

**TOWN OF WESTON, MASSACHUSETTS**

**Annual Financial Statements**

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

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## INDEPENDENT AUDITORS' REPORT

To the Town Manager and Board of Selectmen  
Town of Weston, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Weston, Massachusetts, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Weston's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The management's discussion and analysis appearing on the following pages, and the supplementary information appearing on pages 46 - 48, appearing in the back of this report, 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

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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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Melanson, Heath + Company P.C.*  
Andover, Massachusetts  
June 25, 2012

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

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

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

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

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

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

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows

of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. Specifically, internal service funds are used to account for self-insured employee health programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The Town converted from a self-insurance program to a premium-based program through GIC insurance in fiscal year 2010.

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

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

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

## **B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 123,208 (i.e., net assets), an increase of \$ 1,392 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 57,441, an increase of \$ 18,802 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 4,331, a decrease of \$ (785) in comparison to the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 67,690, an increase of \$ 9,945 in comparison to the prior year.

## **C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b><u>NET ASSETS</u></b>	
		Governmental <u>Activities</u>
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 75,989	\$ 90,029
Capital assets	<u>134,276</u>	<u>130,051</u>
Total assets	210,265	220,080
Long-term liabilities outstanding	79,735	65,974
Notes payable	1,700	26,212
Other liabilities	<u>5,622</u>	<u>5,921</u>
Total liabilities	87,057	98,107
Net assets:		
Invested in capital assets, net	75,485	67,710
Restricted	33,489	37,495 <sup>(1)</sup>
Unrestricted	<u>14,234</u>	<u>16,611</u> <sup>(1)</sup>
Total net assets	<u>\$ 123,208</u>	<u>\$ 121,816</u>

<sup>(1)</sup> as reclassified

## CHANGES IN NET ASSETS

	<u>2011</u>	Governmental <u>Activities</u>	<u>2010</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 8,850		\$ 9,923
Operating grants and contributions	10,792		9,703
Capital grants and contributions	344		361
General revenues:			
Property taxes	61,582		59,876
Excises	2,609		2,036
Penalties, interest, and other taxes	237		384
Grants and contributions not restricted to specific programs	2,306		2,895
Investment income	1,725		1,272
Other	462		487
<b>Total revenues</b>	<u>88,907</u>		<u>86,937</u>
<b>Expenses:</b>			
General government	4,989		4,694
Public safety	6,213		6,053
Education	46,231		44,846
Public works	5,775		7,229
Health and human services	835		776
Culture and recreation	3,968		3,640
Employee benefits	16,478		14,590
Interest on long-term debt	2,664		2,861
Intergovernmental	302		271
<b>Total expenses</b>	<u>87,455</u>		<u>84,960</u>
Change in net assets before transfers	1,452		1,977
Transfers in (out)	(60)		-
Increase in net assets	1,392		1,977
Net assets - beginning of year, as restated	<u>121,816</u>		<u>119,839</u>
Net assets - end of year	<u>\$ 123,208</u>		<u>\$ 121,816</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 123,208, an increase of \$ 1,392 from the prior year.

The largest portion of net assets \$ 75,485 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 33,489 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 14,234 may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in an increase in net assets of \$ 1,392. Key elements of this change are as follows:

General fund excess of revenues over expenditures	\$ 2,353
Community preservation fund excess of revenues over expenses	1,017
Unrealized trust fund gains/fair value adjustment	1,389
Special revenue fund in excess of revenues over expenditures	<u>385</u>
Net fund basis effect	5,144
Internal service fund	(302)
Change in net OPEB obligation	(3,755)
Other	<u>305</u>
Total	<u>\$ 1,392</u>

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

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 57,441, an increase of \$ 18,802 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues in excess of expenditures	\$ 2,353
Community preservation fund revenues over expenditures	1,017
Major capital project funds in excess of expenditures over revenue	(1,072)
Other non-major governmental fund expenses in excess of revenues	(5,377)
Bond proceeds	21,918
Other	<u>(37)</u>
Total	<u>\$ 18,802</u>

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

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 4,331, while total fund balance was \$ 12,834. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 4,331	\$ 5,116	\$ (785)	5.5%
Total fund balance <sup>(1)</sup>	12,834	11,101	1,733	16.3%

<sup>(1)</sup>Now includes stabilization funds. Prior period balances have been revised to conform to current presentation.

The total fund balance of the general fund changed by \$ 1,733 during the current fiscal year. Key factors in this change are as follows:

Use of free cash and overlay surplus as a funding source	\$ (2,848)
Change in stabilization funds	494
Revenues in excess of budget	1,746
Expenditures less than budget	1,639
Expenditures of current year encumbrances in excess of prior year encumbrances	660
Other	<u>42</u>
Total	<u>\$ 1,733</u>

Included in the total general fund balance are the Weston's stabilization accounts with the following balances:

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>
General stabilization	\$ 1,698	\$ 1,405	\$ 293
Pension liability stabilization	<u>403</u>	<u>202</u>	<u>201</u>
Total	<u>\$ 2,101</u>	<u>\$ 1,607</u>	<u>\$ 494</u>

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

Differences between the original budget and the final amended budget resulted in an overall increase in appropriation of \$ 418:

- \$ 333 appropriated for various other departmental items funded by free cash.
- \$ 85 appropriated for repairs to the College Pond Dam, funded by taxes.

