

**TOWN OF ACTON, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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**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, 2007, 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, 2007, 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 May 16, 2008, 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 and budgetary comparison information on pages **3** through **8** and **50** through **51**, 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*

May 16, 2008

## 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, 2007. 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 \$171 million (net assets). Of this amount, \$50 million is considered unrestricted (unrestricted net assets).
- The unrestricted net assets of the Town's governmental activities are \$24.8 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 \$25.7 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 increased by \$2.0 million or 1.17%, in fiscal 2007. Within this total, net assets of governmental activities increased by \$2.0 million, a 1.41% increase from fiscal 2006. Also, net assets of business-type activities were essentially unchanged from 2006.
- At June 30, 2007, the Town's governmental funds had combined ending fund balances of \$23 million. The combined governmental funds' balance increased by \$3.0 million or 14.7% from the prior year's ending fund balance. A total of \$17.8 million of the \$23 million fund balance is considered unreserved at June 30, 2007.
- The Town's general fund reported a fund balance of \$9.4 million at the end of fiscal 2007. The unreserved fund balance for the general fund was \$5.9 million or 8.44% of total general fund expenditures and transfers to other funds. There was a \$21,182 increase in total general fund balance for the year.
- The total cost of all Town services for fiscal 2007 was \$77.8 million, \$74.3 million of which was for governmental services, and \$3.5 million of which was for business-type activities.
- The Town's total bonded debt decreased by \$1.1 million or 2% during the year. The key factors in this decrease were total principal redemptions of \$2.3 million and new debt issuance of \$1.2 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 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 \$171 million at the close of fiscal year 2007. 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 \$111,451,474 or 65% 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 \$8,650,063 (5%) are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$50,483,352 (30%) may be used to meet the government’s ongoing obligations to citizens and creditors.

The Town reduced its total liabilities by \$608,877 over fiscal 2006, while total net assets increased by \$1,974,237 or 1%. The net assets of governmental activities increased by \$1,990,312, a 1.41% increase from fiscal 2006. This reflects the general fund’s results of operations and a commitment to maintain the Town’s financial position by drawing on prior year reserves to balance current operations in light of reduced state aid.

Net assets of business-type activities decreased by \$16,075 or .06% from 2006.

**Town of Acton - Financial Highlights**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
<b>Assets:</b>						
Current assets	\$ 26,937,841	\$ 23,460,152	\$ 8,608,282	\$ 8,460,289	\$ 35,546,123	\$ 31,920,441
Noncurrent assets (excluding capital)	15,141,885	17,369,232	17,863,355	18,523,618	33,005,240	35,892,850
Capital Assets (net of accumulated depreciation)	133,383,566	132,632,852	23,009,676	23,133,102	156,393,242	155,765,954
<b>Total assets</b>	<b>175,463,292</b>	<b>173,462,236</b>	<b>49,481,313</b>	<b>50,117,009</b>	<b>224,944,605</b>	<b>223,579,245</b>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	1,993,733	1,615,610	176,769	165,144	2,170,502	1,780,754
Noncurrent liabilities (excluding debt)	1,541,209	1,551,949	-	-	1,541,209	1,551,949
Current debt	2,055,347	1,703,444	647,621	631,246	2,702,968	2,334,690
Noncurrent debt	26,834,134	27,542,676	21,110,903	21,758,524	47,945,037	49,301,200
<b>Total liabilities</b>	<b>32,424,423</b>	<b>32,413,679</b>	<b>21,935,293</b>	<b>22,554,914</b>	<b>54,359,716</b>	<b>54,968,593</b>
<b>Net Assets:</b>						
Invested in capital assets net of related debt	109,573,255	103,711,310	1,878,219	1,933,264	111,451,474	105,644,574
Restricted	8,650,063	11,206,544	-	-	8,650,063	11,206,544
Unrestricted	24,815,551	26,130,703	25,667,801	25,628,831	50,483,352	51,759,534
<b>Total net assets</b>	<b>\$ 143,038,869</b>	<b>\$ 141,048,557</b>	<b>\$ 27,546,020</b>	<b>\$ 27,562,095</b>	<b>\$ 170,584,889</b>	<b>\$ 168,610,652</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 3,277,775	\$ 2,789,226	\$ 2,415,153	\$ 3,333,882	\$ 5,692,928	\$ 6,123,108
Operating grants and contributions	9,288,764	7,782,760	282,754	766,754	9,571,518	8,549,514
Capital grants and contributions	(662,986)	820,488	821,322	829,977	158,336	1,650,465
<b>General Revenues:</b>						
Real Estate and personal property taxes	57,395,411	54,520,286	-	-	57,395,411	54,520,286
Motor vehicle and other excise taxes	2,662,192	2,840,631	-	-	2,662,192	2,840,631
Tax liens	131,140	176,009	-	-	131,140	176,009
Penalties and interest	140,196	69,515	-	-	140,196	69,515
Nonrestricted grants and contributions	3,266,664	2,795,749	-	-	3,266,664	2,795,749
Unrestricted investment income	735,567	354,574	-	-	735,567	354,574
Other revenue	70,033	334,290	-	-	70,033	334,290
<b>Total Revenues</b>	<b>76,304,756</b>	<b>72,483,528</b>	<b>3,519,229</b>	<b>4,930,613</b>	<b>79,823,985</b>	<b>77,414,141</b>
<b>Expenses:</b>						
General Government	5,975,259	5,361,111	-	-	5,975,259	5,361,111
Public Safety	6,852,601	6,336,508	-	-	6,852,601	6,336,508
Education	47,556,668	44,437,365	-	-	47,556,668	44,437,365
Public Works	2,728,218	2,665,414	-	-	2,728,218	2,665,414
Human Services	1,719,482	1,548,211	-	-	1,719,482	1,548,211
Library	1,010,220	994,584	-	-	1,010,220	994,584
Pension Benefits	4,724,528	4,255,733	-	-	4,724,528	4,255,733
Employee Benefits	2,420,812	2,393,744	-	-	2,420,812	2,393,744
State and County Assessments	201,736	195,447	-	-	201,736	195,447
Interest	1,080,466	981,357	-	-	1,080,466	981,357
Sanitation	-	-	567,297	621,467	567,297	621,467
Sewer	-	-	2,425,790	2,403,833	2,425,790	2,403,833
Nursing	-	-	586,671	571,332	586,671	571,332
<b>Total Expenses</b>	<b>74,269,990</b>	<b>69,169,474</b>	<b>3,579,758</b>	<b>3,596,632</b>	<b>77,849,748</b>	<b>72,766,106</b>
Increase (decrease) in net assets before transfers	2,034,766	3,314,054	(60,529)	1,333,981	1,974,237	4,648,035
<b>Transfers</b>	<b>(44,454)</b>	<b>(44,454)</b>	<b>44,454</b>	<b>44,454</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>1,990,312</b>	<b>3,269,600</b>	<b>(16,075)</b>	<b>1,378,435</b>	<b>1,974,237</b>	<b>4,648,035</b>
<b>Net Assets - beginning</b>	<b>141,048,557</b>	<b>137,778,957</b>	<b>27,562,095</b>	<b>26,183,660</b>	<b>168,610,652</b>	<b>163,962,617</b>
<b>Net Assets - ending</b>	<b>\$ 143,038,869</b>	<b>\$ 141,048,557</b>	<b>\$ 27,546,020</b>	<b>\$ 27,562,095</b>	<b>\$ 170,584,889</b>	<b>\$ 168,610,652</b>

