,144	(189)	93,886
Less accumulated depreciation for:				
Buildings and improvements	(9,416)	(1,535)	42	(10,909)
Machinery, equipment, and furnishings	(7,910)	(634)	12	(8,532)
Infrastructure	<u>(7,568)</u>	<u>(830)</u>	<u>-</u>	<u>(8,398)</u>
Total accumulated depreciation	<u>(24,894)</u>	<u>(2,999)</u>	<u>54</u>	<u>(27,839)</u>
Total capital assets, being depreciated, net	65,037	1,145	(135)	66,047
Capital assets, not being depreciated:				
Land	47,341	-	-	47,341
Construction in progress	<u>11,499</u>	<u>8,394</u>	<u>(2,249)</u>	<u>17,644</u>
Total capital assets, not being depreciated, net	<u>58,840</u>	<u>8,394</u>	<u>(2,249)</u>	<u>64,985</u>
Governmental activities capital assets, net	<u>\$ 123,877</u>	<u>\$ 9,539</u>	<u>\$ (2,384)</u>	<u>\$ 131,032</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,374	\$ -	\$ -	\$ 9,374
Machinery, equipment, and furnishings	3,955	404	-	4,359
Infrastructure	45,756	6,175	-	51,931
Light plant	<u>44,223</u>	<u>2,168</u>	<u>(953)</u>	<u>45,438</u>
Total capital assets, being depreciated	103,308	8,747	(953)	111,102
Less accumulated depreciation for:				
Buildings and improvements	(214)	(259)	-	(473)
Machinery, equipment and furnishings	(1,340)	(311)	-	(1,651)
Infrastructure	(13,430)	(1,725)	-	(15,155)
Light plant	<u>(15,462)</u>	<u>(1,306)</u>	<u>564</u>	<u>(16,204)</u>
Total accumulated depreciation	<u>(30,446)</u>	<u>(3,601)</u>	<u>564</u>	<u>(33,483)</u>
Total capital assets, being depreciated, net	72,862	5,146	(389)	77,619
Capital assets, not being depreciated:				
Land	3,370	-	-	3,370
Light plant construction in progress	1,887	-	(239)	1,648
Construction in progress	<u>4,855</u>	<u>45</u>	<u>(567)</u>	<u>4,333</u>
Total capital assets, not being depreciated, net	<u>10,112</u>	<u>45</u>	<u>(806)</u>	<u>9,351</u>
Business-type activities capital assets, net	<u>\$ 82,974</u>	<u>\$ 5,191</u>	<u>\$ (1,195)</u>	<u>\$ 86,970</u>

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

<b>Governmental Activities:</b>	
General government	\$ 330
Public safety	321
Education	1,121
Public works	1,147
Culture and recreation	74
Health and human services	<u>6</u>
Total depreciation expense - governmental activities	<u>\$ 2,999</u>

<b>Business-Type Activities:</b>	
Water	\$ 702
Sewer	1,330
Electric	1,306
Swim facility	<u>263</u>
Total depreciation expense - business-type activities	<u>\$ 3,601</u>

**10. Warrants Payable**

Warrants payable represent 2008 expenditures paid by July 15, 2008 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, 2008 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, 2008:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/08</u>
Burke Land	4.00%	07/26/07	07/24/08	\$ 2,500,000
Willard School	2.75%	06/07/07	04/01/08	<u>12,000,000</u>
Total				<u>\$ 14,500,000</u>

The following summarizes activity in notes payable during fiscal year 2008 (in thousands):