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

**Capital assets.** Total investment in capital assets for governmental activities at year-end amounted to \$ 134,276 (net of accumulated depreciation), an increase of \$ 4,225 from the prior year. This investment in capital assets includes art, land, construction in progress, buildings and improvements, machinery, equipment, and furnishings, and infrastructure.

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

- High School Science Lab construction in progress
- DPW Facility Construction in Progress
- Vehicles and equipment
- Various Town projects construction in progress

**Change in credit rating.** During the fiscal year, the Moody's credit rating was not changed and is Aaa.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$ 67,690, all of which was backed by the full faith and credit of the government.

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

## **REQUESTS FOR INFORMATION**

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

Office of Finance Director  
Town of Weston, Massachusetts  
11 Town House Road - Post Office Box 378  
Weston, Massachusetts 02493

## TOWN OF WESTON, MASSACHUSETTS

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 50,097,207
Investments	15,562,059
Receivables, net of allowance for uncollectibles:	
Property taxes	1,671,198
Excises	92,421
User fees	185,423
Departmental and other	979,343
Intergovernmental	1,017,402
Deferred asset	<u>88,500</u>
Total current assets	69,693,553
Noncurrent:	
Receivables, net of current portion:	
Intergovernmental	5,868,187
Deferred asset	427,000
Capital assets not being depreciated	34,366,351
Capital assets being depreciated, net of accumulated depreciation	<u>99,909,439</u>
Total noncurrent assets	<u>140,570,977</u>
<b>TOTAL ASSETS</b>	210,264,530
<b>LIABILITIES</b>	
Current:	
Warrants and accounts payable	1,075,898
Accrued liabilities	4,479,685
Retainage payable	17,431
Other liabilities	48,611
Notes payable	1,700,000
Current portion of long-term liabilities:	
Bonds payable	7,120,004
Accrued employee benefits	100,010
Other liabilities	<u>25,000</u>
Total current liabilities	14,566,639
Noncurrent:	
Bonds payable, net of current portion	60,570,000
Accrued employee benefits, net of current portion	1,900,180
Net OPEB obligation	9,819,835
Other liabilities, net of current portion	<u>200,000</u>
Total noncurrent liabilities	<u>72,490,015</u>
<b>TOTAL LIABILITIES</b>	87,056,654
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	75,484,896
Restricted for:	
Grants and other statutory restrictions	20,872,665
Permanent funds:	
Nonexpendable	4,887,781
Expendable	7,728,743
Unrestricted	<u>14,233,791</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 123,207,876</u>

See notes to financial statements.



TOWN OF WESTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

	General	Community Preservation Fund	Case Estates Fund	HS Science Lab Fund	Brook School Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and short-term investments	\$ 16,019,136	\$ 14,337,015	\$ 6,729,132	\$ 6,798	\$ 792,865	\$ 10,104,947	\$ 47,989,893
Investments	839,781	3,478,602	910,000	-	-	10,333,676	15,562,059
Receivables:							
Property taxes	1,702,886	30,487	-	-	-	-	1,733,373
Excises	122,923	-	-	-	-	-	122,923
User fees	-	-	-	-	220	185,203	185,423
Departmental and other	979,343	-	-	-	-	-	979,343
Intergovernmental	53,125	-	-	-	-	165,674	218,799
<b>TOTAL ASSETS</b>	<b>\$ 19,717,194</b>	<b>\$ 17,846,104</b>	<b>\$ 7,639,132</b>	<b>\$ 6,798</b>	<b>\$ 793,085</b>	<b>\$ 20,789,500</b>	<b>\$ 66,791,813</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants payable	\$ 1,075,578	\$ -	\$ -	\$ -	\$ -	\$ 320	\$ 1,075,898
Accrued liabilities	1,248,905	-	-	331,188	-	154,762	1,734,855
Accrued payroll	1,753,374	-	-	-	-	-	1,753,374
Retainage payable	-	-	-	17,431	-	-	17,431
Other liabilities	-	-	-	-	48,611	-	48,611
Deferred revenues	2,805,151	30,487	-	-	220	185,204	3,021,062
Notes payable	-	-	-	730,000	-	970,000	1,700,000
<b>TOTAL LIABILITIES</b>	<b>6,883,008</b>	<b>30,487</b>	<b>-</b>	<b>1,078,619</b>	<b>48,831</b>	<b>1,310,286</b>	<b>9,351,231</b>
Fund Balances:							
Nonspendable	-	-	-	-	-	4,887,781	4,887,781
Restricted	803,719	17,815,617	7,639,132	-	744,254	15,048,617	42,051,339
Committed	3,598,106	-	-	-	-	-	3,598,106
Assigned	4,101,048	-	-	-	-	-	4,101,048
Unassigned	4,331,313	-	-	(1,071,821)	-	(457,184)	2,802,308
<b>TOTAL FUND BALANCES</b>	<b>12,834,186</b>	<b>17,815,617</b>	<b>7,639,132</b>	<b>(1,071,821)</b>	<b>744,254</b>	<b>19,479,214</b>	<b>57,440,582</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,717,194</b>	<b>\$ 17,846,104</b>	<b>\$ 7,639,132</b>	<b>\$ 6,798</b>	<b>\$ 793,085</b>	<b>\$ 20,789,500</b>	<b>\$ 66,791,813</b>

See notes to financial statements.

