TOWN OF ACTON, MASSACHUSETTS

Financial Statements

June 30, 2011

(With Accountants' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen Town of Acton 472 Main Street Acton, MA 01720

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

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

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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 29, 2011 on our consideration of the Town of Acton, Massachusetts' internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, retirement system schedules and post employment benefit schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Acton, Massachusetts' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as whole.

Giusti, Hingston and Company Giusti, Hingston and Company Certified Public Accountants December 29, 2011

Town of Acton, Massachusetts Management's Discussion and Analysis Required Supplementary Information June 30, 2011

As management of the Town of Acton, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Acton, Massachusetts for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Town of Acton, Massachusetts exceeded its liabilities at the close of the most recent fiscal year by \$164,173,190 (net assets).
- ➤ The government's total net assets decreased by \$938,164. The Governmental Activities increased by \$268,140. The business type activities decreased by \$1,206,304.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,823,281, or 9.8% of total general fund expenditures.
- The Town of Acton, Massachusetts' total long term debt decreased by \$2,719,599 or 6% during the current year. The change is attributed to a decrease in the Governmental Activities (\$2,009,876 or 8%) and a decrease in the Business-type Activities (\$709,723 or 3.6%). A considerable amount of the Business-type activity debt will be funded by betterment revenues.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction of the Town of Acton, Massachusetts' basic financial statements. The Town of Acton, Massachusetts' basic financial statements consists of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Acton, Massachusetts' finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the Town of Acton, Massachusetts' assets and liabilities, with the differences 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 of the Town of Acton, Massachusetts 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 of the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- ➤ Governmental Activities Activities reported here include education, public safety, public works, library and general administration. Property taxes, motor vehicle excise taxes, federal, state and other local revenues finance these activities.
- **Business-Type Activities** Activities reported here are for sanitation, nursing services and sewer operations. User fees charged to the customers receiving services finance these activities.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Proprietary funds. The Town of Acton, Massachusetts maintains three proprietary (enterprise) fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Acton, Massachusetts uses enterprise funds to account for its sanitation, nursing services and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each enterprise fund. All three funds are considered to be major funds of the Town of Acton, Massachusetts.

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

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Capital assets and long-term liabilities are not included on the balance sheet of the governmental funds, but are included on the statement of net assets. Capital assets are recorded as expenditures when they are purchased in the governmental funds and depreciated over the useful life in the government-wide financial statements. We have included schedules that provide a crosswalk from the government-wide financial statements to the governmental funds of the fund financial statements:

- ➤ Reconciliation of the governmental funds balance sheet total fund balances to the statement of net assets.
- ➤ Reconciliation of the statement of revenues and expenditures and changes in fund balance of governmental funds to the statement of activities.

The reconciliation of government-wide financial statements to enterprise funds of the fund financial statements is not necessary. The business-type activities of the government-wide financial statements and the enterprise funds use the same accounting basis and measurement focus.

Financial Analysis of the Government-wide Financial Statements

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. However, the net assets of governmental activities should be viewed independently from business-type activities. Resources of the governmental activities are not, typically, used to finance costs related to business-type activities. Revenues of the business-type activities are generally used to finance the operations of the Sanitation, Nursing and Sewer enterprise funds.

The following table reflects the condensed net assets for the past two fiscal years. Fiscal year 2010 amounts have been adjusted to reflect prior period adjustments made during fiscal year 2009.

	Governmen	Governmental Activities		pe Activities	<u>Total</u>		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Current and Other Assets	\$ 43,004,806	\$ 43,114,798	\$ 23,562,540	\$ 24,713,126	\$ 66,567,346	\$ 67,827,924	
Capital Assets	136,431,820	135,445,840	20,281,581	21,107,837	156,713,401	156,553,677	
Total Assets	179,436,626	178,560,638	43,844,121	45,820,963	223,280,747	224,381,601	
Current Liabilities	5,020,172	5,165,946	1,025,614	1,026,803	6,045,786	6,192,749	
Long Term Liabilities	34,585,496	33,831,874	18,476,275	19,245,624	53,061,771	53,077,498	
Total Liabilities	39,605,668	38,997,820	19,501,889	20,272,427	59,107,557	59,270,247	
Net Assets:							
Invested in Capital Assets							
Net of Related Debt	113,069,772	110,395,091	1,393,955	1,510,488	114,463,727	111,905,579	
Restricted	14,528,079	14,945,567	17,830,622	18,216,963	32,358,701	33,162,530	
Unrestricted	12,233,107	14,222,160	5,117,655	5,821,085	17,350,762	20,043,245	
Total Net Assets	\$ 139,830,958	\$ 139,562,818	\$ 24,342,232	\$ 25,548,536	\$ 164,173,190	\$ 165,111,354	

The net assets of the Town decreased by \$938,164. The net assets of the governmental activities increased by \$268,140 or less than 1% and the net assets of the business-type activities decreased by \$1,206,304 or 4.72%.

Changes in Net Assets

The following condensed financial information was derived from the government-wide Statement of Activities. It reflects how the Town's net assets have changed during the fiscal year.