	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Bond Anticipation	\$ <u>13,675</u>	\$ <u>14,500</u>	\$ <u>(13,675)</u>	\$ <u>14,500</u>
Total	\$ <u>13,675</u>	\$ <u>14,500</u>	\$ <u>(13,675)</u>	\$ <u>14,500</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, 2008, which are not reflected in the State-ment(s) of Net Assets. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of June 30, 2008
School	2009	1.50 - 2.15	\$ 5,000
Planning	2009	1.50 - 2.15	60,000
Modular Classrooms	2009	1.50 - 2.15	40,000
Equipment	2009	1.50 - 2.00	80,000
Planning	2009	4.25 - 5.00	35,000
Land Acquisition	2010	3.63 - 4.40	100,000
Road Improvements	2010	5.15	100,000
Building	2010	5.15	70,000
Building Renovations	2010	5.15	30,000
Building Renovations	2010	5.15	30,000
School Remodeling	2010	2.25 - 3.30	120,000
School Remodeling	2011	1.50 - 2.88	335,000
Drainage	2011	2.25 - 3.00	30,000
Road Improvements	2011	1.50 - 3.50	270,000
School Remodeling	2011	1.50 - 3.75	190,000
Equipment	2012	4.00 - 5.00	335,000
Recreation	2012	4.00 - 5.00	170,000
Road Improvements	2014	4.00 - 5.00	360,000
School Remodeling	2014	4.00 - 5.00	200,000
Road Improvements	2014	4.00 - 5.00	555,000
Road Improvements	2015	1.50 - 3.75	435,000
Building Renovation	2015	1.50 - 3.75	1,215,000
Building Renovation (School)	2016	2.50 - 4.25	280,000
Building Renovation	2016	3.25 - 3.50	800,000
Building Renovation	2016	3.25 - 3.50	790,000
Road Improvements	2016	3.25 - 3.88	720,000
School Building	2016	3.25 - 3.88	585,000
Land Acquisition	2016	3.50 - 3.70	20,000
Hunt Gymnasium	2016	3.50 - 3.70	40,000
General Obligation Bonds	2018	4.00 - 5.00	3,711,000
Willard School Design	2018	4.00 - 5.00	1,840,000
Title V Loans	2020	3.50 - 3.70	140,828
Alcott School	2022	3.75 - 5.00	2,190,000
School	2025	3.50 - 3.70	5,950,000
Thoreau School	2025	3.75 - 5.00	9,440,000
Thoreau School	2025	3.75 - 5.00	6,800,000
Total Governmental Activities:			\$ <u><u>38,071,828</u></u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of June 30, 2008</u>
Water	2010	5.15	\$ 45,000
Light	2011	2.25 - 3.30	215,000
Light	2011	3.63 - 3.75	385,000
Water	2012	3.70 - 4.00	800,000
Light	2014	4.60 - 5.00	890,000
Light	2017	4.00 - 5.00	1,800,000
Swim Center equipment	2016	3.50 - 3.70	300,000
Water	2016	3.50 - 5.00	800,000
Water	2018	3.00-3.75	750,000
Water	2027	3.75 - 5.00	3,325,000
Sewer	2016	3.50 - 5.00	800,000
Sewer MWPAT	2026	2.00	3,858,174
Sewer MWPAT	2026	2.00	10,566,173
Total Business-Type Activities:			<u>\$ 24,534,347</u>

**B. Future Debt Service**

The annual principal payments to retire all general obligation long-term debt outstanding as of June 30, 2008 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,191,852	\$ 1,387,423	\$ 5,579,275
2010	3,595,852	1,242,959	4,838,811
2011	3,255,615	1,119,159	4,374,774
2012	3,140,829	1,004,520	4,145,349
2013	2,840,829	898,864	3,739,693
2014-2018	11,059,144	3,070,522	14,129,666
2019-2023	7,052,707	1,311,891	8,364,598
2024-2028	<u>2,935,000</u>	<u>145,546</u>	<u>3,080,546</u>
Total	<u>\$ 38,071,828</u>	<u>\$ 10,180,884</u>	<u>\$ 48,252,712</u>

The general fund has been designated as the sole source to repay the governmental-type obligation debt outstanding as of June 30, 2008:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,966,590	\$ 711,108	\$ 2,677,698
2010	1,954,551	642,334	2,596,885
2011	1,947,775	574,591	2,522,366
2012	1,796,265	506,831	2,303,096
2013	1,605,029	445,823	2,050,852
2014-2018	6,296,516	1,556,306	7,852,822
2019-2023	4,954,767	824,365	5,779,132
2024-2028	<u>4,012,854</u>	<u>206,758</u>	<u>4,219,612</u>
Total	<u>\$ 24,534,347</u>	<u>\$ 5,468,116</u>	<u>\$ 30,002,463</u>