TOWN OF WESTON, MASSACHUSETTS

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

JUNE 30, 2011

<b>Total governmental fund balances</b>	\$ 57,440,582
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	134,275,790
<ul style="list-style-type: none"><li>• In the statement of net assets, deferred assets are reported to amortize the loss on bond refunding, whereas in the governmental funds the loss is not amortized.</li></ul>	515,500
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	2,928,385
<ul style="list-style-type: none"><li>• Noncurrent assets, including MSBA reimbursements for contracted assistance projects, are not receivable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	6,666,790
<ul style="list-style-type: none"><li>• Internal Service Funds are used by management to account for health insurance. The assets and liabilities of the Internal Service Fund are included in the governmental activities.</li></ul>	2,107,314
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(991,456)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds payable, accrued employee benefits, other post employment benefits and landfill closure liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	<u>(79,735,029)</u>
<b>Net assets of governmental activities</b>	<u>\$ 123,207,876</u>

TOWN OF WESTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	General	Community Preservation Fund	Case Estates Fund	HS Science Lab Fund	Brook School Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property taxes	\$ 59,529,050	\$ 1,634,341	\$ -	\$ -	\$ -	\$ -	\$ 61,163,391
Excise taxes	2,614,060	-	-	-	-	-	2,614,060
Penalties, interest and other taxes	233,640	2,817	-	-	-	-	236,457
Charges for services	1,170,620	-	-	-	573,303	5,826,516	7,570,439
Intergovernmental	15,863,483	470,359	-	-	556,084	3,618,704	20,508,630
Licences and permits	1,141,098	-	-	-	-	1,200	1,142,298
Contributions	-	-	-	-	-	747,796	747,796
Fines and forfeitures	116,316	-	-	-	-	-	116,316
Investment income	185,540	99,336	-	-	1,458	1,439,146	1,725,480
Miscellaneous	361,026	-	-	-	-	101,133	462,159
Total Revenues	<u>81,214,833</u>	<u>2,206,853</u>	<u>-</u>	<u>-</u>	<u>1,130,845</u>	<u>11,734,495</u>	<u>96,287,026</u>
<b>Expenditures:</b>							
Current:							
General government	3,867,690	700,249	-	-	-	732,116	5,300,055
Public safety	5,942,263	-	-	-	-	453,678	6,395,941
Education	37,977,682	-	-	1,059,063	-	6,202,676	45,239,421
Public works	3,250,200	-	-	-	-	7,697,890	10,948,090
Health and human services	725,322	-	-	-	-	103,087	828,409
Culture and recreation	1,170,092	-	12,699	-	593,088	1,685,861	3,461,740
Employee benefits	12,400,899	-	-	-	-	-	12,400,899
Debt service	13,225,666	489,675	-	-	515,524	235,874	14,466,739
Intergovernmental	302,090	-	-	-	-	-	302,090
Total Expenditures	<u>78,861,904</u>	<u>1,189,924</u>	<u>12,699</u>	<u>1,059,063</u>	<u>1,108,612</u>	<u>17,111,182</u>	<u>99,343,384</u>
Excess (deficiency) of revenues over expenditures	2,352,929	1,016,929	(12,699)	(1,059,063)	22,233	(5,376,687)	(3,056,358)
<b>Other Financing Sources (Uses):</b>							
Payment to escrow agent	(2,761,000)	-	-	-	-	-	(2,761,000)
Proceeds from refunding	2,761,000	-	-	-	-	-	2,761,000
Bond issuance	-	-	5,300,000	-	141,000	16,477,271	21,918,271
Transfers in	813,973	-	805,000	-	287,273	559,089	2,465,335
Transfers out	(1,433,994)	(287,030)	-	-	(136,627)	(667,684)	(2,525,335)
Total Other Financing Sources (Uses)	<u>(620,021)</u>	<u>(287,030)</u>	<u>6,105,000</u>	<u>-</u>	<u>291,646</u>	<u>16,368,676</u>	<u>21,858,271</u>
Changes in fund balances	1,732,908	729,899	6,092,301	(1,059,063)	313,879	10,991,989	18,801,913
Fund Balance, at Beginning of Year, as reclassified	<u>11,101,278</u>	<u>17,085,718</u>	<u>1,546,831</u>	<u>(12,758)</u>	<u>430,375</u>	<u>8,487,225</u>	<u>38,638,669</u>
Fund Balance, at End of Year	<u>\$ 12,834,186</u>	<u>\$ 17,815,617</u>	<u>\$ 7,639,132</u>	<u>\$ (1,071,821)</u>	<u>\$ 744,254</u>	<u>\$ 19,479,214</u>	<u>\$ 57,440,582</u>

See notes to financial statements.