**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 \$23 million a \$3.0 million 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 \$4,365,893 while total fund balance stood at \$9,429,245. 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 6% of total general fund expenditures, while total fund balance represents 13% of that same amount.

**General Fund Budget Highlights**

There was a modest increase of \$20,400 between the original and final budget of the Town. During the year, general fund revenues exceeded budgetary estimates and actual expenditures were less than budgeted expenditures, resulting in an actual increase in fund balance.

**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, 2007, amounts to \$156,393,242 net of accumulated depreciation. The investment in capital assets includes land, buildings, capital improvements, machinery and equipment, vehicles, infrastructure, and construction in progress.

<b>Capital Assets (Net of Depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Land	\$ 66,297,302	\$ 66,028,202	\$ 534,769	\$ 534,769	\$ 66,832,071	\$ 66,562,971
Capital Improvements (other than buildings)	1,255,219	1,198,814	-	-	1,255,219	1,198,814
Buildings	31,259,616	31,717,301	8,373,317	8,611,078	39,632,933	40,328,379
Machinery and Equipment	836,022	803,454	248,535	300,577	1,084,557	1,104,031
Vehicles	508,379	404,728	107,300	122,945	615,679	527,673
Infrastructure	33,165,635	32,418,960	13,745,755	13,563,733	46,911,390	45,982,693
Construction in Progress	61,393	61,393	-	-	61,393	61,393
<b>Total Capital Assets</b>	<b>\$ 133,383,566</b>	<b>\$ 132,632,852</b>	<b>\$ 23,009,676</b>	<b>\$ 23,133,102</b>	<b>\$ 156,393,242</b>	<b>\$ 155,765,954</b>

The governmental activities capital assets were increased by \$750,714 during the current fiscal year while the business-type activities capital assets were decreased by \$123,426. Total increases to town wide capital assets were \$627,288.

**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, 2007, totaled \$50,523,700. Within this total, business-type activities have debt of \$21,758,524 that is fully supported by their respective utility rates. Total debt consists of the following:

