

TOWN OF ACTON, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2009

**TOWN OF ACTON, MASSACHUSETTS
REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 8
Basic Financial Statements	
Statement of Net Assets	9
Statement of Activities	10 – 11
Governmental Funds – Balance Sheet	12
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds – Statement of Net Assets	16
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	17
Proprietary Funds – Statement of Cash Flows	18
Fiduciary Funds – Statement of Fiduciary Net Assets	19
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets	20
Notes to Basic Financial Statements	21 – 52
Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	53 – 54
Other Post Employment Benefits – Schedules of Funding Progress and Employer Contributions	55 – 58

R. E. BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
25 CEMETERY STREET – P.O. BOX 230
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Acton, 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 Town of Acton, Massachusetts as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Acton, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Acton, Massachusetts, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2010, on our consideration of the Town of Acton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not 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.

The management's discussion and analysis on pages **3** through **8**, budgetary comparison information on pages **53** through **54**, and other post employment benefits information: schedules of funding progress and employer contribution on pages **55** through **58** are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

R. E. Brown & Company

April 9, 2010

Management's Discussion and Analysis

As management of the Town of Acton (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users can assess the financial condition of one government compared to others.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$169.2 million (net assets). Of this amount, \$45 million is considered unrestricted (unrestricted net assets).
- The unrestricted net assets of the Town's governmental activities are \$20.3 million and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$25.1 million and may be used to meet the ongoing obligations of the Town's nursing, sewer, and sanitation business-type activities.
- The government's total net assets decreased by \$2.438 million or 1.42%, in fiscal 2009. Within this total, net assets of governmental activities decreased by \$1.539 million, a 1.07% decrease from fiscal 2008. Also, net assets of business-type activities decreased by \$899 thousand, a 3.29% decrease from fiscal 2008.
- At June 30, 2009, the Town's governmental funds had combined ending fund balances of \$22.7 million. The combined governmental funds' balance increased by \$245 thousand or 1.09% from the prior year's ending fund balance. A total of \$17.6 million of the \$22.7 million fund balance is considered unreserved at June 30, 2009.
- The Town's general fund reported a fund balance of \$9.9 million at the end of fiscal 2009. The unreserved fund balance for the general fund was \$6.5 million or 8.65% of total general fund expenditures and transfers to other funds. There was a \$1.1 million increase in total general fund balance for the year.
- The total cost of all Town services for fiscal 2009 was \$88 million, \$84.3 million of which was for governmental services, and \$3.7 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$2.4 million or 5.09% during the year. The key factors in this decrease were total principal redemptions of \$2.4 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to 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 periods, (e.g., uncollected taxes and earned but unused vacation/sick 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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, library, pension benefits, employee benefits, debt service, and state and county assessments. The business-type activities include nursing, sewer, and sanitation services.

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 main 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 funds 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 financial statements 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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Acton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund as required supplementary information, to demonstrate compliance with this budget.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has three enterprise funds:

- *Nursing Enterprise Fund* accounts for the Public Health Nursing activity of the Town.
- *Sewer Enterprise Fund* accounts for the sewer activity of the Town.
- *Sanitation Enterprise Fund* accounts for the trash collection and disposal activities of the Town.

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, as 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.

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

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

Government-wide Financial Analysis:

The table on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceed liabilities by \$169.2 million at the close of fiscal year 2009. The Town is able to report positive balances in all categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

The largest component of the Town’s net assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, and is \$113,949,496 or 67% of net assets. The Town uses these capital assets to provide services to citizens; consequently, these assets **are not** available for future spending. Although the investment in the Town’s capital assets is reported net of its 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.

A modest amount of the Town’s net assets of \$9,815,277 (6%) are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$45,433,049 (27%) may be used to meet the government’s ongoing obligations to citizens and creditors.

The Town increased its total liabilities by \$2,676,314 over fiscal 2008, while total net assets decreased by \$2,438,370 or 1.42%. The net assets of governmental activities decreased by \$1,539,007, a 1.07% decrease from fiscal 2008. Net assets of business-type activities decreased by \$899,363 or (3.29%) from 2008.

Town of Acton - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Assets:						
Current assets	\$ 29,242,681	\$ 27,386,115	\$ 8,967,550	\$ 9,289,782	\$ 38,210,231	\$ 36,675,897
Noncurrent assets (excluding capital)	13,122,961	14,132,419	16,373,614	17,184,898	29,496,575	31,317,317
Capital Assets (net of accumulated depreciation)	137,650,259	136,656,558	21,763,382	22,232,731	159,413,641	158,889,289
Total assets	180,015,901	178,175,092	47,104,546	48,707,411	227,120,447	226,882,503
Liabilities:						
Current liabilities (excluding debt)	3,612,652	3,444,798	196,081	269,292	3,808,733	3,714,090
Noncurrent liabilities (excluding debt)	6,323,795	3,463,583	35,920	-	6,359,715	3,463,583
Current debt	3,940,059	1,787,742	687,569	666,211	4,627,628	2,453,953
Noncurrent debt	23,369,426	25,169,993	19,757,123	20,444,692	43,126,549	45,614,685
Total liabilities	37,245,932	33,866,116	20,676,693	21,380,195	57,922,625	55,246,311
Net Assets:						
Invested in capital assets net of related debt	112,630,806	112,137,634	1,318,690	1,121,828	113,949,496	113,259,462
Restricted	9,815,277	9,330,249	-	-	9,815,277	9,330,249
Unrestricted	20,323,886	22,841,093	25,109,163	26,205,388	45,433,049	49,046,481
Total net assets	\$ 142,769,969	\$ 144,308,976	\$ 26,427,853	\$ 27,327,216	\$ 169,197,822	\$ 171,636,192
Revenues						
Program Revenues:						
Charges for services	\$ 3,017,507	\$ 3,146,254	\$ 2,520,436	\$ 2,366,257	\$ 5,537,943	\$ 5,512,511
Operating grants and contributions	11,040,558	9,841,626	91,878	185,173	11,132,436	10,026,799
Capital grants and contributions	842,681	569,197	797,613	806,278	1,640,294	1,375,475
General Revenues:						
Real Estate and personal property taxes	60,631,206	58,863,336	-	-	60,631,206	58,863,336
Motor vehicle and other excise taxes	2,449,134	2,897,507	-	-	2,449,134	2,897,507
Tax liens	726,851	211,342	-	-	726,851	211,342
Penalties and interest	115,996	185,981	-	-	115,996	185,981
Nonrestricted grants and contributions	2,942,724	3,284,233	-	-	2,942,724	3,284,233
Unrestricted investment income	278,320	712,994	-	-	278,320	712,994
Other revenue	90,508	142,152	-	-	90,508	142,152
Total Revenues	82,135,485	79,854,622	3,409,927	3,357,708	85,545,412	83,212,330
Expenses:						
General Government	7,265,199	6,693,515	-	-	7,265,199	6,693,515
Public Safety	7,280,663	7,119,437	-	-	7,280,663	7,119,437
Education	50,645,080	49,729,762	-	-	50,645,080	49,729,762
Public Works	2,971,877	3,054,702	-	-	2,971,877	3,054,702
Human Services	1,932,660	1,803,986	-	-	1,932,660	1,803,986
Library	1,199,756	1,166,486	-	-	1,199,756	1,166,486
Pension Benefits	5,520,562	5,046,097	-	-	5,520,562	5,046,097
Employee Benefits	6,120,529	2,821,265	-	-	6,120,529	2,821,265
State and County Assessments	234,647	219,000	-	-	234,647	219,000
Interest	1,138,519	1,422,885	-	-	1,138,519	1,422,885
Sanitation	-	-	536,781	562,158	536,781	562,158
Sewer	-	-	2,370,246	2,427,678	2,370,246	2,427,678
Nursing	-	-	767,263	636,860	767,263	636,860
Total Expenses	84,309,492	79,077,135	3,674,290	3,626,696	87,983,782	82,703,831
Increase (decrease) in net assets before transfers	(2,174,007)	777,487	(264,363)	(268,988)	(2,438,370)	508,499
Transfers	635,000	(50,184)	(635,000)	50,184	-	-
Change in Net Assets	(1,539,007)	727,303	(899,363)	(218,804)	(2,438,370)	508,499
Net Assets - beginning	\$ 144,308,976	\$ 143,581,673	\$ 27,327,216	\$ 27,546,020	171,636,192	171,127,693
Net Assets - ending	\$ 142,769,969	\$ 144,308,976	\$ 26,427,853	\$ 27,327,216	\$ 169,197,822	\$ 171,636,192