**C. Bond Authorizations**

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2008 are as follows:

<u>Purpose</u>	<u>Amount</u>
CPS building renovations	\$ 1,260,000
New Thoreau school	350,000
Septic system	1,000,000
Water	500,000
Alcott school	1,110,000 <sup>(c)</sup>
Emerson courts	40,000
Hunt gym improvements	50,000
Burke land acquisition	2,750,000 <sup>(a)</sup>
2007 Road improvements	300,000
2008 Road improvements	700,000
Emerson playground improvements	150,000
Willard school	28,185,000 <sup>(b)</sup>
Police/fire station design	<u>100,000</u>
Total	<u>\$ 36,495,000</u>

(a) \$ 2,500,000 ban outstanding at June 30, 2008, which was paid down from land sale proceeds in July 2008, and is thereby rescinded.

(b) \$ 12,000,000 ban outstanding at June 30, 2008.

(c) The majority of this authorization will be rescinded upon receipt of future MSBA funding.

**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, 2008:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
CCRSB \$	4,584,000	71.91%	\$ 3,296,354

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

*E. Changes in General Long-Term Liabilities*

During the year ended June 30, 2008, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/08</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/08</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 29,227	\$ 12,351	\$ (3,506)	\$ 38,072	\$ (4,192)	\$ 33,880
Other:						
Accrued employee benefits	3,279	787	(162)	3,904	(390)	3,514
Landfill closure	<u>250</u>	<u>-</u>	<u>(10)</u>	<u>240</u>	<u>(10)</u>	<u>230</u>
Governmental Activities	\$ <u>32,756</u>	\$ <u>13,138</u>	\$ <u>(3,678)</u>	\$ <u>42,216</u>	\$ <u>(4,592)</u>	\$ <u>37,624</u>
	<u>Total Balance 7/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/08</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/08</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 25,864	\$ 750	\$ (2,080)	\$ 24,534	\$ (1,967)	\$ 22,567
Other:						
Accrued employee benefits	<u>232</u>	<u>39</u>	<u>(15)</u>	<u>256</u>	<u>(16)</u>	<u>240</u>
Business-type activities	<u>26,096</u>	<u>789</u>	<u>(2,095)</u>	<u>24,790</u>	<u>(1,983)</u>	<u>22,807</u>
Grand Total	\$ <u>58,852</u>	\$ <u>13,927</u>	\$ <u>(5,773)</u>	\$ <u>67,006</u>	\$ <u>(6,575)</u>	\$ <u>60,431</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 \$ 240,000 reported as landfill closure and postclosure care liability at June 30, 2008 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 2008. 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, 2008:

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**

Investments

During September - November, 2008, the stock market suffered significant losses. As a result, there may be a substantial depreciation in the value of the organization's investments.

**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**

The Town plans to fully implement GASB 45 in fiscal 2009.

**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, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	254
Terminated plan members entitled to but not yet receiving benefits	72
Active plan members	<u>499</u>
Total	<u>825</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>
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, 2007, the unfunded actuarially accrued liability is being amortized over 2 years 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 2008, the Commonwealth of Massachusetts contributed \$ 3,852,763 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 2007, the Town completed the Alcott School, and began the Willard School building process. As such, the Town's beginning (July 1, 2007) fund balances have been restated as follows (in thousands):

**Fund Basis Financial Statements:**

	Alcott School Building <u>Fund</u>	Willard School Building <u>Fund</u>	Thoreau School Building <u>Fund</u>	Non-major Governmental <u>Funds</u>
As previously reported	\$ 78	\$ -	\$ (6,588)	\$ 14,885
Major fund reclassification	<u>(78)</u>	<u>(610)</u>	<u>-</u>	<u>688</u>
As restated	<u><u>\$ -</u></u>	<u><u>\$ (610)</u></u>	<u><u>\$ (6,588)</u></u>	<u><u>\$ 15,573</u></u>

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

TOWN OF CONCORD, MASSACHUSETTS  
MUNICIPAL LIGHT PLANT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. **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 Accounting*

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. Although municipal utilities are not specifically subject to the legislation, the financial impact the changes in the industry will have on the Light Plant is not yet known.