<b>Outstanding Long-Term Debt at Year End</b>				
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Outstanding June 30, 2007</b>	<b>Outstanding June 30, 2006</b>	<b>Outstanding June 30, 2007</b>	<b>Outstanding June 30, 2006</b>
General obligation bonds	\$ 28,347,500	\$ 28,805,000	\$ 595,000	\$ 630,000
MWPAT notes	417,676	441,120	21,163,524	21,759,770
	<u>\$ 28,765,176</u>	<u>\$ 29,246,120</u>	<u>\$ 21,758,524</u>	<u>\$ 22,389,770</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 2008 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, 2007**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 20,200,186	\$ 7,361,785	\$ 27,561,971
INVESTMENTS	3,196,666	-	3,196,666
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	703,929	-	703,929
TAX LIENS	901,497	-	901,497
MOTOR VEHICLE EXCISE TAXES	108,309	-	108,309
USER FEES	-	198,032	198,032
DEPARTMENTAL AND OTHER	173,591	-	173,591
INTERGOVERNMENTAL	1,199,858	-	1,199,858
SPECIAL ASSESSMENTS	-	1,048,465	1,048,465
OTHER ASSETS	453,805	-	453,805
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	-	17,863,355	17,863,355
INTERGOVERNMENTAL	15,141,885	-	15,141,885
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	133,383,566	23,009,676	156,393,242
TOTAL ASSETS	<u>175,463,292</u>	<u>49,481,313</u>	<u>224,944,605</u>
<b><u>LIABILITIES</u></b>			
CURRENT:			
ACCOUNTS PAYABLE	807,079	11,647	818,726
ACCRUED INTEREST	150,693	150,694	301,387
BONDS AND NOTES PAYABLE	2,055,347	647,621	2,702,968
LANDFILL POSTCLOSURE CARE COSTS	2,500	-	2,500
COMPENSATED ABSENCES	1,033,461	14,428	1,047,889
NONCURRENT:			
BONDS AND NOTES PAYABLE	26,834,134	21,110,903	47,945,037
LANDFILL POSTCLOSURE CARE COSTS	67,500	-	67,500
COMPENSATED ABSENCES	1,473,709	-	1,473,709
TOTAL LIABILITIES	<u>32,424,423</u>	<u>21,935,293</u>	<u>54,359,716</u>
<b><u>NET ASSETS</u></b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	109,573,255	1,878,219	111,451,474
RESTRICTED FOR:			
STREETS	4,325	-	4,325
PERMANENT FUNDS:			
EXPENDABLE	1,514,426	-	1,514,426
NONEXPENDABLE	1,767,193	-	1,767,193
OTHER PURPOSES	5,364,119	-	5,364,119
UNRESTRICTED	24,815,551	25,667,801	50,483,352
TOTAL NET ASSETS	<u>\$ 143,038,869</u>	<u>\$ 27,546,020</u>	<u>\$ 170,584,889</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2007**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>EXPENSES</u></b>	<b><u>PROGRAM REVENUES</u></b>			<b><u>NET (EXPENSE) REVENUE</u></b>
		<b><u>CHARGES FOR SERVICES</u></b>	<b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b>	<b><u>CAPITAL GRANTS AND CONTRIBUTIONS</u></b>	
<b>PRIMARY GOVERNMENT:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
GENERAL GOVERNMENT	\$ 5,975,259	\$ 298,844	\$ 483,562	\$ -	\$ (5,192,853)
PUBLIC SAFETY	6,852,601	1,098,124	837,963	9,394	(4,907,120)
EDUCATION	47,556,668	879,321	4,723,510	(1,141,770)	(43,095,607)
PUBLIC WORKS	2,728,218	156,523	270,854	469,390	(1,831,451)
HUMAN SERVICES	1,719,482	791,349	167,101	-	(761,032)
LIBRARY	1,010,220	53,614	80,386	-	(876,220)
PENSION	4,724,528	-	2,725,388	-	(1,999,140)
EMPLOYEE BENEFITS	2,420,812	-	-	-	(2,420,812)
STATE & COUNTY ASSESSMENTS	201,736	-	-	-	(201,736)
INTEREST	1,080,466	-	-	-	(1,080,466)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>74,269,990</b>	<b>3,277,775</b>	<b>9,288,764</b>	<b>(662,986)</b>	<b>(62,366,437)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
SANITATION	567,297	607,461	200,948	-	241,112
SEWER	2,425,790	1,196,120	64,402	821,322	(343,946)
NURSING	586,671	611,572	17,404	-	42,305
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,579,758</b>	<b>2,415,153</b>	<b>282,754</b>	<b>821,322</b>	<b>(60,529)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 77,849,748</b>	<b>\$ 5,692,928</b>	<b>\$ 9,571,518</b>	<b>\$ 158,336</b>	<b>\$ (62,426,966)</b>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF ACTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2007**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET ASSETS:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (62,366,437)	\$ (60,529)	\$ (62,426,966)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	57,395,411	-	57,395,411
TAX LIENS	131,140	-	131,140
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,662,192	-	2,662,192
PENALTIES AND INTEREST ON TAXES	140,196	-	140,196
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	3,266,664	-	3,266,664
UNRESTRICTED INVESTMENT INCOME	735,567	-	735,567
MISCELLANEOUS	70,033	-	70,033
TRANSFERS, NET	(44,454)	44,454	-
TOTAL GENERAL REVENUES AND TRANSFERS	64,356,749	44,454	64,401,203
CHANGE IN NET ASSETS	1,990,312	(16,075)	1,974,237
<b>NET ASSETS:</b>			
<b>BEGINNING OF YEAR</b>	141,048,557	27,562,095	168,610,652
<b>END OF YEAR</b>	\$ 143,038,869	\$ 27,546,020	\$ 170,584,889

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF ACTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2007**

<b>ASSETS</b>	<b>GENERAL</b>	<b>COMMUNITY PRESERVATION FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 9,683,869	\$ 4,059,291	\$ 6,457,026	\$ 20,200,186
INVESTMENTS	-	-	3,196,666	3,196,666
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	703,929	-	-	703,929
TAX LIENS	901,497	-	-	901,497
MOTOR VEHICLE EXCISE TAXES	108,309	-	-	108,309
DEPARTMENTAL AND OTHER	619	10,238	162,734	173,591
INTERGOVERNMENTAL	16,227,462	-	114,281	16,341,743
OTHER ASSETS	453,805	-	-	453,805
<b>TOTAL ASSETS</b>	<b>\$ 28,079,490</b>	<b>\$ 4,069,529</b>	<b>\$ 9,930,707</b>	<b>\$ 42,079,726</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 709,048	\$ 168	\$ 97,863	\$ 807,079
DEFERRED REVENUES	17,941,197	10,238	167,059	18,118,494
NOTES PAYABLE	-	-	124,305	124,305
<b>TOTAL LIABILITIES</b>	<b>18,650,245</b>	<b>10,406</b>	<b>389,227</b>	<b>19,049,878</b>
FUND BALANCES:				
RESERVED FOR:				
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	3,467,832	-	-	3,467,832
PERPETUAL PERMANENT FUNDS	-	-	1,767,193	1,767,193
UNRESERVED				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	1,595,520	-	-	1,595,520
UNDESIGNATED, REPORTED IN:				
GENERAL FUND	4,365,893	-	-	4,365,893
SPECIAL REVENUE FUNDS	-	4,059,123	5,364,119	9,423,242
CAPITAL PROJECTS FUNDS	-	-	895,742	895,742
PERMANENT FUNDS	-	-	1,514,426	1,514,426
<b>TOTAL FUND BALANCES</b>	<b>9,429,245</b>	<b>4,059,123</b>	<b>9,541,480</b>	<b>23,029,848</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,079,490</b>	<b>\$ 4,069,529</b>	<b>\$ 9,930,707</b>	<b>\$ 42,079,726</b>