Financial analysis of the Government's Funds

As noted earlier, the Town uses fund accounting 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, *undesignated 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 \$22.7 million a \$245,092 increase from the prior year's ending fund balance.

The general fund is the primary operating fund. At the end of the current fiscal year, undesignated fund balance of the general fund was \$5,347,611 while total fund balance stood at \$9,868,681. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 7% of total general fund expenditures, while total fund balance represents 13% of that same amount.

Capital Asset and Debt Administration

Capital Assets - In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming fiscal year.

The Town's investment in capital assets for governmental and business type activities, as summarized below, as of June 30, 2009, amounts to \$159,413,641 net of accumulated depreciation. The investment in capital assets includes land, buildings, capital improvements, machinery and equipment, vehicles, infrastructure, and construction in progress.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Land	\$ 66,950,467	\$ 66,297,302	\$ 534,769	\$ 534,769	\$ 67,485,236	\$ 66,832,071
Intangible assets	2,573,200	2,573,200	-	-	2,573,200	2,573,200
Capital Improvements (other than buildings)	1,513,755	1,422,779	48,593	-	1,562,348	1,422,779
Buildings	30,586,614	30,770,473	7,692,510	8,032,913	38,279,124	38,803,386
Machinery and Equipment	1,871,615	1,142,916	426,218	196,494	2,297,833	1,339,410
Vehicles	597,826	591,785	76,009	91,654	673,835	683,439
Infrastructure	32,712,467	33,255,103	12,985,283	13,376,901	45,697,750	46,632,004
Construction in Progress	844,315	603,000	-	-	844,315	603,000
Total Capital Assets	<u>\$ 137,650,259</u>	<u>\$ 136,656,558</u>	<u>\$ 21,763,382</u>	<u>\$ 22,232,731</u>	<u>\$ 159,413,641</u>	<u>\$ 158,889,289</u>

The governmental activities capital assets were increased by \$3,566,901 during the current fiscal year while the business-type activities capital assets were decreased by \$469,349. Total increases to town wide capital assets were \$3,097,552.

Long Term Debt - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2009, totaled \$45,623,400. Within this total, business-type activities have debt of \$20,444,692 that is fully supported by their respective utility rates. Total debt consists of the following:

Outstanding Long-Term Debt at Year End				
	Governmental Activities		Business-Type Activities	
	Outstanding June 30, 2009	Outstanding June 30, 2008	Outstanding June 30, 2009	Outstanding June 30, 2008
General obligation bonds	\$ 24,690,000	\$ 26,440,000	\$ 525,000	\$ 560,000
MWPAT notes	488,708	517,735	19,919,692	20,550,903
	<u>\$ 25,178,708</u>	<u>\$ 26,957,735</u>	<u>\$ 20,444,692</u>	<u>\$ 21,110,903</u>

Please refer to **Notes 4 and 7** for further discussion of the major capital and debt activity.

Economic Factors and Next Year's Budgets & Rates

The following factors were considered in preparing the Town's fiscal year 2010 budget:

- *Wage Settlements*
- *Pension Costs*
- *Health Insurance*

Request for Information

This financial report is designed to provide a general overview of the Town of Acton's finances for all those with an interest in the government's finances. Prospective users of the financial statements should understand that there are significant differences between GAAP basis GASB #34 financial statements and statutory calculations such as free cash, and therefore these statements should not be used for such purposes. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Manager, Steven L. Ledoux, 472 Main St., Acton, MA 01720.