TOWN OF WESTON, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2011

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 18,801,913</b>																								
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases</td> <td style="text-align: right;">9,701,954</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(5,475,115)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(2,163)</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">325,240</td> </tr> </table> </li> <li>• Some revenues reported in the Statement of Activities, such as MSBA reimbursements for contracted assistance projects, do not provide current financial resources, and therefore, are not reported as revenues in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(7,814,264)</td> </tr> </table> </li> <li>• The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(21,918,271)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">11,972,724</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">(81,968)</td> </tr> </table> </li> <li>• Some expenses, like compensated absences and loss on refunding, 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. <table border="0" style="margin-left: 40px;"> <tr> <td>Other post-employment benefits liability</td> <td style="text-align: right;">(3,754,134)</td> </tr> <tr> <td>Increase in compensated absence liability</td> <td style="text-align: right;">(86,345)</td> </tr> <tr> <td>Decrease in landfill liability</td> <td style="text-align: right;">25,000</td> </tr> </table> </li> <li>• Internal Service Funds are used by management to account for health insurance. The net activity of the Internal Service Fund is included in the governmental activities. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>(302,373)</u></td> </tr> </table> </li> </ul>		Capital outlay purchases	9,701,954	Depreciation	(5,475,115)	Loss on disposal of capital assets	(2,163)		325,240		(7,814,264)	Issuance of debt	(21,918,271)	Repayments of debt	11,972,724		(81,968)	Other post-employment benefits liability	(3,754,134)	Increase in compensated absence liability	(86,345)	Decrease in landfill liability	25,000		<u>(302,373)</u>
Capital outlay purchases	9,701,954																								
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Decrease in landfill liability	25,000																								
	<u>(302,373)</u>																								
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>1,392,198</u></b>																								

TOWN OF WESTON, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Internal Service Fund
<b><u>ASSETS</u></b>	
Cash and short-term investments	\$ <u>2,107,314</u>
<b>TOTAL ASSETS</b>	2,107,314
<b><u>NET ASSETS</u></b>	
Unrestricted	<u>2,107,314</u>
<b>TOTAL NET ASSETS</b>	\$ <u><u>2,107,314</u></u>

See notes to financial statements.

TOWN OF WESTON, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

	Internal Service Fund
<b>Operating Revenues:</b>	
Charges for services	\$ <u>20,907</u>
Total Operating Revenues	20,907
<b>Operating Expenses:</b>	
Claims expense	<u>323,280</u>
Total Operating Expenses	<u>323,280</u>
Operating income (loss)	(302,373)
Net Assets at Beginning of Year	<u>2,409,687</u>
Net Assets at End of Year	\$ <u><u>2,107,314</u></u>

See notes to financial statements.

TOWN OF WESTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Internal Service Fund</u>
<b><u>Cash Flows From Operating Activities:</u></b>	
Employer and employee contributions	\$ 20,907
Payments of employees' benefits	<u>(323,280)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(302,373)</u>
Net Change in Cash and Short-Term Investments	(302,373)
Cash and Short-Term Investments, Beginning of Year	<u>2,409,687</u>
Cash and Short-Term Investments, End of Year	<u>\$ 2,107,314</u>
<b><u>Reconciliation of Operating Loss to Net Cash Provided by (Used For) Operating Activities:</u></b>	
Operating loss	\$ <u>(302,373)</u>
Net Cash Provided (used for) By Operating Activities	<u>\$ (302,373)</u>

See notes to financial statements.

TOWN OF WESTON, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Other Post Employment Benefits <u>Trust Fund</u>	Agency <u>Funds</u>
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ 217,792	\$ 1,501,725
Receivables:		
Departmental and other	<u>-</u>	<u>5,802</u>
Total Assets	217,792	1,507,527
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Other liabilities	<u>-</u>	<u>1,507,527</u>
Total Liabilities	<u>-</u>	<u>1,507,527</u>
<b><u>NET ASSETS</u></b>		
Total net assets held in trust for other post employment benefits and other purposes	\$ <u><u>217,792</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

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

	<u>Other Post Employment Benefits Trust Fund</u>
<b>Additions:</b>	
Investment Income:	\$ 639
Transfers in	<u>60,000</u>
Total additions	60,639
<b>Net assets:</b>	
Beginning of year, as reclassified	<u>157,153</u>
End of year	<u>\$ 217,792</u>

See notes to financial statements.

# TOWN OF WESTON, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2011, it was determined that no entities met the required GASB 39 criteria of component units.