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, 2007**

	GENERAL	COMMUNITY PRESERVATION FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 57,288,281	\$ -	\$ -	\$ 57,288,281
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,690,322	-	-	2,690,322
PENALTIES AND INTEREST ON TAXES	140,196	-	-	140,196
INTERGOVERNMENTAL	8,957,997	652,082	1,838,546	11,448,625
CHARGES FOR SERVICES	-	-	2,211,418	2,211,418
INVESTMENT INCOME	735,567	137,304	216,121	1,088,992
CONTRIBUTIONS & DONATIONS	-	-	1,161,761	1,161,761
DEPARTMENTAL AND OTHER	896,475	682,446	567,441	2,146,362
<b>TOTAL REVENUES</b>	<b>70,708,838</b>	<b>1,471,832</b>	<b>5,995,287</b>	<b>78,175,957</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	5,417,505	436,936	692,289	6,546,730
PUBLIC SAFETY	5,996,731	32,615	624,711	6,654,057
EDUCATION	44,811,508	15,902	2,262,775	47,090,185
PUBLIC WORKS	2,416,145	-	810,141	3,226,286
HUMAN SERVICES	900,061	16,620	787,837	1,704,518
LIBRARY	908,040	-	41,446	949,486
PENSION	4,724,528	-	-	4,724,528
EMPLOYEE BENEFITS	2,419,431	-	-	2,419,431
STATE & COUNTY ASSESSMENTS	201,736	-	-	201,736
DEBT SERVICE				
PRINCIPAL	1,703,444	-	-	1,703,444
INTEREST	1,174,989	-	-	1,174,989
<b>TOTAL EXPENDITURES</b>	<b>70,674,118</b>	<b>502,073</b>	<b>5,219,199</b>	<b>76,395,390</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>34,720</b>	<b>969,759</b>	<b>776,088</b>	<b>1,780,567</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
PROCEEDS FROM BONDS AND NOTES	-	-	1,222,500	1,222,500
OPERATING TRANSFERS IN	74,970	-	44,054	119,024
OPERATING TRANSFERS OUT	(88,508)	-	(74,970)	(163,478)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(13,538)</b>	<b>-</b>	<b>1,191,584</b>	<b>1,178,046</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>21,182</b>	<b>969,759</b>	<b>1,967,672</b>	<b>2,958,613</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>9,408,063</b>	<b>3,089,364</b>	<b>7,573,808</b>	<b>20,071,235</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 9,429,245</b>	<b>\$ 4,059,123</b>	<b>\$ 9,541,480</b>	<b>\$ 23,029,848</b>

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, 2007**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 23,029,848
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		133,383,566
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		18,118,494
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(150,693)
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	(28,765,176)	
COMPENSATED ABSENCES	(2,507,170)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(70,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(31,342,346)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 143,038,869</u></b>

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, 2007**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 2,958,613</b>
<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	2,365,383	
DEPRECIATION EXPENSE	<u>(2,039,069)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		326,314
<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>		
		(2,295,601)
<p>THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DOES NOT PROVIDE FOR THE RECOGNITION OF REVENUE FROM DONATED INFRASTRUCTURE AND IS ONLY RECOGNIZED IN THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES.</p>		
		424,400
<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>		
PROCEEDS FROM BONDS AND NOTES	(1,222,500)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,703,444</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		480,944
<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 COMPENSATED ABSENCES ACCRUAL	(1,381)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	2,500	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>94,523</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>95,642</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 1,990,312</u></b>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2007**