TOWN OF ACTON, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 19,091,879	\$ 8,040,502	\$ 27,132,381
INVESTMENTS	5,128,982	-	5,128,982
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	535,227	-	535,227
TAX LIENS	1,597,152	-	1,597,152
MOTOR VEHICLE EXCISE TAXES	64,777	-	64,777
USER FEES	-	154,963	154,963
DEPARTMENTAL AND OTHER	255,140	-	255,140
INTERGOVERNMENTAL	1,993,586	-	1,993,586
SPECIAL ASSESSMENTS	-	772,085	772,085
OTHER ASSETS	575,938	-	575,938
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	-	16,373,614	16,373,614
INTERGOVERNMENTAL	13,122,961	-	13,122,961
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	137,650,259	21,763,382	159,413,641
TOTAL ASSETS	<u>180,015,901</u>	<u>47,104,546</u>	<u>227,120,447</u>
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	795,918	22,409	818,327
OTHER LIABILITIES	250,674	-	250,674
ACCRUED INTEREST	383,690	143,141	526,831
BONDS AND NOTES PAYABLE	3,940,059	687,569	4,627,628
LANDFILL POSTCLOSURE CARE COSTS	2,500	-	2,500
COMPENSATED ABSENCES	1,019,431	24,583	1,044,014
POST EMPLOYMENT BENEFITS	1,160,439	5,948	1,166,387
NONCURRENT:			
OTHER LIABILITIES	3,108,345	-	3,108,345
BONDS AND NOTES PAYABLE	23,369,426	19,757,123	43,126,549
LANDFILL POSTCLOSURE CARE COSTS	62,500	-	62,500
COMPENSATED ABSENCES	1,541,911	-	1,541,911
POST EMPLOYMENT BENEFITS	1,611,039	35,920	1,646,959
TOTAL LIABILITIES	<u>37,245,932</u>	<u>20,676,693</u>	<u>57,922,625</u>
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	112,630,806	1,318,690	113,949,496
RESTRICTED FOR:			
STREETS	511,558	-	511,558
PERMANENT FUNDS:			
EXPENDABLE	1,368,242	-	1,368,242
NONEXPENDABLE	1,773,712	-	1,773,712
OTHER PURPOSES	6,161,765	-	6,161,765
UNRESTRICTED	20,323,886	25,109,163	45,433,049
TOTAL NET ASSETS	<u>\$ 142,769,969</u>	<u>\$ 26,427,853</u>	<u>\$ 169,197,822</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 7,265,199	\$ 239,853	\$ 133,700	\$ -	\$ (6,891,646)
PUBLIC SAFETY	7,280,663	1,060,347	197,319	28,592	(5,994,405)
EDUCATION	50,645,080	944,625	6,735,464	302,539	(42,662,452)
PUBLIC WORKS	2,971,877	112,174	(38,608)	511,550	(2,386,761)
HUMAN SERVICES	1,932,660	609,035	190,857	-	(1,132,768)
LIBRARY	1,199,756	51,473	72,297	-	(1,075,986)
PENSION	5,520,562	-	3,199,715	-	(2,320,847)
EMPLOYEE BENEFITS	6,120,529	-	549,814	-	(5,570,715)
STATE & COUNTY ASSESSMENTS	234,647	-	-	-	(234,647)
INTEREST	1,138,519	-	-	-	(1,138,519)
TOTAL GOVERNMENTAL ACTIVITIES	84,309,492	3,017,507	11,040,558	842,681	(69,408,746)
BUSINESS-TYPE ACTIVITIES:					
SANITATION	536,781	616,278	56,605	-	136,102
SEWER	2,370,246	1,387,686	30,852	797,613	(154,095)
NURSING	767,263	516,472	4,421	-	(246,370)
TOTAL BUSINESS-TYPE ACTIVITIES	3,674,290	2,520,436	91,878	797,613	(264,363)
TOTAL PRIMARY GOVERNMENT	\$ 87,983,782	\$ 5,537,943	\$ 11,132,436	\$ 1,640,294	\$ (69,673,109)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF ACTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (69,408,746)	\$ (264,363)	\$ (69,673,109)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	60,631,206	-	60,631,206
TAX LIENS	726,851	-	726,851
MOTOR VEHICLE EXCISE TAXES	2,449,134	-	2,449,134
PENALTIES AND INTEREST ON TAXES	115,996	-	115,996
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	2,942,724	-	2,942,724
UNRESTRICTED INVESTMENT INCOME	278,320	-	278,320
MISCELLANEOUS	90,508	-	90,508
TRANSFERS, NET	635,000	(635,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS	67,869,739	(635,000)	67,234,739
CHANGE IN NET ASSETS	(1,539,007)	(899,363)	(2,438,370)
NET ASSETS:			
BEGINNING OF YEAR	144,308,976	27,327,216	171,636,192
END OF YEAR	\$ 142,769,969	\$ 26,427,853	\$ 169,197,822

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF ACTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009**

<u>ASSETS</u>	GENERAL	COMMUNITY PRESERVATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 9,574,528	\$ 4,598,883	\$ 4,918,468	\$ 19,091,879
INVESTMENTS	-	-	5,128,982	5,128,982
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	535,227	-	-	535,227
TAX LIENS	1,597,152	-	-	1,597,152
MOTOR VEHICLE EXCISE TAXES	64,777	-	-	64,777
DEPARTMENTAL AND OTHER	535	13,397	241,208	255,140
INTERGOVERNMENTAL	14,132,419	-	984,128	15,116,547
OTHER ASSETS	575,938	-	-	575,938
TOTAL ASSETS	\$ 26,480,576	\$ 4,612,280	\$ 11,272,786	\$ 42,365,642
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 629,785	\$ 257	\$ 165,876	\$ 795,918
DEFERRED REVENUES	15,982,110	13,397	752,766	16,748,273
NOTES PAYABLE	-	-	2,130,777	2,130,777
TOTAL LIABILITIES	16,611,895	13,654	3,049,419	19,674,968
FUND BALANCES:				
RESERVED FOR:				
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	3,353,740	-	-	3,353,740
PERPETUAL PERMANENT FUNDS	-	-	1,773,712	1,773,712
UNRESERVED				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	1,167,330	-	-	1,167,330
UNDESIGNATED, REPORTED IN:				
GENERAL FUND	5,347,611	-	-	5,347,611
SPECIAL REVENUE FUNDS	-	4,598,626	6,161,765	10,760,391
CAPITAL PROJECTS FUNDS	-	-	(1,080,352)	(1,080,352)
PERMANENT FUNDS	-	-	1,368,242	1,368,242
TOTAL FUND BALANCES	9,868,681	4,598,626	8,223,367	22,690,674
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,480,576	\$ 4,612,280	\$ 11,272,786	\$ 42,365,642