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

##### Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded

from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The government reports the following major governmental funds:

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

- The *Community Preservation Fund* accounts for activity associated with the Town's resources from the Community Preservation Act.
- The *Case Estates Fund* accounts for activity associated with the purchase of the Case Estates.
- The *High School Science Lab Fund* accounts for activity associated with the construction of the High School Science Lab addition.
- The *Brook School Fund* accounts for activity associated with the Brook School Apartments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The self-insured employee health program, reported as an internal service fund, was converted from self-insurance to the GIC insurance plan during fiscal year 2010. The remaining balance in the fund is to pay unanticipated run-off claims.

#### D. Cash and Short-Term Investments

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

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

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

*E. Investments*

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

*F. Property Tax Limitations*

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2011 tax levy reflected an excess capacity of \$ 2,930,716.

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	50 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

#### H. Compensated Absences

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

#### I. Long-Term Obligations

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

#### J. Fund Equity

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

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

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

- 1) Nonspendable funds are either unspendable in the current form (i.e. inventory or prepaid items) or can never be spent (i.e. perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds

are created by statute or otherwise have external constraints on how the funds can be expended.

- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

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

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

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

#### K. Use of Estimates

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

## 2. Stewardship, Compliance, and Accountability

### A. Budgetary Information

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

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

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

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

### B. Budgetary Basis

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

### C. Deficit Fund Equity

The following funds had deficits as of June 30, 2011:

Major Governmental Funds:	
ART 2 11/09 School Science Lab	\$ <u>(1,071,821)</u>
Total	\$ <u><u>(1,071,821)</u></u>
Nonmajor Governmental Funds:	
Board of Health Grant	\$ (791)
School Readiness & Emergency	(460)
FY11 POWAH Grant	(5,201)
Law Enforcement Trust	(753)
ART 19,09 Field School Design Fees	(375,379)
ART 1, 11/10 HS Sprinkler System	(62,567)
ART 20,02 Retaining Walls	<u>(12,033)</u>
Total	\$ <u><u>(457,184)</u></u>

The deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

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

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

As of June 30, 2011, \$ 18,372,015 of the Town's bank balance of \$ 52,677,073 was exposed to custodial credit risk as uninsured or uncollateralized. However, \$ 4,022,825 of the exposed balance was on deposit with Massachusetts Municipal Depository Trust (MMDT).

### 4. **Investments**

#### 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).

Investments at June 30, 2011 included the following (All federal agency securities have an implied credit rating of AAA.):

U.S. Treasury notes	\$ 3,108,753
Common equities	7,224,923
U.S. Agency obligations	518,744
Certificates of deposit	4,388,602
Asset Backed Securities	<u>321,037</u>
Total	<u>\$ 15,562,059</u>

The Town's investment policies allow the Treasurer to invest Town funds, including bond proceeds, in the following instruments:

- Massachusetts State pooled funds
- U.S. Treasuries
- U.S. Agency obligations
- Bank accounts or Certificates of Deposit
- Unsecured bank deposits (subject to limitations noted below)
- Repurchase agreements
- Certain mutual funds

Trust funds may be invested in any instruments allowed by Legal List issued by Banking Commissioner. The Stabilization Trust fund may be invested in the following instruments:

- National banks
- Savings banks
- Cooperative banks or trust companies organized under Massachusetts laws
- Securities legal for savings banks
- Federal Savings and Loan Associations situated in Massachusetts
- Massachusetts Municipal Depository Trust
- Approved Money Market funds

**B. Custodial Credit Risk**

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

The Town's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

**C. Concentration of Credit Risk**

The Town's investment policies limit unsecured bank deposits, including certificates of deposit, to no more than 5% of an institution's assets and no more than 10% of the Town's cash. Other than U.S. Treasuries, U.S. Agency obligations and State Pools, no more than 15% of the Town's investments may be invested in a single financial institution. The U.S. Treasury notes are AAA rated securities.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town 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 (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt;10</u>
Debt-related Securities:					
U.S. Treasury notes	\$ 3,109	\$ 788	\$ 1,876	\$ 445	\$ -
U.S. Agency obligations	519	-	-	219	300
Asset backed securities	321	-	-	51	270
Total	\$ 3,949	\$ 788	\$ 1,876	\$ 715	\$ 570

**E. Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**5. Taxes Receivable**

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

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

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

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

Real Estate	\$	781
CPA		30
Tax Liens		490
Deferred Taxes		<u>432</u>
Total	\$	<u><u>1,733</u></u>

**6. Allowance for Doubtful Accounts**

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

Property taxes	\$	62
Excises		31

**7. Departmental and Other Receivables**

Departmental and other receivables at June 30, 2011 consist mainly of ambulance billings.