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 2007 and 2006 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 2007 and 2006 was \$ 3,167,546 and \$ 880,943, 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. Post-employment Benefits*

In accordance with state statutes and Town policy, post-employment 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.

## **2. Investment in Associated Companies**

### *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 \$ 34,712 and \$ 38,504 for December 31, 2007 and 2006, respectively.

### *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, 2007.

## **3. Related Party Transactions**

The Light Plant sells electricity to various Town departments. Sales to these departments totaled \$ 1,111,880 and \$ 1,055,024 for 2007 and 2006, respectively.

The Light Plant reimburses the Town for various employee benefits, including health insurance and retirement. Reimbursements for these benefits totaled \$ 464,299 and \$ 439,755 in 2007 and 2006, respectively.

In addition, the Light Plant paid the Town \$ 340,000 for payments in lieu of taxes in 2007 and 2006.

#### 4. Long-Term Debt

A summary of the long-term debt follows:

	<u>2007</u>	<u>2006</u>
\$ 2,000,000, 5.3% electric bonds, issued April 15, 1991, with annual payments of principal and interest due through April 15, 2008.	\$ 30,000	\$ 60,000
\$ 500,000, 5.3% electric bonds, issued April 15, 1993, with annual payments of principal and interest due through April 15, 2008.	70,000	140,000
\$ 6,000,000, 4.7% electric bonds, issued July 15, 1994, with annual payments of principal and interest through July 15, 2013.	1,800,000	2,100,000
\$ 600,000, 2.7% electric bonds, issued February 15, 2003, with annual payments of principal and interest through February 15, 2011.	290,000	365,000
\$ 500,000, 3.7% electric bonds, issued March 1, 2006, with annual payments of principal and interest through March 1, 2015.	440,000	500,000
\$1,000,000, 4.2% electric bonds, issued March 1, 2007, with annual payments of principal and interest through March 1, 2017	<u>1,000,000</u>	<u>-</u>
Total long-term debt	3,630,000	3,165,000
Less current installments of long-term debt	<u>640,000</u>	<u>535,000</u>
Long-Term Debt, Excluding Current Installments	\$ <u>2,990,000</u>	\$ <u>2,630,000</u>

Long-Term debt activity for the year ended December 31, 2007 was as follows:

Balance of long-term debt at 1/1/2007	\$ 3,165,000
Bonds issued	1,000,000
Payments	<u>( 535,000)</u>
Balance of long-term debt at 12/31/2007	\$ <u>3,630,000</u>

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

	<u>Principal</u>	<u>Interest</u>
2008	\$ 640,000	\$ 153,963
2009	540,000	127,831
2010	540,000	104,375
2011	530,000	80,715
2012	465,000	58,180
2013-2017	<u>915,000</u>	<u>66,592</u>
	<u>\$ 3,630,000</u>	<u>\$ 591,656</u>

**5. Bond Anticipation Notes**

The Light Plant issued \$ 700,000 of bond anticipation notes (BANs) on May 4, 2006 for a premium of \$ 3,118. The BANs have a coupon rate of 4.5% and mature March 1, 2006. The BANs were issued pursuant to Article 46 of the 2005 annual town meeting for Concord Municipal Light Plant improvements.

**6. 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 \$ 15,453 and \$ 14,975 in 2007 and 2006, respectively. Claims and premiums of \$ 7,757 and \$ 15,714 were paid from the Fund in 2007 and 2006, 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 fund, for the purpose of placing existing lines underground, from dividends, purchase power refunds, current operations, and effective June 1, 1999, a 2% charge on all electric bills. Interest earned by this fund has been applied to increase the fund balance.