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>GENERAL</u>	<u>COMMUNITY PRESERVATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 61,235,586	\$ -	\$ -	\$ 61,235,586
MOTOR VEHICLE EXCISE TAXES	2,520,198	-	-	2,520,198
PENALTIES AND INTEREST ON TAXES	115,996	-	-	115,996
INTERGOVERNMENTAL CHARGES FOR SERVICES	10,791,896	473,581	2,525,891	13,791,368
INVESTMENT INCOME	-	-	2,096,113	2,096,113
CONTRIBUTIONS & DONATIONS	278,320	54,705	(42,917)	290,108
DEPARTMENTAL AND OTHER	-	-	738,721	738,721
	<u>831,100</u>	<u>717,564</u>	<u>161,555</u>	<u>1,710,219</u>
TOTAL REVENUES	<u>75,773,096</u>	<u>1,245,850</u>	<u>5,479,363</u>	<u>82,498,309</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	5,339,881	1,133,762	372,217	6,845,860
PUBLIC SAFETY	6,322,884	-	978,115	7,300,999
EDUCATION	47,354,823	-	3,543,631	50,898,454
PUBLIC WORKS	2,696,103	-	53,135	2,749,238
HUMAN SERVICES	1,133,770	14,744	780,598	1,929,112
LIBRARY	1,089,428	-	64,033	1,153,461
PENSION	5,520,562	-	-	5,520,562
EMPLOYEE BENEFITS	2,774,891	-	549,814	3,324,705
STATE & COUNTY ASSESSMENTS	234,647	-	-	234,647
DEBT SERVICE				
PRINCIPAL	1,779,027	-	-	1,779,027
INTEREST	1,152,152	-	-	1,152,152
TOTAL EXPENDITURES	<u>75,398,168</u>	<u>1,148,506</u>	<u>6,341,543</u>	<u>82,888,217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>374,928</u>	<u>97,344</u>	<u>(862,180)</u>	<u>(389,908)</u>
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	818,545	-	64,107	882,652
OPERATING TRANSFERS OUT	(56,607)	(56,332)	(134,713)	(247,652)
TOTAL OTHER FINANCING SOURCES (USES)	<u>761,938</u>	<u>(56,332)</u>	<u>(70,606)</u>	<u>635,000</u>
NET CHANGE IN FUND BALANCES	1,136,866	41,012	(932,786)	245,092
FUND BALANCES AT BEGINNING OF YEAR	<u>8,731,815</u>	<u>4,557,614</u>	<u>9,156,153</u>	<u>22,445,582</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,868,681</u>	<u>\$ 4,598,626</u>	<u>\$ 8,223,367</u>	<u>\$ 22,690,674</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2009**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 22,690,674
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		137,650,259
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		16,748,273
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(383,690)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(25,178,708)	
OTHER LIABILITIES	(3,359,019)	
POST EMPLOYMENT BENEFITS	(2,771,478)	
COMPENSATED ABSENCES	(2,561,342)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(65,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(33,935,547)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 142,769,969</u></u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 245,092
<p>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.</p>		
CAPITAL OUTLAY	3,162,653	
DEPRECIATION EXPENSE	<u>(2,168,952)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		993,701
<p>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</p>		
		(362,824)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) 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. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,779,027</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,779,027
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN OTHER LIABILITIES	(1,414,312)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS	(2,771,478)	
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(24,346)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	2,500	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>13,633</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(4,194,003)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (1,539,007)</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	SANITATION	SEWER	NURSING	TOTAL
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 4,465,703	\$ 3,263,298	\$ 311,501	\$ 8,040,502
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	-	97,043	57,920	154,963
SPECIAL ASSESSMENTS	-	772,085	-	772,085
TOTAL CURRENT ASSETS	<u>4,465,703</u>	<u>4,132,426</u>	<u>369,421</u>	<u>8,967,550</u>
NONCURRENT:				
SPECIAL ASSESSMENTS	-	16,373,614	-	16,373,614
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	1,068,159	20,695,223	-	21,763,382
TOTAL NONCURRENT ASSETS	<u>1,068,159</u>	<u>37,068,837</u>	<u>-</u>	<u>38,136,996</u>
TOTAL ASSETS	<u>5,533,862</u>	<u>41,201,263</u>	<u>369,421</u>	<u>47,104,546</u>
LIABILITIES				
CURRENT:				
ACCOUNTS PAYABLE	3,485	1,652	17,272	22,409
ACCRUED INTEREST	-	143,141	-	143,141
BONDS AND NOTES PAYABLE	-	687,569	-	687,569
COMPENSATED ABSENCES	5,132	2,655	16,796	24,583
POST EMPLOYMENT BENEFITS	-	75	5,873	5,948
TOTAL CURRENT LIABILITIES	<u>8,617</u>	<u>835,092</u>	<u>39,941</u>	<u>883,650</u>
NONCURRENT:				
BONDS AND NOTES PAYABLE	-	19,757,123	-	19,757,123
POST EMPLOYMENT BENEFITS	-	8,892	27,028	35,920
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>19,766,015</u>	<u>27,028</u>	<u>19,793,043</u>
TOTAL LIABILITIES	<u>8,617</u>	<u>20,601,107</u>	<u>66,969</u>	<u>20,676,693</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,068,159	250,531	-	1,318,690
UNRESTRICTED	4,457,086	20,349,625	302,452	25,109,163
TOTAL NET ASSETS	<u>\$ 5,525,245</u>	<u>\$ 20,600,156</u>	<u>\$ 302,452</u>	<u>\$ 26,427,853</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>SANITATION</u>	<u>SEWER</u>	<u>NURSING</u>	<u>TOTAL</u>
<u>OPERATING REVENUES:</u>				
CHARGES FOR SERVICES	\$ 616,278	\$ 1,387,686	\$ 516,472	\$ 2,520,436
<u>OPERATING EXPENSES:</u>				
GENERAL SERVICES	469,817	566,041	761,263	1,797,121
DEPRECIATION	66,964	729,311	6,000	802,275
TOTAL OPERATING EXPENSES	<u>536,781</u>	<u>1,295,352</u>	<u>767,263</u>	<u>2,599,396</u>
OPERATING INCOME (LOSS)	<u>79,497</u>	<u>92,334</u>	<u>(250,791)</u>	<u>(78,960)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
INTERGOVERNMENTAL	-	797,613	-	797,613
INVESTMENT INCOME	56,605	30,852	4,421	91,878
INTEREST EXPENSE	-	(1,074,894)	-	(1,074,894)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>56,605</u>	<u>(246,429)</u>	<u>4,421</u>	<u>(185,403)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	136,102	(154,095)	(246,370)	(264,363)
<u>OPERATING TRANSFERS:</u>				
OPERATING TRANSFERS OUT	<u>(635,000)</u>	<u>-</u>	<u>-</u>	<u>(635,000)</u>
CHANGE IN NET ASSETS	(498,898)	(154,095)	(246,370)	(899,363)
NET ASSETS AT BEGINNING OF YEAR	6,024,143	20,754,251	548,822	27,327,216
NET ASSETS AT END OF YEAR	<u>\$ 5,525,245</u>	<u>\$ 20,600,156</u>	<u>\$ 302,452</u>	<u>\$ 26,427,853</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>SANITATION</u>	<u>SEWER</u>	<u>NURSING</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 616,278	\$ 2,479,706	\$ 624,234	\$ 3,720,218
PAYMENTS TO SUPPLIERS	(335,211)	(531,997)	(285,166)	(1,152,374)
PAYMENTS TO EMPLOYEES	(135,373)	(64,928)	(438,835)	(639,136)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>145,694</u>	<u>1,882,781</u>	<u>(99,767)</u>	<u>1,928,708</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
OPERATING TRANSFERS IN (OUT)	(635,000)	-	-	(635,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(635,000)</u>	<u>-</u>	<u>-</u>	<u>(635,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
PRINCIPAL PAYMENTS ON BONDS AND NOTES	-	(600,114)	-	(600,114)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(332,927)	-	-	(332,927)
INTEREST EXPENSE	-	(348,164)	-	(348,164)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(332,927)</u>	<u>(948,278)</u>	<u>-</u>	<u>(1,281,205)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
INTEREST RECEIVED	56,605	30,852	4,421	91,878
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	<u>56,605</u>	<u>30,852</u>	<u>4,421</u>	<u>91,878</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(765,628)	965,355	(95,346)	104,381
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>5,231,331</u>	<u>2,297,943</u>	<u>406,847</u>	<u>7,936,121</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 4,465,703</u>	<u>\$ 3,263,298</u>	<u>\$ 311,501</u>	<u>\$ 8,040,502</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>				
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
OPERATING INCOME (LOSS)	<u>\$ 79,497</u>	<u>\$ 92,334</u>	<u>\$ (250,791)</u>	<u>\$ (78,960)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	66,964	729,311	6,000	802,275
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	-	1,092,020	107,762	1,199,782
(INCREASE) DECREASE IN OTHER ASSETS	-	-	38,115	38,115
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(234)	(39,468)	(39,597)	(79,299)
INCREASE (DECREASE) IN ACCRUED COMPENSATED ABSENCES	(533)	(383)	5,843	4,927
INCREASE (DECREASE) IN POST EMPLOYMENT BENEFITS	-	8,967	32,901	41,868
TOTAL ADJUSTMENTS	<u>66,197</u>	<u>1,790,447</u>	<u>151,024</u>	<u>2,007,668</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 145,694</u>	<u>\$ 1,882,781</u>	<u>\$ (99,767)</u>	<u>\$ 1,928,708</u>