**8. Intergovernmental Receivables**

The majority of intergovernmental receivables represent reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2011, as well as funding to be provided by the Massachusetts School Building Authority for reimbursement of approved school capital project expenditures. Future receipt of MSBA payments are as follows:

2012	\$ 798,603
2013	798,607
2014	724,226
2015	724,226
2016	724,226
2017 - 2020	<u>2,896,902</u>
Total	<u>\$ 6,666,790</u>

## 9. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 120,579	\$ 879	\$ -	\$ 121,458
Machinery, equipment, and furnishings	11,295	1,253	(288)	12,260
Infrastructure	<u>22,491</u>	<u>-</u>	<u>-</u>	<u>22,491</u>
Total capital assets, being depreciated	154,365	2,132	(288)	156,209
Less accumulated depreciation for:				
Buildings and improvements	(33,206)	(3,635)	-	(36,841)
Machinery, equipment, and furnishings	(7,339)	(1,084)	286	(8,137)
Infrastructure	<u>(10,565)</u>	<u>(756)</u>	<u>-</u>	<u>(11,321)</u>
Total accumulated depreciation	<u>(51,110)</u>	<u>(5,475)</u>	<u>286</u>	<u>(56,299)</u>
Total capital assets, being depreciated, net	103,255	(3,343)	(2)	99,910
Capital assets, not being depreciated:				
Art	188	-	-	188
Land	18,446	-	-	18,446
Construction in progress	<u>8,162</u>	<u>7,570</u>	<u>-</u>	<u>15,732</u>
Total capital assets, not being depreciated	<u>26,796</u>	<u>7,570</u>	<u>-</u>	<u>34,366</u>
Governmental activities capital assets, net	<u>\$ 130,051</u>	<u>\$ 4,227</u>	<u>\$ (2)</u>	<u>\$ 134,276</u>

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

Governmental Activities:	
General government	\$ 839
Public safety	431
Education	2,590
Public works	1,088
Culture and recreation	494
Human services	<u>33</u>
Total depreciation expense - governmental activities	<u>\$ 5,475</u>

**10. Warrants Payable**

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

**11. Accrued Liabilities**

Accrued liabilities at June 30, 2011 consist primarily of accrued interest and payroll with holdings in the General fund and as well as an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the State Appellate Tax Board.

**12. Deferred Revenue**

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

**13. Notes Payable**

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

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance at</u> <u>6/30/11</u>
Bond anticipation	1.50%	02/04/11	02/03/12	\$ <u>1,700,000</u>
Total				\$ <u><u>1,700,000</u></u>

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

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Bond anticipation	\$ 26,212,000	\$ -	\$ (26,212,000)	\$ -
Bond anticipation	-	4,816,938	(4,816,938)	-
Bond anticipation	-	1,700,000	-	1,700,000
Total	<u>\$ 26,212,000</u>	<u>\$ 6,516,938</u>	<u>\$ (31,028,938)</u>	<u>\$ 1,700,000</u>

## 14. Long-Term Debt

### A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

	Maturities Through	Serial Interest Rate (s)%	Amount Outstanding as of 6/30/11
Governmental Funds:			
MWRA loan - water	05/15/12	-	\$ 12,733
Municipal purpose loan - 2002	04/15/21	3.50 - 5.00	3,750,000
Municipal purpose loan - 2003	06/01/18	2.00 - 3.60	2,555,000
Municipal purpose refunding loan - 2003	08/01/13	1.25 - 3.00	750,000
Municipal purpose loan - 2004	02/01/24	2.80 - 4.50	3,250,000
Municipal purpose refunding loan 2005	03/01/20	2.00 - 5.00	7,645,000
Municipal purpose loan - 2005	02/01/25	3.00 - 4.13	2,965,000
Municipal purpose loan - 2006	02/01/26	3.30 - 6.25	10,530,000
Municipal purpose loan - 2006	12/15/26	3.5 - 4.0	5,370,000
Municipal purpose loan - 2008	02/01/16	3.00	1,305,000
Municipal purpose refunding loan - 2008	07/01/11	3.40	108,000
Municipal purpose loan 2010	02/01/26	2.64	4,770,000
Municipal purpose refunding loan - 2011	01/01/21	2.00 - 2.50	2,761,000
Municipal purpose loan 2011	02/01/30	2.00 - 5.00	21,918,271
Total Governmental Funds			<u>\$ 67,690,004</u>

### B. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,120,004	\$ 2,493,770	\$ 9,613,774
2013	6,640,000	2,223,381	8,863,381
2014	6,445,000	1,971,517	8,416,517
2015	5,895,000	1,743,771	7,638,771
2016	5,395,000	1,545,096	6,940,096
2017-2021	21,480,000	5,175,682	26,655,682
2022-2026	11,780,000	1,949,330	13,729,330
2027-2031	2,935,000	275,925	3,210,925
Total	<u>\$ 67,690,004</u>	<u>\$ 17,378,472</u>	<u>\$ 85,068,476</u>

The Commonwealth of Massachusetts has approved certain school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources annually for the future debt service of general obligation bonds outstanding.