7. **Special Deposits**

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

	<u>2007</u>	<u>2006</u>
Customer advances for construction	\$ 70,066	\$ 88,682
Customer deposits	346,090	244,572
Funds held to retire long-term debt	513,663	421,900
Emergency reserve fund	1,130,000	1,130,000
Replacement underground fund	71,738	-
Rate stabilization	<u>4,060,205</u>	<u>1,131,824</u>
Total Deposits	<u>\$ 6,191,762</u>	<u>\$ 3,016,978</u>

8. **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.

9. **Commitments and Contingencies**

A. **Power Sales Agreements**

In 2002, the Light Plant changed power suppliers from Boston Edison Company (Nstar) to Constellation Power Source (CPS). The contract, which runs through September 30, 2009, 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 Agreement 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 \$ 60,603 and \$ 89,345 for the years ended December 31, 2007 and 2006.

Purchased power expense under the Constellation Power agreement was \$ 8,844,529 and \$ 8,663,419 in 2007 and 2006, 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>5,879,450</u>
	<u>232,310</u>	<u>\$ 18,422,646</u>

On February 1, 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 with Braintree Electric Light Department to purchase a 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.

**10. Pension Plan**

The Light Plant follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, 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 Hall, 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, 2007, 2006, and 2005 were \$ 279,736, \$ 287,706, and \$ 279,120, respectively, which were equal to its annual required contribution.

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

**June 30, 2008**

**(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 Percent- age 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%

See Independent Auditors' Report.

TOWN OF CONCORD, MA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

	<u>Special Revenue Funds</u>			
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>Receipts Reserved for Appropriation</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 2,142,636	\$ 309,551	\$ 389,789	\$ 2,956,945
Investments	-	-	-	-
Property taxes	7,280	-	-	-
Departmental	-	-	-	458,555
Intergovernmental	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,149,916</u>	<u>\$ 309,551</u>	<u>\$ 389,789</u>	<u>\$ 3,415,500</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Warrants payable	\$ 563	\$ 14,013	\$ -	\$ 13,000
Accrued liabilities	-	604	-	-
Deferred revenue	7,280	-	-	458,555
Notes payable	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	7,843	14,617	-	471,555
Fund Balances:				
Reserved for:				
Perpetual (nonexpendable) permanent	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	2,142,073	294,934	389,789	2,943,945
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>2,142,073</u>	<u>294,934</u>	<u>389,789</u>	<u>2,943,945</u>
Total Liabilities and Fund Balances	<u>\$ 2,149,916</u>	<u>\$ 309,551</u>	<u>\$ 389,789</u>	<u>\$ 3,415,500</u>

Special Revenue Funds

53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation	Revolving
\$ 33,507	\$ 168,186	\$ 131,285	\$ 1,258,337	\$ 282,438	\$ 1,700,916
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,682	-	-	-
<u>\$ 33,507</u>	<u>\$ 168,186</u>	<u>\$ 136,967</u>	<u>\$ 1,258,337</u>	<u>\$ 282,438</u>	<u>\$ 1,700,916</u>
\$ 19,498	\$ -	\$ -	\$ 414,286	\$ 59,137	\$ 41,693
-	-	-	807	10,315	-
-	-	-	-	-	-
-	-	-	-	-	-
19,498	-	-	415,093	69,452	41,693
-	-	-	-	-	-
14,009	168,186	136,967	843,244	212,986	1,659,223
-	-	-	-	-	-
<u>14,009</u>	<u>168,186</u>	<u>136,967</u>	<u>843,244</u>	<u>212,986</u>	<u>1,659,223</u>
<u>\$ 33,507</u>	<u>\$ 168,186</u>	<u>\$ 136,967</u>	<u>\$ 1,258,337</u>	<u>\$ 282,438</u>	<u>\$ 1,700,916</u>