See accompanying notes to the basic financial statements

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

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 688,710
INVESTMENTS	260,296	-
TOTAL ASSETS	260,296	688,710
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	6,732
OTHER LIABILITIES	-	681,978
TOTAL LIABILITIES	-	688,710
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	\$ 260,296	\$ -

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS:</u>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>\$ 7,834</u>
 <u>DEDUCTIONS:</u>	
HUMAN SERVICES	<u>20,609</u>
CHANGE IN NET ASSETS	(12,775)
 NET ASSETS AT BEGINNING OF YEAR	 <u>273,071</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 260,296</u></u>

See accompanying notes to the basic financial statements

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Acton, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Manager whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

Joint Ventures

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
Acton-Boxborough Regional School District	To provide Jr. - Sr. High Education	16 Charter Road Acton, MA 01720	\$ 22,695,259
Minuteman Regional High School	To provide Vocational Education	758 Marrett Road Lexington, MA 02421-7313	\$ 770,709

The Acton-Boxborough Regional School District (the District) is governed by a nine (9) member school committee which includes six (6) elected representatives from the Town of Acton and three (3) from the Town of Boxborough. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an approximately 79% equity interest in the joint venture.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Minuteman Regional High School (the District) is governed by a sixteen (16) member school committee which includes one (1) elected representative from the Town of Acton. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, landfill post closure care costs, and post employment benefits which are recognized when the obligations are expected to be liquidated with current expendable available resources.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Community Preservation fund* is a special revenue fund used to account for the accumulation of resources to purchase open space, provide for affordable housing, or preservation of historical property under the guidelines of the Community Preservation Act of the Massachusetts General Laws.
- The *Non-major Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The following major proprietary funds are reported:

- The *Nursing Enterprise fund* is used to account for nursing activities.
- The *Sewer Enterprise fund* is used to account for sewer activities.
- The *Sanitation Enterprise fund* is used to account for trash collection activities.

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as "Proposition 2 ½" limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

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

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Sewer

User fees are levied monthly based on water meter readings obtained from the water district for the prior winter months usage (September through March readings), which are converted from cubic feet to gallons. All monthly bills for the fiscal year will be based on this reading. User fees are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Sewer charges and related liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Special Assessments

Special assessments consist of Sewer receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of ambulance and title V loan receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles for the ambulance receivable is estimated based on historical trends and specific account analysis.

Intergovernmental

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

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the nursing, sewer and sanitation enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, infrastructure (e.g., sewer mains, roadways, and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net assets have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “*restricted*” or “*invested in capital assets, net of related debt*”.

Fund Financial Statements (Fund Balances)

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that represent tentative management plans that are subject to change.

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.
- *Perpetual permanent funds* represent amounts held in trust for which only investment earnings may be expended.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2010 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

Government-Wide and Proprietary Fund Financial Statements

The total amount to be paid in future years is presented in the government-wide and proprietary fund statement of net assets. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2009 is recorded in the governmental fund financial statement.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims. For the fiscal year ended June 30, 2009, this expense/expenditure totaled approximately \$821,117. There were approximately 227 participants eligible to receive benefits at June 30, 2009.

P. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

**TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 2 – DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

Deposits

- *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits “in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) 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.” The Town does not have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), the Depositor’s Insurance Fund (DIF), the Share Insurance Fund (SIF), or collateralized with securities held by the Town or the Town’s agent in the Town’s name. The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name.

The following table illustrates how much of the Town’s bank deposits are insured or collateralized, and how much of the Town’s bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name as of June 30, 2009:

Total bank balances		<u>\$27,865,205</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,380,164	
Depositor's Insurance Fund (DIF)	<u>10,177,551</u>	
Total bank balances covered by deposit insurance		12,557,715
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>15,307,490</u>	
Total bank balances subject to custodial credit risk		<u>15,307,490</u>
Total bank balances		<u>\$27,865,205</u>

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. This temporary increase in coverage has recently been extended through December 31, 2013.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Investments

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

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 is the actual rating as of year end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End	
			AAA	Unrated
U.S. Government & Agency Securities	\$ 837,906	N/A	\$ 837,906	-
Certificate of Deposit	2,030,147	N/A	-	2,030,147
Mutual Funds	1,780,656	N/A	-	1,780,656
Common stock	740,569	N/A	-	740,569
Total Investments	\$ 5,389,278		\$ 837,906	\$ 4,551,372

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

b) Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the U.S. Government and Agency Securities or the Corporate equities because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The certificates of deposit are not exposed to custodial credit risk since they are fully insured by the FDIC and/or the DIF.

The Town does not have an investment policy for custodial credit risk.

c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<i>Debt Related Securities:</i>				
U.S. Government & Agency	\$ 837,906	\$ 121,463	\$ 343,366	\$ 373,077
<i>Other Investments:</i>				
Certificate of Deposit	2,030,147	2,030,147	-	-
Mutual Funds	1,780,656	1,780,656	-	-
Common Stock	740,569	740,569	-	-
Total Other Investments	4,551,372	4,551,372	-	-
Total Investments	\$ 5,389,278	\$ 4,672,835	\$ 343,366	\$ 373,077

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

d) *Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
Certificate of Deposit - Marlborough Savings Bank	37.11%

NOTE 3 – RECEIVABLES

The receivables at June 30, 2009 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 544,998	\$ (9,771)	\$ 535,227
Tax liens	1,597,152	-	1,597,152
Motor vehicle excise taxes	359,414	(294,637)	64,777
Departmental and other	529,256	(274,116)	255,140
Intergovernmental	15,116,547	-	15,116,547
 Total	 \$ 18,147,367	 \$ (578,524)	 \$ 17,568,843

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The receivables at June 30, 2009, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sewer</i>			
User fees	\$ 97,043	\$ -	\$ 97,043
Special assessments	17,145,699	-	17,145,699
<i>Nursing</i>			
User fees	71,238	(13,318)	57,920
 Total	 <u>\$ 17,313,980</u>	 <u>\$ (13,318)</u>	 <u>\$ 17,300,662</u>

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. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis

Receivable Type:	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 187,762	\$ -	\$ -	\$ 187,762
Tax Liens	1,597,152	-	-	1,597,152
Motor vehicle excise taxes	64,777	-	-	64,777
Departmental	-	13,397	241,208	254,605
Intergovernmental	14,132,419	-	511,558	14,643,977
 Total	 <u>\$ 15,982,110</u>	 <u>\$ 13,397</u>	 <u>\$ 752,766</u>	 <u>\$ 16,748,273</u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 66,297,302	\$ 653,165	\$ -	\$ 66,950,467
Intangible assets	2,573,200	-	-	2,573,200
Construction in progress	603,000	418,295	(176,980)	844,315
Total capital assets not being depreciated	<u>69,473,502</u>	<u>1,071,460</u>	<u>(176,980)</u>	<u>70,367,982</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	40,398,424	496,935	176,980	41,072,339
Capital improvements (other than buildings)	2,577,010	199,576	-	2,776,586
Machinery and equipment	4,456,614	955,450	(83,368)	5,328,696
Vehicles	1,429,853	180,362	(63,761)	1,546,454
Infrastructure	40,464,808	258,870	-	40,723,678
Total capital assets being depreciated	<u>89,326,709</u>	<u>2,091,193</u>	<u>29,851</u>	<u>91,447,753</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(9,627,951)	(857,774)	-	(10,485,725)
Capital improvements (other than buildings)	(1,154,231)	(108,600)	-	(1,262,831)
Machinery and equipment	(3,313,698)	(226,751)	83,368	(3,457,081)
Vehicles	(838,068)	(174,321)	63,761	(948,628)
Infrastructure	(7,209,705)	(801,506)	-	(8,011,211)
Total accumulated depreciation	<u>(22,143,653)</u>	<u>(2,168,952)</u>	<u>147,129</u>	<u>(24,165,476)</u>
Total capital assets being depreciated, net	<u>67,183,056</u>	<u>(77,759)</u>	<u>176,980</u>	<u>67,282,277</u>
Total governmental activities capital assets, net	<u>\$ 136,656,558</u>	<u>\$ 993,701</u>	<u>\$ -</u>	<u>\$ 137,650,259</u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 534,769	\$ -	\$ -	\$ 534,769
Total capital assets not being depreciated	<u>534,769</u>	<u>-</u>	<u>-</u>	<u>534,769</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	10,163,041	-	-	10,163,041
Improvements (other than buildings)	-	48,796	-	48,796
Machinery and equipment	475,563	284,130	-	759,693
Vehicles	129,825	-	-	129,825
Infrastructure	15,760,086	-	-	15,760,086
Total capital assets being depreciated	<u>26,528,515</u>	<u>332,926</u>	<u>-</u>	<u>26,861,441</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(2,130,128)	(340,403)	-	(2,470,531)
Improvements (other than buildings)	-	(203)	-	(203)
Machinery and equipment	(279,070)	(54,405)	-	(333,475)
Vehicles	(38,171)	(15,645)	-	(53,816)
Infrastructure	(2,383,184)	(391,619)	-	(2,774,803)
Total accumulated depreciation	<u>(4,830,553)</u>	<u>(802,275)</u>	<u>-</u>	<u>(5,632,828)</u>
Total capital assets being depreciated, net	<u>21,697,962</u>	<u>(469,349)</u>	<u>-</u>	<u>21,228,613</u>
Total business-type activities capital assets, net	<u>\$ 22,232,731</u>	<u>\$ (469,349)</u>	<u>\$ -</u>	<u>\$ 21,763,382</u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

Governmental Activities:

General government	\$ 121,685
Public safety	350,014
Education	595,021
Public works	887,712
Human services	33,910
Library	<u>180,610</u>
Total depreciation expense - governmental activities	<u>\$ 2,168,952</u>

Business-Type Activities:

Sewer	\$ 729,311
Sanitation	66,964
Nursing Services	<u>6,000</u>
Total depreciation expense - business-type activities	<u>\$ 802,275</u>

**TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2009, are summarized as follows:

	Operating Transfers In:		
Operating Transfers Out:	General Fund	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds	\$ 118,000	\$ -	\$ 118,000 (1)
Nonmajor Governmental Funds	16,713	-	16,713 (2)
Community Preservation Fund	56,332	-	56,332 (1)
Sanitation Enterprise Fund	627,500	7,500	635,000 (1)
General Fund	-	56,607	56,607 (1)
Total	\$ 818,545	\$ 64,107	\$ 882,652

(1) Represents budgeted transfers to supplement the operating budgets

(2) Represents other transfers between funds.

NOTE 6 – SHORT-TERM FINANCING

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The following is a summary of changes in short-term debt for the year ended June 30, 2009:

Type	Purpose	Rate %	Due Date	Balance at June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2009
BAN	School project	0.756	06/30/10	\$ -	\$ 946,450	\$ -	\$ 946,450
BAN	School project	0.756	06/30/10	-	297,680	-	297,680
BAN	Vehicles and equipment	0.756	06/30/10	-	886,647	-	886,647
Total Governmental Funds				\$ -	\$ 2,130,777	\$ -	\$ 2,130,777

NOTE 7 – LONG-TERM DEBT

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2009:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
General Obligation	4.70	\$ 1,030,000	\$ -	\$ 190,000	\$ 840,000
General Obligation	4.76	2,650,000	-	325,000	2,325,000
School Construction	4.27	17,470,000	-	875,000	16,595,000
MWPAT Water Study	Var.	189,080	-	10,022	179,058
Public Safety Building	3.66	5,080,000	-	330,000	4,750,000
School Remodeling	Var.	114,800	-	16,400	98,400
School Remodeling	4.40	95,200	-	13,600	81,600
MWPAT Water Study	0.00	154,350	-	10,290	144,060
MWPAT Title V	0.00	174,305	-	8,715	165,590
Total		\$ 26,957,735	\$ -	\$ 1,779,027	\$ 25,178,708

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2009 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,809,282	\$ 1,051,325	\$ 2,860,607
2011	1,849,596	987,508	2,837,104
2012	1,884,920	909,895	2,794,815
2013	1,765,257	837,165	2,602,422
2014	1,721,371	765,922	2,487,293
2015-2019	8,794,325	2,753,944	11,548,269
2020-2024	7,319,093	843,810	8,162,903
2025-2028	34,864	-	34,864
Total	<u>\$ 25,178,708</u>	<u>\$ 8,149,569</u>	<u>\$ 33,328,277</u>

Bonds and Notes Payable Schedule - Sewer Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2008</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2009</u>
MWPAT Sewer	Var.	\$ 661,200	\$ -	\$ 54,700	\$ 606,500
MWPAT Sewer	Var.	1,713,262	-	49,443	1,663,819
MWPAT Sewer	Var.	7,209,486	-	209,556	6,999,930
MWPAT Sewer	Var.	10,966,955	-	317,512	10,649,443
Middle Fort Pond Sewer	3.71	560,000	-	35,000	525,000
Total		<u>\$21,110,903</u>	<u>\$ -</u>	<u>\$ 666,211</u>	<u>\$ 20,444,692</u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The annual debt service requirements for principal and interest for sewer enterprise fund bonds and notes outstanding at June 30, 2009 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 687,569	\$ 1,053,875	\$ 1,741,444
2011	709,723	1,021,506	1,731,229
2012	734,600	981,090	1,715,690
2013	726,800	952,607	1,679,407
2014	782,000	892,305	1,674,305
2015-2019	4,314,000	3,832,837	8,146,837
2020-2024	4,695,000	2,478,860	7,173,860
2025-2029	5,380,000	1,240,678	6,620,678
2030-2031	<u>2,415,000</u>	<u>162,469</u>	<u>2,577,469</u>
Total	<u>\$ 20,444,692</u>	<u>\$ 12,616,227</u>	<u>\$ 33,060,919</u>