*C. Changes in General Long-Term Liabilities*

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

<u>Governmental Activities</u>	<u>Total Balance 7/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Refundings, Net</u>	<u>Total Balance 6/30/11</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/11</u>
General obligation debt	\$ 57,745	\$ 21,918	\$ (6,284)	\$ (5,689)	\$ 67,690	\$ (7,120)	\$ 60,570
Accrued sick leave	1,914	191	(105)	-	2,000	(100)	1,900
Net OPEB obligation	6,065	5,992	(2,237)	-	9,820	-	9,820
Landfill closure costs	250	-	(25)	-	225	(25)	200
Totals	<u>\$ 65,974</u>	<u>\$ 28,101</u>	<u>\$ (8,651)</u>	<u>\$ (5,689)</u>	<u>\$ 79,735</u>	<u>\$ (7,245)</u>	<u>\$ 72,490</u>

*D. Advance and Current Refundings*

Current Year

On November 1, 2010, the Town issued general obligation bonds in the amount of \$ 2,761,000 with a variable interest rate ranging from 2.0% to 2.5% to advance refund \$ 8,450,000 of term bonds with an interest rate of 4.5%. The proceeds of the Bonds will be used in addition to \$ 5,689,000 of Massachusetts School Building Authority Construction grant funds to call all of the refunded bonds.

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

State and Federal laws and regulations require the Town to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The Town reported \$ 225,000 as postclosure care liability at June 30, 2011. These amounts are based on what it would cost to perform all postclosure care remaining on the closed landfill site in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**16. Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

In fiscal year 2011, the Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2011:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2011 (in millions):

	General Fund	Community Preservation Fund	Case Estates Fund	HS Science Lab Fund	Brook School Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.9	\$ 4.9
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4.9</u>	<u>\$ 4.9</u>
<b>Restricted</b>							
Reserved for debt service	\$ 0.8	\$ -	\$ -	\$ -	\$ -	\$ 2.3	\$ 3.1
Bonded projects	-	-	7.6	-	-	-	7.6
Community preservation	-	17.8	-	-	-	-	17.8
Special revenue funds	-	-	-	-	0.7	4.2	4.9
Expendable permanent funds	-	-	-	-	-	8.6	8.6
	<u>\$ 0.8</u>	<u>\$ 17.8</u>	<u>\$ 7.6</u>	<u>\$ -</u>	<u>\$ 0.7</u>	<u>\$ 15.1</u>	<u>\$ 42.0</u>
<b>Committed</b>							
Stabilization funds	\$ 2.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.1
Continuing appropriations	1.5	-	-	-	-	-	1.5
	<u>\$ 3.6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3.6</u>
<b>Assigned</b>							
Encumbrances	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.6
Reserved for expenditures	3.5	-	-	-	-	-	3.5
	<u>\$ 4.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4.1</u>
<b>Unassigned</b>							
	\$ 4.3	\$ -	\$ -	\$ (1.0)	\$ -	\$ (0.5)	\$ 2.8
	<u>\$ 4.3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1.0)</u>	<u>\$ -</u>	<u>\$ (0.5)</u>	<u>\$ 2.8</u>

## 17. Restricted Net Assets

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

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

**18. Subsequent Events**

Debt

Subsequent to June 30, 2011, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond anticipation note	\$ 6,854,200	1.00%	08/03/11	02/03/12

**19. Commitments and Contingencies**

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

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

**20. Post-Employment Healthcare and Life Insurance Benefits**

**Other Post-Employment Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of July 1, 2010 the actuarial valuation date, approximately 431 retirees and 632 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute between 13% and 33% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2011 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2010.

Annual Required Contribution (ARC)	\$ 5,688,027
Interest on net OPEB obligation	303,285
Adjustment to ARC	<u>(217,565)</u>
Annual OPEB cost	5,773,747
Contributions made	<u>(2,019,613)</u>
Increase in net OPEB obligation	3,754,134
Net OPEB obligation - beginning of year	<u>6,065,701</u>
Net OPEB obligation - end of year	<u>\$ 9,819,835</u>

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 5,773,747	35.0%	\$ 9,819,835
2010	\$ 4,903,458	38.2%	\$ 6,065,701
2009	\$ 5,729,664	47.0%	\$ 3,035,445

*E. Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2010, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 69,781,850
Actuarial value of plan assets	<u>(107,153)</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 69,674,697</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.15%</u>
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial

accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advanced funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 10% which decreases to a 5% long-term rate for all health-care benefits after six years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.5%.

## **21. Pension Plan**

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

### **A. Plan Description**

The Town contributes to the Middlesex Retirement System (the "System"), a cost-sharing multiple-employer, and defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases, to the State legislature. The System issues a publicly available financial report that can be obtained through the Middlesex Retirement System at 25 Linnell Circle, P.O. Box 160, Billerica, MA 01865.

### **B. Funding Policy**

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 contributions of plan members and the Town are governed by Chapter 32 of the Massachusetts General Laws. The Town's contributions to the System for the years ended June 30, 2011, 2010, and 2009 were \$ 3,192,183, \$ 3,054,721, and \$ 3,082,584, respectively, which were equal to its annual required contributions for each of these years. The payroll for employees covered by the System for the year ended June 30, 2011 was not available.

C. Massachusetts Teacher Retirement System (MTRS) - Plan Description

As required by State Statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The MTRS was established under Chapter 15, Section 16 of the Massachusetts General Laws, however, Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The Town is not required to contribute.