<b><u>ASSETS</u></b>	<b><u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u></b>			
	<b><u>SANITATION</u></b>	<b><u>SEWER</u></b>	<b><u>NURSING</u></b>	<b><u>TOTAL</u></b>
<b>CURRENT:</b>				
CASH AND SHORT-TERM INVESTMENTS	\$ 4,994,123	\$ 1,968,103	\$ 399,559	\$ 7,361,785
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	-	80,780	117,252	198,032
SPECIAL ASSESSMENTS	-	1,048,465	-	1,048,465
TOTAL CURRENT ASSETS	<u>4,994,123</u>	<u>3,097,348</u>	<u>516,811</u>	<u>8,608,282</u>
<b>NONCURRENT:</b>				
SPECIAL ASSESSMENTS	-	17,863,355	-	17,863,355
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	866,590	22,131,086	12,000	23,009,676
TOTAL NONCURRENT ASSETS	<u>866,590</u>	<u>39,994,441</u>	<u>12,000</u>	<u>40,873,031</u>
<b>TOTAL ASSETS</b>	<u>5,860,713</u>	<u>43,091,789</u>	<u>528,811</u>	<u>49,481,313</u>
 <b><u>LIABILITIES</u></b>				
<b>CURRENT:</b>				
ACCOUNTS PAYABLE	3,274	1,085	7,288	11,647
ACCRUED INTEREST	-	150,694	-	150,694
BONDS AND NOTES PAYABLE	-	647,621	-	647,621
COMPENSATED ABSENCES	5,598	894	7,936	14,428
TOTAL CURRENT LIABILITIES	<u>8,872</u>	<u>800,294</u>	<u>15,224</u>	<u>824,390</u>
<b>NONCURRENT:</b>				
BONDS AND NOTES PAYABLE	-	21,110,903	-	21,110,903
<b>TOTAL LIABILITIES</b>	<u>8,872</u>	<u>21,911,197</u>	<u>15,224</u>	<u>21,935,293</u>
 <b><u>NET ASSETS</u></b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	866,590	999,629	12,000	1,878,219
UNRESTRICTED	4,985,251	20,180,963	501,587	25,667,801
<b>TOTAL NET ASSETS</b>	<u>\$ 5,851,841</u>	<u>\$ 21,180,592</u>	<u>\$ 513,587</u>	<u>\$ 27,546,020</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, 2007**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>SANITATION</b>	<b>SEWER</b>	<b>NURSING</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>				
CHARGES FOR SERVICES	\$ 607,461	\$ 1,196,120	\$ 611,572	\$ 2,415,153
TOTAL OPERATING REVENUES	<u>607,461</u>	<u>1,196,120</u>	<u>611,572</u>	<u>2,415,153</u>
<b><u>OPERATING EXPENSES:</u></b>				
GENERAL SERVICES	507,401	574,804	580,671	1,662,876
DEPRECIATION	59,896	718,541	6,000	784,437
TOTAL OPERATING EXPENSES	<u>567,297</u>	<u>1,293,345</u>	<u>586,671</u>	<u>2,447,313</u>
OPERATING INCOME (LOSS)	<u>40,164</u>	<u>(97,225)</u>	<u>24,901</u>	<u>(32,160)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
INTERGOVERNMENTAL	-	821,322	-	821,322
INVESTMENT INCOME	200,948	64,402	17,404	282,754
INTEREST EXPENSE	-	(1,132,445)	-	(1,132,445)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>200,948</u>	<u>(246,721)</u>	<u>17,404</u>	<u>(28,369)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	241,112	(343,946)	42,305	(60,529)
<b><u>OPERATING TRANSFERS:</u></b>				
OPERATING TRANSFERS IN	-	44,454	-	44,454
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>44,454</u>	<u>-</u>	<u>44,454</u>
CHANGE IN NET ASSETS	241,112	(299,492)	42,305	(16,075)
NET ASSETS AT BEGINNING OF YEAR	<u>5,610,729</u>	<u>21,480,084</u>	<u>471,282</u>	<u>27,562,095</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,851,841</u>	<u>\$ 21,180,592</u>	<u>\$ 513,587</u>	<u>\$ 27,546,020</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FISCAL YEAR ENDED JUNE 30, 2007**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>SANITATION</b>	<b>SEWER</b>	<b>NURSING</b>	<b>TOTAL</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 607,461	\$ 1,908,102	\$ 537,186	\$ 3,052,749
PAYMENTS TO SUPPLIERS	(373,175)	(514,095)	(276,953)	(1,164,223)
PAYMENTS TO EMPLOYEES	(128,612)	(59,957)	(295,085)	(483,654)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>105,674</u>	<u>1,334,050</u>	<u>(34,852)</u>	<u>1,404,872</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
OPERATING TRANSFERS IN	-	44,454	-	44,454
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>44,454</u>	<u>-</u>	<u>44,454</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
PRINCIPAL PAYMENTS ON BONDS AND NOTES	-	(592,692)	-	(592,692)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(98,145)	(562,864)	-	(661,009)
INTEREST EXPENSE	-	(353,053)	-	(353,053)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(98,145)</u>	<u>(1,508,609)</u>	<u>-</u>	<u>(1,606,754)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
INTEREST RECEIVED	200,948	64,402	17,404	282,754
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	<u>200,948</u>	<u>64,402</u>	<u>17,404</u>	<u>282,754</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	208,477	(65,703)	(17,448)	125,326
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	4,785,646	2,033,806	417,007	7,236,459
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 4,994,123</u>	<u>\$ 1,968,103</u>	<u>\$ 399,559</u>	<u>\$ 7,361,785</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)    TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
OPERATING INCOME (LOSS)	\$ 40,164	\$ (97,225)	\$ 24,901	\$ (32,160)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	59,896	718,541	6,000	784,437
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	-	711,982	(74,386)	637,596
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	3,274	1,084	7,288	11,646
INCREASE (DECREASE) IN ACCRUED COMPENSATED ABSENCES	2,340	(332)	1,345	3,353
TOTAL ADJUSTMENTS	<u>65,510</u>	<u>1,431,275</u>	<u>(59,753)</u>	<u>1,437,032</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 105,674</u>	<u>\$ 1,334,050</u>	<u>\$ (34,852)</u>	<u>\$ 1,404,872</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 761,941
INVESTMENTS	265,353	-
TOTAL ASSETS	265,353	761,941
<b><u>LIABILITIES</u></b>		
ACCOUNTS PAYABLE	-	5,717
OTHER LIABILITIES	-	756,224
TOTAL LIABILITIES	-	761,941
<b><u>NET ASSETS</u></b>		
HELD IN TRUST FOR OTHER PURPOSES	\$ 265,353	\$ -

**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, 2007**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<b><u>ADDITIONS:</u></b>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>\$ 10,380</u>
 <b><u>DEDUCTIONS:</u></b>	
HUMAN SERVICES	<u>4,322</u>
CHANGE IN NET ASSETS	6,058
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u>259,295</u>
<b>NET ASSETS AT END OF YEAR</b>	 <u><u>\$ 265,353</u></u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

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**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	\$ 21,958,905
Minuteman Regional High School	To provide Vocational Education	758 Marrett Road Lexington, MA 02421-7313	\$ 749,955

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 84% equity interest in the joint venture.

**TOWN OF ACTON, MASSACHUSETTS**  
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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**  
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**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, and landfill post closure care costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

**TOWN OF ACTON, MASSACHUSETTS**  
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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 *Nonmajor 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 nonoperating 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 nonoperating revenues and expenses.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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**  
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**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**  
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*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.

*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**  
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**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 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**  
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**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**  
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**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 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**  
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Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2008 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, 2007 is recorded in the governmental fund financial statement.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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, 2007, this expense/expenditure totaled approximately \$674,601. There were approximately 192 participants eligible to receive benefits at June 30, 2007.

**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**  
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**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.

*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. The Town carries deposits that are fully insured by FDIC insurance, DIF insurance 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 not collateralized and are uninsured. As of June 30, 2007, the bank balances of uninsured and uncollateralized deposits are \$11,951,009.