Loans Authorized and Unissued

As of June 30, 2009, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Bridge Construction	4/13/1988	\$ 600,000
Fuel Tank	4/12/1993	250,000
Title V Septic	4/7/1997	25,695
Fire and Highway Equipment	4/7/2008	886,647
School Building Repairs	4/7/2008	946,450
School Boiler Upgrades	4/7/2008	524,100
School Roof Replacement	4/6/2009	<u>664,102</u>
Total		<u>\$ 3,896,994</u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 63% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$1,085,577 in FY 2009 from MSBA for completed school construction projects. The Town also accrued \$226,420 in direct aid for a current school project.

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 26,957,735	\$ -	\$ (1,779,027)	\$ 25,178,708	\$ 1,809,282
Compensated absences	2,536,996	24,346	-	2,561,342	1,019,431
Post employment benefits	-	2,771,478	-	2,771,478	1,160,439
Other Liabilities - Sewer Betterments	1,944,707	1,500,000	(85,688)	3,359,019	250,674
Landfill postclosure care costs	67,500	-	(2,500)	65,000	2,500
Total governmental activities long-term liabilities	\$ 31,506,938	\$ 4,295,824	\$ (1,867,215)	\$ 33,935,547	\$ 4,242,326
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 21,110,903	\$ -	\$ (666,211)	\$ 20,444,692	\$ 687,569
Compensated absences	19,657	4,926	-	24,583	24,583
Post employment benefits	-	41,868	-	41,868	5,948
Total business-type activities long-term liabilities	\$ 21,130,560	\$ 46,794	\$ (666,211)	\$ 20,511,143	\$ 718,100

The governmental activities long-term liabilities are generally liquidated by the general fund.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2009:

<u>Agency</u>	<u>Total Long-Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Acton Boxborough Regional School District			
Bonds	<u>\$ 21,583,144</u>	78.54%	<u>\$ 16,951,401</u>

NOTE 8 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$1,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town’s liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2009.

The Town participates in a self-insurance pool for health care benefits. The pool includes the Town of Acton and the Acton-Boxborough Regional School District. The claims administration contract holds all participants jointly and severally liable for claims paid.

The pool provides health care coverage for all active and retired employees that qualify for and select health care coverage as an employee benefit. Active and retired employees participating in the pool pay a percentage of an estimated health insurance premium. The contribution percentage for active employees is 15%. All retired employees pay 50% of the established premium.

Health benefits include Master Health Plus, HMO Blue, and Medex offered by Blue Cross Blue Shield of Massachusetts, as well as Harvard Pilgrim HMO offered by Harvard Pilgrim Health Care. Blue Cross and Blue Shield and Harvard Pilgrim Health Care administer the claims program for the pool. The pool pays in a standard monthly amount towards claims incurred. Annually, actual claims payable, (or prepaid claims deposits) are established by adjusting for actual claims and estimated claims incurred but not reported. The pool’s expenses are for actual claims incurred, excess claims insurance coverage and administrative costs for the plan administrators. Excess claims insurance coverage is purchased to cover any medical claims in excess of \$110,000, to a lifetime maximum amount payable of \$1,000,000.

As of June 30, 2009, the Acton Health Insurance Trust had total assets of \$5,764,367, total liabilities of \$2,818,190 (including \$915,000 estimated benefits obligations), and a total net assets of \$2,946,177.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. Town of Acton Post Employment Welfare Benefit Plan “the plan” is a single-employer defined benefit healthcare plan administered by the Town of Acton. The plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Law Chapter 32B to provide ½ of the premium cost of retirees’ health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2009, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,171,938.

Annual OPEB Cost and Net OPEB Obligation. The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASBS No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the fiscal year, according to the actuarial report dated October 1, 2008:

Annual required contribution	\$ 3,983,119
Interest on net OPEB obligation	-
Adjustment to annual required contribution (ARC)	<u>-</u>
Annual OPEB cost (expense)	3,983,119
Contributions made	<u>1,171,938</u>
Increase in net OPEB obligation	2,811,181
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 2,811,181</u></u>

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	N/A	N/A	N/A
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 3,983,119	29.40%	\$ 2,811,181

Funded Status and Funding Progress. As of June 30, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$48.495 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$48.495 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.5 million, and the ratio of the UAAL to the covered payroll was 461.9%.

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

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

In the December 31, 2007, actuarial valuation, the projected unit credit actuarial cost method with amortization payments increasing at 3.5% was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ration of past service to total service. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The actuarial value of assets was determined using market value. The UAAL is being amortized as over 30 years with payments increasing at 3.5% per year at transition. The remaining amortization period at July 1, 2008, was 30 years.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10 – PENSION PLANS

A. Plan Descriptions

The Town contributes to the Middlesex Retirement System (the “System”), a cost sharing, multiple-employer, defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees are members of the “System” except for public school teachers and certain school administrators who are members of the Massachusetts Teachers’ Retirement System (MTRS) to which the Town does not contribute.

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The “System” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

B. Funding Policies

Middlesex Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town 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 Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2009, 2008, and 2007 were \$2,320,847, \$2,119,378, and \$1,999,140, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$3,199,715 for fiscal year 2009. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2009, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town's estimated liability for post-closure care costs for the landfill is \$65,000 as of June 30, 2009. The Town is responsible for post-closure monitoring of the site for thirty years (26 years remaining). This estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$65,000 reported as landfill post-closure liability at June 30, 2009 is based on what it would cost to perform all post-closure care at June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Except as noted below, various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

By Agreement dated September 4, 2009, approved by the United States Bankruptcy Court in Grace's consolidated bankruptcy proceeding on November 18, 2009, the Town and Grace settled Grace's pending sewer betterment abatement petition in the case *W.R. Grace & Co. – Conn. v Lauren Rosenzweig, et al.* Middlesex Superior Court C. A. No. MICV-2006-01587. The Bankruptcy Court allowed the Town's sewer betterment Claim No. 4384 as an Administrative Expense Claim in the amount of \$2,162,677, to be paid and secured as provided in the Settlement Agreement.

In turn, retroactive to April 30, 2009, *nunc pro tunc*, the Town agreed to abate the balance of the sewer betterment assessments for the Grace Bettered Property for the years in question, totaling an abatement of \$1,500,000.

As a result, an expenditure of \$1,500,000 has been recorded in the governmental activities statement of activities under the public works function as of June 30, 2009.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 12 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2009, the following Governmental Accounting Standards Board (GASB) pronouncements were implemented:

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented in Fiscal 2009. This pronouncement requires additional disclosure and does impact the basic financial statements (See **Note 9** and required supplementary information (RSI)).