D. Teachers

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

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

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

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

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

The Town's current year covered payroll for teachers and administrators was unavailable.

In fiscal year 2011, the Commonwealth of Massachusetts contributed \$ 5,918,809 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

**22. Self-Insurance**

The Town self-insures against claims for employee health coverage. Annual estimated requirements for claims are provided in Town's annual operating budget. The Town converted from a self-insurance program to a premium-based program through GIC insurance during fiscal year 2010. Outstanding year-end claims are considered immaterial.

**23. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**24. Beginning Fund Balance Reclassification/Restatement**

The Town's major governmental funds for fiscal year 2011, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Previously reported)	Reclass	Restatement	As Restated
General Fund	\$ 9,494,380	\$ 1,606,898	\$ -	\$ 11,101,278
CPA	17,085,718	-	-	17,085,718
Case Estates	1,546,831	-	-	1,546,831
HS Science Lab	-	(12,758)	-	(12,758)
Brook School	430,375	-	-	430,375
DPW Facility	(7,753,879)	7,753,879	-	-
Nonmajor Funds	<u>17,992,397</u>	<u>(9,348,019)</u>	<u>(157,153)</u>	<u>8,487,225</u>
Total	<u>\$ 38,795,822</u>	<u>\$ -</u>	<u>\$ (157,153)</u>	<u>\$ 38,638,669</u>

**25. Beginning Fund Balance Net Assets Restatement**

The beginning (July 1, 2010) fund balances of the Town have been restated as follows:

Government-wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 121,972,831
OPEB Trust	<u>(157,153)</u>
As restated	<u>\$ 121,815,678</u>

TOWN OF WESTON, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues and Other Sources:</b>				
Taxes	\$ 59,411,751	\$ 59,496,751	\$ 59,496,751	\$ -
Motor vehicle excise	1,880,000	1,880,000	2,614,060	734,060
Penalties, interest and other taxes	138,542	138,542	233,640	95,098
Intergovernmental	4,240,376	4,240,376	4,255,674	15,298
Licenses and permits	725,000	725,000	1,141,098	416,098
Charges for services	871,000	871,000	1,170,620	299,620
Fines and forfeits	109,000	109,000	116,316	7,316
Investment income	250,000	250,000	141,369	(108,631)
Miscellaneous	-	-	286,798	286,798
Transfers in	813,973	813,973	813,973	-
Other sources	<u>2,515,000</u>	<u>2,847,665</u>	<u>2,847,665</u>	<u>-</u>
Total Revenues and Other Sources	70,954,642	71,372,307	73,117,964	1,745,657
<b>Expenditures and Other Uses:</b>				
General government	4,366,639	4,331,809	3,802,017	529,792
Public safety	6,069,808	6,081,096	5,856,460	224,636
Education	32,502,379	32,502,379	32,386,212	116,167
Public works	3,414,110	3,809,951	3,607,008	202,943
Health and human services	719,971	845,337	807,860	37,477
Culture and recreation	1,221,269	1,221,269	1,175,767	45,502
Employee benefits	13,070,376	12,990,376	12,458,768	531,608
Debt service	8,319,152	8,319,152	8,339,289	(20,137)
Intergovernmental	285,461	285,461	302,090	(16,629)
Transfers out	<u>985,477</u>	<u>985,477</u>	<u>997,327</u>	<u>(11,850)</u>
Total Expenditures and Other Uses	<u>70,954,642</u>	<u>71,372,307</u>	<u>69,732,798</u>	<u>1,639,509</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,385,166</u>	\$ <u>3,385,166</u>

See notes to required supplementary information,  
and Independent Auditors' report.

TOWN OF WESTON, MASSACHUSETTS  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2011

Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 81,214,833	\$ 78,861,904
Other financing sources/uses (GAAP basis)	<u>813,973</u>	<u>1,433,994</u>
Subtotal (GAAP Basis)	82,028,806	80,295,898
Adjust tax revenue to accrual basis	9,204	-
Reverse expenditures of prior year carryforwards	-	(938,048)
Add end of year appropriation carryforwards to expenditures	-	1,598,000
To reverse the effect of non- budgeted State contributions for teachers retirement	(5,918,809)	(5,918,809)
Recognize other sources	2,847,665	-
To reverse non budgeted MSBA revenue and debt payment	(5,689,000)	(5,689,000)
To reverse other nonbudgeted activity	<u>(159,902)</u>	<u>384,757</u>
Budgetary basis	<u>\$ 73,117,964</u>	<u>\$ 69,732,798</u>

See Independent Auditors' report.

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

June 30, 2011  
 (Unaudited)

**Other Post-Employment Benefits**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/10	\$ 107,153	\$ 69,781,850	\$ 69,674,697	0.15%	N/A	N/A
06/30/09	\$ -	\$ 71,314,686	\$ 71,314,686	0.0%	\$ 38,506,436	185.2%
06/30/07	\$ -	\$ 77,479,430	\$ 77,479,430	0.0%	\$ 34,916,995	221.9%

See Independent Auditors' Report.