*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.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The following is a listing of the primary government's fixed income investments and related maturity schedule (in years) as of June 30, 2007:

<u>Investment type</u>	<u>Fair value</u>	<u>1-5</u>	<u>6 -10</u>
<u>Debt Securities:</u>			
Government & Agency Bonds	\$ 2,589,353	\$ 2,050,321	\$ 539,032
Corporate Bonds	<u>50,325</u>	<u>50,325</u>	<u>-</u>
Total Debt Securities	\$ 2,639,678	<u>\$ 2,100,646</u>	<u>\$ 539,032</u>
<u>Other Investments:</u>			
Mutual Funds	180,614		
Common Stock	<u>641,727</u>		
Total Other Investments	<u>822,341</u>		
Total Investments	<u>\$ 3,462,019</u>		

*Interest Rate Risk*

The Town's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk – Investments*

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. Of the investments in debt and equity (common stock) securities listed above, the Town does not have any custodial credit risk exposure 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 Town does not have an investment policy for custodial credit risk.

*Credit Risk*

The Town has not adopted a formal policy related to Credit Risk. All of the debt securities at June 30, 2007 are rated AA2 or higher using Moody's Investor Services rating scale.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*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
Federal Home Loan Bank (FHLB) Bonds	27.81%
Federal Home Loan Mortgage Corporation (FHLMC) Bonds	31.56%
Federal National Mortgage Association (FNMA) Bonds	10.45%

**NOTE 3 – RECEIVABLES**

The receivables at June 30, 2007 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	\$ 706,645	\$ (2,716)	\$ 703,929
Tax liens	901,497	-	901,497
Motor vehicle excise taxes	390,478	(282,169)	108,309
Departmental and other	429,468	(255,877)	173,591
Intergovernmental	16,341,743	-	16,341,743
Total	\$ 18,769,831	\$ (540,762)	\$ 18,229,069

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The receivables at June 30, 2007, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Sewer</i>			
User fees	\$ 80,780	\$ -	\$ 80,780
Special assessments	18,911,820	-	18,911,820
<i>Nursing</i>			
User fees	216,131	(98,879)	117,252
Total	<u>\$ 19,208,731</u>	<u>\$ (98,879)</u>	<u>\$ 19,109,852</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	\$ 703,929	\$ -	\$ -	\$ 703,929
Tax Liens	901,497	-	-	901,497
Motor vehicle excise taxes	108,309	-	-	108,309
Departmental	-	10,238	162,734	172,972
Intergovernmental	16,227,462	-	4,325	16,231,787
Total	<u>\$ 17,941,197</u>	<u>\$ 10,238</u>	<u>\$ 167,059</u>	<u>\$ 18,118,494</u>

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 66,028,202	\$ 401,900	\$ (132,800)	\$ 66,297,302
Construction in progress	61,393	-	-	61,393
Total capital assets not being depreciated	<u>66,089,595</u>	<u>401,900</u>	<u>(132,800)</u>	<u>66,358,695</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	39,644,233	389,534	-	40,033,767
Capital improvements (other than buildings)	2,159,460	146,112	-	2,305,572
Machinery and equipment	3,628,206	349,427	-	3,977,633
Vehicles	1,306,804	274,517	(107,000)	1,474,321
Infrastructure	38,117,565	1,468,093	-	39,585,658
Total capital assets being depreciated	<u>84,856,268</u>	<u>2,627,683</u>	<u>(107,000)</u>	<u>87,376,951</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(7,926,932)	(847,219)	-	(8,774,151)
Capital improvements (other than buildings)	(960,646)	(89,707)	-	(1,050,353)
Machinery and equipment	(2,824,752)	(316,859)	-	(3,141,611)
Vehicles	(902,076)	(170,866)	107,000	(965,942)
Infrastructure	(5,698,605)	(721,418)	-	(6,420,023)
Total accumulated depreciation	<u>(18,313,011)</u>	<u>(2,146,069)</u>	<u>107,000</u>	<u>(20,352,080)</u>
Total capital assets being depreciated, net	<u>66,543,257</u>	<u>481,614</u>	<u>-</u>	<u>67,024,871</u>
Total governmental activities capital assets, net	<u>\$ 132,632,852</u>	<u>\$ 883,514</u>	<u>\$ (132,800)</u>	<u>\$ 133,383,566</u>

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 534,769	\$ -	\$ -	\$ 534,769
Total capital assets not being depreciated	534,769	-	-	534,769
<u>Capital assets being depreciated:</u>				
Buildings and improvements	10,064,896	98,145	-	10,163,041
Machinery and equipment	475,563	-	-	475,563
Vehicles	129,825	-	-	129,825
Infrastructure	15,174,456	562,866	-	15,737,322
Total capital assets being depreciated	25,844,740	661,011	-	26,505,751
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(1,453,818)	(335,906)	-	(1,789,724)
Machinery and equipment	(174,987)	(52,042)	-	(227,029)
Vehicles	(6,879)	(15,646)	-	(22,525)
Infrastructure	(1,610,723)	(380,843)	-	(1,991,566)
Total accumulated depreciation	(3,246,407)	(784,437)	-	(4,030,844)
Total capital assets being depreciated, net	22,598,333	(123,426)	-	22,474,907
Total business-type activites capital assets, net	<u>\$ 23,133,102</u>	<u>\$ (123,426)</u>	<u>\$ -</u>	<u>\$ 23,009,676</u>

**TOWN OF ACTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

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

**Governmental Activities:**

General government	\$ 189,738
Public safety	386,367
Education	590,351
Public works	787,923
Human services	14,964
Library	<u>176,726</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,146,069</u></u>

**Business-Type Activities:**

Sewer	\$ 718,541
Sanitation	59,896
Nursing Services	<u>6,000</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 784,437</u></u>

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2007, are summarized as follows:

	Operating Transfers In:			
Operating Transfers Out:	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Total
Nonmajor Governmental Funds	\$ 69,435	\$ -	\$ -	\$ 69,435 (1)
Nonmajor Governmental Funds	5,535	-	-	5,535 (2)
General Fund	-	44,040	44,454	88,494 (1)
General Fund	<u>-</u>	<u>14</u>	<u>-</u>	<u>14 (2)</u>
 Total	 <u><u>\$ 74,970</u></u>	 <u><u>\$ 44,054</u></u>	 <u><u>\$ 44,454</u></u>	 <u><u>\$ 163,478</u></u>

(1) Represents budgeted transfers to supplement the operating budgets

(2) Represents other transfers between funds.