(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>
<b><u>ASSETS</u></b>					
Cash and short-term investments	\$ 17,971	\$ 346	\$ 235,159	\$ -	\$ 467,076
Investments	-	-	-	-	-
Property taxes	-	-	-	-	-
Departmental	-	-	-	-	-
Intergovernmental	-	57,920	205,626	-	-
	<u>-</u>	<u>57,920</u>	<u>205,626</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 17,971</u>	<u>\$ 58,266</u>	<u>\$ 440,785</u>	<u>\$ -</u>	<u>\$ 467,076</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Warrants payable	\$ 1,800	\$ 21,924	\$ 18,690	\$ -	\$ 60,971
Accrued liabilities	-	20,308	5,983	-	192,184
Deferred revenue	-	-	-	-	-
Notes payable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	1,800	42,232	24,673	-	253,155
Fund Balances:					
Reserved for:					
Perpetual permanent funds	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds	16,171	16,034	416,112	-	213,921
Capital project funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>16,171</u>	<u>16,034</u>	<u>416,112</u>	<u>-</u>	<u>213,921</u>
Total Liabilities and Fund Balances	<u>\$ 17,971</u>	<u>\$ 58,266</u>	<u>\$ 440,785</u>	<u>\$ -</u>	<u>\$ 467,076</u>

Special Revenue Funds

<u>Stabilization Fund</u>	<u>Pension Reserve Fund</u>	<u>Sawyer Gift Fund</u>	<u>Subtotals</u>
\$ 488,353	\$ 174,567	\$ 1,725,629	\$ 12,482,691
-	4,045,138	-	4,045,138
-	-	-	7,280
-	-	-	458,555
-	-	-	269,228
<u>\$ 488,353</u>	<u>\$ 4,219,705</u>	<u>\$ 1,725,629</u>	<u>\$ 17,262,892</u>
\$ -	\$ 5,568	\$ -	\$ 671,143
-	-	-	230,201
-	-	-	465,835
-	-	-	-
-	5,568	-	1,367,179
-	-	-	-
488,353	4,214,137	1,725,629	15,895,713
-	-	-	-
<u>488,353</u>	<u>4,214,137</u>	<u>1,725,629</u>	<u>15,895,713</u>
<u>\$ 488,353</u>	<u>\$ 4,219,705</u>	<u>\$ 1,725,629</u>	<u>\$ 17,262,892</u>

(continued)

(continued)

	<u>Capital Project Funds</u>		
	<u>Capital Project Funds</u>	<u>Alcott School Fund</u>	<u>Subtotals</u>
<b><u>ASSETS</u></b>			
Cash and short-term investments	\$ 1,223,673	\$ (7,623)	\$ 1,216,050
Investments	1,470,493	-	1,470,493
Property taxes	-	-	-
Departmental	-	-	-
Intergovernmental	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>2,694,166</u>	\$ <u>(7,623)</u>	\$ <u>2,686,543</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Warrants payable	\$ 840,789	\$ -	\$ 840,789
Accrued liabilities	367,715	-	367,715
Deferred revenue	-	-	-
Notes payable	2,500,000	-	2,500,000
	<hr/>	<hr/>	<hr/>
Total Liabilities	3,708,504	-	3,708,504
Fund Balances:			
Reserved for:			
Perpetual permanent funds	-	-	-
Unreserved:			
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital project funds	(1,014,338)	(7,623)	(1,021,961)
Permanent funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(1,014,338)</u>	<u>(7,623)</u>	<u>(1,021,961)</u>
Total Liabilities and Fund Balances	\$ <u>2,694,166</u>	\$ <u>(7,623)</u>	\$ <u>2,686,543</u>

Permanent Funds			Total Nonmajor Governmental Funds
Nonexpendable Trust Funds	Expendable Trust Funds	Subtotals	
\$ -	\$ 98,004	\$ 98,004	\$ 13,796,745
4,519,027	-	4,519,027	10,034,658
-	-	-	7,280
-	-	-	458,555
-	-	-	269,228
<u>\$ 4,519,027</u>	<u>\$ 98,004</u>	<u>\$ 4,617,031</u>	<u>\$ 24,566,466</u>
\$ -	\$ -	\$ -	\$ 1,511,932
-	-	-	597,916
-	-	-	465,835
-	-	-	2,500,000
-	-	-	5,075,683
4,519,027	-	4,519,027	4,519,027
-	-	-	15,895,713
-	-	-	(1,021,961)
-	98,004	98,004	98,004
<u>4,519,027</u>	<u>98,004</u>	<u>4,617,031</u>	<u>19,490,783</u>
<u>\$ 4,519,027</u>	<u>\$ 98,004</u>	<u>\$ 4,617,031</u>	<u>\$ 24,566,466</u>