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* was implemented in FY2009. Since the Town does not have any pollution remediation obligations, this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* was implemented in FY2009. This pronouncement does impact the basic financial statements (See **Note 13**).

The GASB issued **Statement #52**, *Land and Other Real Estate Held as Investments by Endowments* was implemented in FY2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Since the Town does not possess any assets covered by this standard, this pronouncement did not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #53**, *Accounting and Financial Reporting for Derivative Instruments* which is required to be implemented in FY2010. The Town does not invest in derivative instruments. Therefore, management believes this pronouncement will not require additional disclosure and will not have a material impact on the basic financial statements.

The GASB issued **Statement #54**, *Fund Balance Reporting and Governmental Fund Type Definitions* which is required to be implemented in FY2011. This standard provides definitions and guidance in order to provide clearer fund balance classifications. Management believes this pronouncement will require additional disclosure and reclassify/redefine some fund balances in the basic financial statements.

TOWN OF ACTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13 – ADOPTION OF GASB#51 AND PRIOR PERIOD ADJUSTMENT

The following Governmental Activities Net Assets have been restated to reflect the adoption of GASB Statement #51, *Accounting and Financial Reporting for Intangible Assets*. The related liability for future Sewer Betterments payable liability that created the intangible assets has also been recorded concurrently. The statement has been adopted retroactively to June 30, 2008 in order provide a matching of the asset with the related liability. A summary of the restatement is as follows:

Description	Primary Governmental Activities
Total Net Assets as of June 30, 2008, as previously reported	\$ 143,680,483
To record intangible assets - Sewer Rights - adoption of GASB#51	2,573,200
To record future Sewer Betterments liability	(1,944,707)
Total Net Assets as of June 30, 2008, as restated	\$ 144,308,976

**TOWN OF ACTON, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION**

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER (UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 61,161,826	\$ 61,161,826	\$ 61,235,586	\$ 73,760
MOTOR VEHICLE EXCISE TAXES	2,865,000	2,865,000	2,520,198	(344,802)
PENALTIES & INTEREST ON TAXES	180,000	180,000	115,996	(64,004)
INTERGOVERNMENTAL	8,282,890	7,733,076	7,583,754	(149,322)
INVESTMENT INCOME	360,750	360,750	278,320	(82,430)
DEPARTMENTAL AND OTHER	993,900	993,900	831,100	(162,800)
TOTAL REVENUES	<u>73,844,366</u>	<u>73,294,552</u>	<u>72,564,954</u>	<u>(729,598)</u>
<u>EXPENDITURES:</u>				
CURRENT:				
MUNICIPAL GOVERNMENT	25,490,279	25,490,279	24,592,131	898,148
ACTON LOCAL SCHOOLS	24,974,318	24,424,504	24,026,160	398,344
ACTON BOXBOROUGH REGIONAL SCHOOL DISTRICT	22,695,259	22,695,259	22,695,259	-
MINUTEMAN REGIONAL SCHOOL DISTRICT	770,709	770,709	770,709	-
STATE & COUNTY ASSESSMENTS	219,840	219,840	234,647	(14,807)
CAPITAL OUTLAY - MUNICIPAL GOVERNMENT	554,150	824,150	824,150	-
TOTAL EXPENDITURES	<u>74,704,555</u>	<u>74,424,741</u>	<u>73,143,056</u>	<u>1,281,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(860,189)</u>	<u>(1,130,189)</u>	<u>(578,102)</u>	<u>552,087</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	475,500	745,500	818,545	73,045
OPERATING TRANSFERS OUT	(101,061)	(101,061)	(101,061)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>374,439</u>	<u>644,439</u>	<u>717,484</u>	<u>73,045</u>
NET CHANGE IN FUND BALANCE	(485,750)	(485,750)	139,382	625,132
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>5,545,059</u>	<u>5,545,059</u>	<u>5,545,059</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 5,059,309</u>	<u>\$ 5,059,309</u>	<u>\$ 5,684,441</u>	<u>\$ 625,132</u>

See accompanying notes to the basic financial statements

TOWN OF ACTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance
– Budgetary Basis – Budget and Actual

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2009, is presented below:

Net change in fund balance - budgetary basis	\$ 139,382
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	3,199,715
Increase in expenditures for on-behalf payments - MTRS	(3,199,715)
Increase in revenue for the MWPAT subsidy	8,427
Increase in expenditures for the MWPAT subsidy	(8,427)
Adjustment for Current Year Encumbrances and Continuing Article appropriations	1,771,884
Adjustment for expenditures from prior year authorizations	<u>(774,400)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 1,136,866</u></u>

**TOWN OF ACTON, MASSACHUSETTS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS
 JUNE 30, 2009**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
12/31/2007	\$ -	\$ 48,495,069	\$ 48,495,069	0.0%	\$ 10,500,000	461.9%

Schedule of Employer Contributions (1):

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Net OPEB Obligation
2009	\$ 3,983,119	29.4%	\$ 2,811,181

A three-year display will be shown on a go forward basis.

* Based on expected premium payments.

**TOWN OF ACTON, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2009**

Summary of Participant Data

Active employees covered for medical benefits
as of December 31, 2007

Number of Employees	
Male	139
Female	<u>256</u>
 Total	 <u><u>395</u></u>

Average age	45.1
Average service	10.0
Average age of hire	34.9

Retired employees, spouses, and beneficiaries
covered for medical benefits as of December 31,

Number of individuals	249
Average age	68.4
 Total plan membership	 644

**TOWN OF ACTON, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2009**

Actuarial Assumptions and Actuarial Cost Method

Valuation date	December 31, 2007
Actuarial cost method	Projected Unit Credit
Amortization method	Payments increasing at 3.50%
Amortization period	30 years, open
Asset valuation method	Market value
Actuarial assumptions:	
Investment Rate of return	4.50%
Inflation Rate	3.50%
Medical Trend	10.00% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.
Mortality rates:	
Pre-Retirement (Non-Teachers)	RP-2000 Healthy Employee Mortality Table
Healthy (Non-Teachers)	RP-2000 Healthy Annuitant Mortality Table
Disabled (Non-Teachers)	RP-2000 Healthy Annuitant Mortality Table set forward 2 years
Pre-Retirement (Teachers)	RP-2000 Healthy Employee Mortality Table projected 10 years with Scale AA
Healthy (Teachers)	RP-2000 Healthy Annuitant Mortality Table projected 10 years with Scale AA
Disabled (Teachers)	RP-2000 Healthy Annuitant Mortality Table set forward 3 years for males

**TOWN OF ACTON, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2009**

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that must be applied to that year's cost to yield the next year's projected cost.

<u>Year Ending December 31</u>	<u>Medical/Drug</u>
2008	10.00%
2009	9.25%
2010	8.50%
2011	7.75%
2012	7.00%
2013	6.25%
2014	5.50%
2015 & later	5.00%