**TOWN OF ACTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

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**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.

The following is a summary of changes in short-term debt for the year ended June 30, 2007:

Type	Purpose	Rate %	Due Date	Balance at June 30, 2006	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2007
MWPAT	Title V Septic Loans	Var	06/30/08	\$ -	\$ 124,305	\$ -	\$ 124,305
	Total Governmental Funds			\$ -	\$ 124,305	\$ -	\$ 124,305

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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, 2007:

**Bonds and Notes Payable Schedule -Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
General Obligation	4.70	\$ -	\$ 1,222,500	\$ -	\$ 1,222,500
General Obligation	4.76	3,400,000	-	375,000	3,025,000
School Construction	4.27	19,115,000	-	805,000	18,310,000
Data Processing	4.27	280,000	-	140,000	140,000
MWPAT Water Study	Var.	208,726	-	9,774	198,952
Public Safety Building	3.66	5,740,000	-	330,000	5,410,000
School Remodeling	Var.	147,600	-	16,400	131,200
School Remodeling	4.40	122,400	-	13,600	108,800
MWPAT Water Study	0.00	232,394	-	13,670	218,724
Total		<u>\$ 29,246,120</u>	<u>\$ 1,222,500</u>	<u>\$ 1,703,444</u>	<u>\$ 28,765,176</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2007 are as follows:

Fiscal Year	Principal	Interest	Total
2008	\$ 1,931,042	\$ 1,175,615	\$ 3,106,657
2009	1,773,692	1,111,194	2,884,886
2010	1,803,948	1,051,325	2,855,273
2011	1,844,261	987,509	2,831,770
2012	1,879,585	909,895	2,789,480
2013-2017	8,809,064	3,478,641	12,287,705
2018-2022	8,690,074	1,623,041	10,313,115
2023-2024	<u>2,033,510</u>	<u>99,158</u>	<u>2,132,668</u>
Total	<u>\$ 28,765,176</u>	<u>\$ 10,436,378</u>	<u>\$ 39,201,554</u>

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Bonds and Notes Payable Schedule - Sewer Enterprise Fund**

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
MWPAT Sewer	Var.	\$ 766,500	\$ -	\$ 51,900	\$ 714,600
MWPAT Sewer	Var.	1,807,538	-	46,385	1,761,153
MWPAT Sewer	Var.	7,609,129	-	196,642	7,412,487
MWPAT Sewer	Var.	11,576,603	-	301,319	11,275,284
Middle Fort Pond Sewer	3.71	630,000	-	35,000	595,000
<b>Total</b>		<b><u>\$22,389,770</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 631,246</u></b>	<b><u>\$ 21,758,524</u></b>

The annual debt service requirements for principal and interest for sewer enterprise fund bonds and notes outstanding at June 30, 2007 are as follows:

Fiscal Year	Principal	Interest	Total
2008	\$ 647,621	\$ 1,101,117	\$ 1,748,738
2009	666,211	1,079,681	1,745,892
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
2013-2017	4,011,200	4,295,209	8,306,409
2018-2022	4,531,600	3,048,690	7,580,290
2023-2027	5,090,000	1,630,926	6,720,926
2028-2031	4,680,000	571,181	5,251,181
<b>Total</b>	<b><u>\$ 21,758,524</u></b>	<b><u>\$ 14,783,275</u></b>	<b><u>\$ 36,541,799</u></b>

**TOWN OF ACTON, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

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**Loans Authorized and Unissued**

As of June 30, 2007, 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	<u>200,000</u>
Total		<u>\$ 1,050,000</u>

**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 2007 from MSBA for completed school construction projects.

Based on an MSBA review of project costs, the future reimbursements in FY09 through FY23 have been adjusted down to \$1,009,458 per year. The total reduction of \$1,141,770 has been reflected in the current government wide financial statements.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 29,246,120	\$ 1,222,500	\$ (1,703,444)	\$ 28,765,176	\$ 1,931,042
Compensated absences	2,505,789	1,381	-	2,507,170	1,033,461
Landfill postclosure care costs	72,500	-	(2,500)	70,000	2,500
<b>Total governmental activities long-term liabilities</b>	<b>\$ 31,824,409</b>	<b>\$ 1,223,881</b>	<b>\$ (1,705,944)</b>	<b>\$ 31,342,346</b>	<b>\$ 2,967,003</b>
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 22,389,770	\$ -	\$ (631,246)	\$ 21,758,524	\$ 647,621
Compensated absences	11,075	3,353	-	14,428	14,428
<b>Total business-type activities long-term liabilities</b>	<b>\$ 22,400,845</b>	<b>\$ 3,353</b>	<b>\$ (631,246)</b>	<b>\$ 21,772,952</b>	<b>\$ 662,049</b>

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

**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, 2007:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Acton Boxborough Regional School District			
Bonds	\$ 23,385,000	83.53%	\$ 19,533,491
Bond Anticipation Notes	225,000	83.53%	187,943
<b>Total</b>	<b>\$ 23,610,000</b>		<b>\$ 19,721,434</b>

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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**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 2007.