TOWN OF CONCORD, MA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	<u>Community Preservation</u>	<u>Parking</u>	<u>Cemetery</u>	<u>Receipts Reserved for Appropriation</u>
Revenues:				
Property taxes	\$ 778,841	\$ -	\$ -	\$ -
Departmental	-	346,018	150,585	342,080
Fines and forfeitures	-	-	-	-
Intergovernmental	738,132	-	-	-
Investment income	135,428	-	-	-
Contributions	-	-	-	-
Other	-	-	-	3,429,951
<b>Total Revenues</b>	<b>1,652,401</b>	<b>346,018</b>	<b>150,585</b>	<b>3,772,031</b>
Expenditures:				
Current:				
General government	2,792,996	-	-	-
Public safety	-	217,128	-	-
Education	-	-	-	-
Public works	-	-	15,974	434,820
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Employee benefits	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>2,792,996</b>	<b>217,128</b>	<b>15,974</b>	<b>434,820</b>
Excess (deficiency) of revenues over (under) expenditures	(1,140,595)	128,890	134,611	3,337,211
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	46,526	-	-	-
Transfers out	-	(52,988)	(113,292)	(727,057)
<b>Total Other Financing Sources (Uses)</b>	<b>46,526</b>	<b>(52,988)</b>	<b>(113,292)</b>	<b>(727,057)</b>
Changes in fund balances	(1,094,069)	75,902	21,319	2,610,154
Fund balances, at Beginning of Year	3,236,142	219,032	368,470	333,791
Fund balances, at End of Year	\$ 2,142,073	\$ 294,934	\$ 389,789	\$ 2,943,945

Special Revenue Funds

53 G Review	Miscellaneous Grants and Contributions	School Lunch	Gifts	Recreation	Revolving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	510,536	-	1,693,685	10,961
46,197	-	-	-	-	-
-	-	-	627,200	-	143,127
-	214,691	-	-	-	-
-	-	-	320,788	-	-
-	-	-	-	-	-
<u>46,197</u>	<u>214,691</u>	<u>510,536</u>	<u>947,988</u>	<u>1,693,685</u>	<u>154,088</u>
34,730	141,064	-	79,045	-	35,025
-	-	-	1,668	-	-
-	-	448,519	266,280	-	2,840
-	-	-	150	-	76,720
-	-	-	22,349	-	-
-	-	-	458,101	1,544,347	24,263
-	-	-	-	-	-
-	-	-	-	-	-
<u>34,730</u>	<u>141,064</u>	<u>448,519</u>	<u>827,593</u>	<u>1,544,347</u>	<u>138,848</u>
11,467	73,627	62,017	120,395	149,338	15,240
-	-	-	-	-	-
-	-	-	-	-	144,969
-	-	-	<u>(20,000)</u>	<u>(57,033)</u>	-
-	-	-	<u>(20,000)</u>	<u>(57,033)</u>	<u>144,969</u>
11,467	73,627	62,017	100,395	92,305	160,209
<u>2,542</u>	<u>94,559</u>	<u>74,950</u>	<u>742,849</u>	<u>120,681</u>	<u>1,499,014</u>
<u>\$ 14,009</u>	<u>\$ 168,186</u>	<u>\$ 136,967</u>	<u>\$ 843,244</u>	<u>\$ 212,986</u>	<u>\$ 1,659,223</u>

(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	-	-	-	331,994	884,596
Fines and forfeitures	-	-	-	-	-
Intergovernmental	-	871,671	1,638,092	-	-
Investment income	812	-	-	-	-
Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>812</u>	<u>871,671</u>	<u>1,638,092</u>	<u>331,994</u>	<u>884,596</u>
Expenditures:					
Current:					
General government	5,380	-	234,666	-	-
Public safety	-	208,033	107,206	-	-
Education	-	689,199	1,190,589	-	-
Public works	-	-	46,126	331,994	780,977
Health and human services	-	-	24,971	-	-
Culture and recreation	-	-	7,252	-	-
Employee benefits	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>5,380</u>	<u>897,232</u>	<u>1,610,810</u>	<u>331,994</u>	<u>780,977</u>
Excess (deficiency) of revenues over (under) expenditures	(4,568)	(25,561)	27,282	-	103,619
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(85,522)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,522)</u>
Changes in fund balances	(4,568)	(25,561)	27,282	-	18,097
Fund balances, at Beginning of Year	<u>20,739</u>	<u>41,595</u>	<u>388,830</u>	<u>-</u>	<u>195,824</u>
Fund balances, at End of Year	<u>\$ 16,171</u>	<u>\$ 16,034</u>	<u>\$ 416,112</u>	<u>\$ -</u>	<u>\$ 213,921</u>

Special Revenue Funds

<u>Stabilization Funds</u>	<u>Pension Reserve Fund</u>	<u>Sawyer Gift Fund</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ 778,841
-	-	-	4,270,455
-	-	-	46,197
-	-	-	4,018,222
(1,839)	(513,722)	(4,809)	(169,439)
-	-	1,730,438	2,051,226
-	-	-	<u>3,429,951</u>
(1,839)	(513,722)	1,725,629	14,425,453
-	-	-	3,322,906
-	-	-	534,035
-	-	-	2,597,427
-	-	-	1,686,761
-	-	-	47,320
-	-	-	2,033,963
-	118,044	-	118,044
-	-	-	-
-	<u>118,044</u>	-	<u>10,340,456</u>
(1,839)	(631,766)	1,725,629	4,084,997
-	-	-	-
487,956	-	-	679,451
-	-	-	<u>(1,055,892)</u>
<u>487,956</u>	-	-	<u>(376,441)</u>
486,117	(631,766)	1,725,629	3,708,556
<u>2,236</u>	<u>4,845,903</u>	-	<u>12,187,157</u>
<u>\$ 488,353</u>	<u>\$ 4,214,137</u>	<u>\$ 1,725,629</u>	<u>\$ 15,895,713</u>

(continued)

(continued)

	Capital Project Funds		
	Capital Project Funds	Alcott School Fund	Subtotal
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	3,524,051	85,339	3,609,390
Total Expenditures	3,524,051	85,339	3,609,390
Excess (deficiency) of revenues over (under) expenditures	(3,524,051)	(85,339)	(3,609,390)
Other Financing Sources (Uses):			
Issuance of bonds	3,711,000	-	3,711,000
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	3,711,000	-	3,711,000
Changes in fund balances	186,949	(85,339)	101,610
Fund balances, at Beginning of Year	(1,201,287)	77,716	(1,123,571)
Fund balances, at End of Year	\$ (1,014,338)	\$ (7,623)	(1,021,961)

Nonexpendable Trust Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Expendable Trust Funds	Subtotal	
\$ -	\$ -	\$ -	\$ 778,841
300,000	-	300,000	4,570,455
-	-	-	46,197
-	-	-	4,018,222
(147,717)	11,551	(136,166)	(305,605)
-	-	-	2,051,226
<u>60,215</u>	<u>-</u>	<u>60,215</u>	<u>3,490,166</u>
212,498	11,551	224,049	14,649,502
-	-	-	3,322,906
-	2,286	2,286	536,321
-	-	-	2,597,427
113,781	-	113,781	1,800,542
-	-	-	47,320
-	-	-	2,033,963
-	-	-	118,044
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,609,390</u>
<u>113,781</u>	<u>2,286</u>	<u>116,067</u>	<u>14,065,913</u>
98,717	9,265	107,982	583,589
-	-	-	3,711,000
-	-	-	679,451
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,055,892)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,334,559</u>
98,717	9,265	107,982	3,918,148
<u>4,420,310</u>	<u>88,739</u>	<u>4,509,049</u>	<u>15,572,635</u>
\$ <u>4,519,027</u>	\$ <u>98,004</u>	\$ <u>4,617,031</u>	\$ <u>19,490,783</u>