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 \$100,000 per incident.

As of June 30, 2007, the Acton Health Insurance Trust had total assets of \$3,727,556, total liabilities of \$2,641,568 (including \$1,105,099 estimated benefits obligations), and a total net assets of \$1,085,988.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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**NOTE 9 – 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, 2007, 2006, and 2005 were \$1,999,140, 1,736,915, and \$1,614,318, 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 \$2,725,388 for fiscal year 2007. 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, 2007**

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**NOTE 10 – 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, 2007, 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 \$70,000 as of June 30, 2007. The Town is responsible for post-closure monitoring of the site for thirty years (28 years remaining). This estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$70,000 reported as landfill post-closure liability at June 30, 2007 is based on what it would cost to perform all post-closure care at June 30, 2007. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2007.

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**NOTE 11 – PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION**

The following beginning balances have been reclassified or restated to reflect 1) the reclassification of the major Community Preservation Fund from the Nonmajor Governmental Funds 2) a reduction in the prior year estimate for landfill closure care costs, and 3) the reduction of prior year sewer special assessments for costs to be recovered from future customers at June 30, 2006.

Description	Governmental Activities - Net Assets	Governmental Funds		Business-Type Activities - Net Assets	Proprietary Funds
		Community Preservation Fund - Fund Balance	Nonmajor Governmental Funds - Fund Balance		Sewer Enterprise - Net Assets
Balances at June 30, 2006 as previously reported	138,376,057	\$ -	\$ 10,663,172	28,728,295	22,646,284
To adjust special assessments for future costs to be recovered but not assignable to current customers	-	-	-	(1,166,200)	(1,166,200)
To reduce Landfill closure costs estimate	2,672,500	-	-	-	-
To reclassify Community Preservation Fund as a major fund	-	3,089,364	(3,089,364)	-	-
<b>Balances at June 30, 2006 as restated</b>	<b><u>\$ 141,048,557</u></b>	<b><u>\$ 3,089,364</u></b>	<b><u>\$ 7,573,808</u></b>	<b><u>\$ 27,562,095</u></b>	<b><u>\$ 21,480,084</u></b>

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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**NOTE 12 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2007, the following GASB pronouncements were implemented:

The GASB issued **Statement #47**, *Accounting for Termination Benefits*, which is required to be implemented in Fiscal 2007. The Town has a very limited termination benefits program that is budgeted for and is not material to the basic financial statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued **Statement #48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which is required to be implemented in FY2008. Since the Town does not sell or pledge receivable or future revenues, this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* which is required to be implemented in FY2009. Management does not believe that there are any pollution remediation obligations that will require disclosure and this pronouncement will not have an impact on the basic financial statements.

The GASB issued **Statement #50**, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, which is required to be implemented in FY2008. Since the Town does not operate its' own pension plan, this pronouncement will not impact the basic financial statements.

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* which is required to be implemented in FY2010. Management believes this pronouncement will require additional disclosure, but will not have a material impact on the basic financial statements.

**TOWN OF ACTON, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 57,250,079	\$ 57,250,079	\$ 57,288,281	\$ 38,202
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,805,000	2,805,000	2,690,322	(114,678)
PENALTIES & INTEREST ON TAXES	43,600	43,600	140,196	96,596
INTERGOVERNMENTAL	6,217,848	6,217,848	6,223,773	5,925
INVESTMENT INCOME	354,600	354,600	735,567	380,967
DEPARTMENTAL AND OTHER	1,226,600	1,226,600	896,475	(330,125)
<b>TOTAL REVENUES</b>	<u>67,897,727</u>	<u>67,897,727</u>	<u>67,974,614</u>	<u>76,887</u>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
MUNICIPAL GOVERNMENT	22,890,941	22,890,941	22,722,081	168,860
ACTON LOCAL SCHOOLS	22,046,849	22,046,849	22,024,361	22,488
ACTON BOXBOROUGH REGIONAL SCHOOL DISTRICT	21,958,905	21,958,905	21,958,904	1
MINUTEMAN REGIONAL SCHOOL DISTRICT	749,955	749,955	749,955	-
STATE & COUNTY ASSESSMENTS	203,689	203,689	201,736	1,953
CAPITAL OUTLAY - MUNICIPAL GOVERNMENT	164,000	184,400	184,400	-
<b>TOTAL EXPENDITURES</b>	<u>68,014,339</u>	<u>68,034,739</u>	<u>67,841,437</u>	<u>193,302</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(116,612)</u>	<u>(137,012)</u>	<u>133,177</u>	<u>270,189</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	69,435	69,435	74,970	5,535
OPERATING TRANSFERS OUT	(88,494)	(88,494)	(88,508)	(14)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(19,059)</u>	<u>(19,059)</u>	<u>(13,538)</u>	<u>5,521</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(135,671)</u>	<u>(156,071)</u>	<u>119,639</u>	<u>275,710</u>
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<u>5,141,156</u>	<u>5,141,156</u>	<u>5,141,156</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<u>\$ 5,005,485</u>	<u>\$ 4,985,085</u>	<u>\$ 5,260,795</u>	<u>\$ 275,710</u>

See accompanying notes to the basic financial statements

**TOWN OF ACTON, MASSACHUSETTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

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

Fiscal Year Ended June 30, 2007

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, 2007, is presented below:

Net change in fund balance - budgetary basis	\$ 119,639
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	2,725,388
Increase in expenditures for on-behalf payments - MTRS	(2,725,388)
Increase in revenue for the MWPAT subsidy	8,837
Increase in expenditures for the MWPAT subsidy	(8,837)
Adjustment for Current Year Encumbrances	2,073,896
Adjustment for expenditures from prior year authorizations	<u>(2,172,353)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 21,182</u></u>