	Governmental Activities			Business-Type				<u>Total</u>			
	<u>2011</u>		<u>2010</u>		<u>2011</u>		<u>2010</u>		<u>2011</u>		<u>2010</u>
Revenues											
Program Revenues:											
Charges for Services	\$ 3,124,795	\$	3,714,987	\$	2,309,364	\$	2,376,051	\$	5,434,159	\$	6,091,038
Operating Grants and Contributions	12,938,309		11,933,644		809,808		837,487		13,748,117		12,771,131
Capital Grants and Contributions	523,327		513,776		303,725		-		827,052		513,776

Changes in Net Assets (Continued)

	Governmental Activities		Busine	ss-Type	<u>Total</u>		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
General Revenues:							
Property Taxes	66,103,406	64,514,109	-	-	66,103,406	64,514,109	
Motor Vehicle and Other Excises	2,612,767	2,607,181	-	-	2,612,767	2,607,181	
Intergovernmental Not Restricted to							
a Specific Program	1,271,625	1,324,707	-	-	1,271,625	1,324,707	
Other	738,791	485,374			738,791	485,374	
Total Revenues	87,313,020	85,093,778	3,422,897	3,213,538	90,735,917	88,307,316	
Expenses							
General Government	7,565,406	7,723,442	-	-	7,565,406	7,723,442	
Public Safety	7,300,753	6,719,393	-	-	7,300,753	6,719,393	
Education	57,160,597	55,527,097	-	-	57,160,597	55,527,097	
Highways and Public Works	3,384,408	3,409,695	-	_	3,384,408	3,409,695	
Human Services	1,509,794	1,442,893	-	-	1,509,794	1,442,893	
Culture and Recreation	1,718,825	1,756,220	-	-	1,718,825	1,756,220	
Employee Benefits	8,371,686	8,257,314	-	-	8,371,686	8,257,314	
Debt Service	853,934	915,272	-	-	853,934	915,272	
Sanitation	-	-	657,036	620,004	657,036	620,004	
Sewer	-	-	2,400,915	2,427,828	2,400,915	2,427,828	
Nursing			728,750	773,649	728,750	773,649	
Total Expenses	87,865,403	85,751,326	3,786,701	3,821,481	91,652,104	89,572,807	
Increase (Decrease) in Net Assets							
Before Special Items and Transfers	(552,383)	(657,548)	(363,804)	(607,943)	(916,187)	(1,265,491)	
Special Items:							
Gain (Loss) Sale of Assets	(21,977)	(29,365)	-	-	(21,977)	(29,365)	
Other	-	60,000	-	-	-	60,000	
Transfers In (Out)	842,500	(4,950)	(842,500)			(4,950)	
Increase (Decrease) in Net Assets	\$ 268,140	\$ (631,863)	\$ (1,206,304)	\$ (607,943)	\$ (938,164)	\$ (1,239,806)	

Governmental Activities

In fiscal year 2011, property taxes accounted for approximately 76% of the revenues. In fiscal years 2010 and 2009 they accounted for 76% and 74%, respectively, of the revenues.

Business-type Activities

Enterprise fund rates are structured to cover all costs related to each activity.

Financial Analysis of the Town's Funds

Governmental Funds

General Fund – The year-end fund balances of the general fund were \$1,958,905 more than the prior year. In fiscal year 2010, the fund balances of the general fund increased by \$424,797.

Based upon the balance sheet as of the close of each fiscal year, the Commonwealth of Massachusetts Department of Revenue (DOR) determines the amount of general fund "fund balance" available for appropriation. In general, this amount (commonly known as "free cash") is generated when actual revenues on a cash basis exceed budgeted amounts and expenditures and encumbrances (unpaid commitments) are less than appropriations, or both.

The Town 's certified free cash as of June 30 2011 was \$5,933,591.

The following table reflects the trend in all the components of fund balance and details the certified free cash for the previous four fiscal years.

				Designated for							
	Re	eserved for	Reserved for	or	9	Subsequent				Fund	
Fiscal Year	En	cumbrances	Petty Cash	1	Year	's Expenditure	U	nreserved		Balance	
2008	\$	3,186,756	\$	-	\$	486,850	\$	5,058,209	\$	8,731,815	
2009		3,353,740		-		1,167,330		5,347,611		9,868,681	
2010		2,568,211	1,10	00		1,266,424		6,457,742		10,293,477	

GASB 54 was implemented in fiscal year 2011. As a result the account titles of the components of fund balance changed as follows:

						Total
						Fund
Fiscal Year	<u>C</u>	<u>Committed</u>	4	Assigned	Unassigned	Balance
2011	\$	2,302,875	\$	2,126,226	\$ 7,823,281	\$ 12,252,382
Fiscal Year	Ī	Free Cash				
2008	\$	2,454,644				
2009		2,333,592				
2010		4,650,574				
2011		5,933,591				

Proprietary Funds

Enterprise Funds. The Town of Acton, Massachusetts' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sanitation Enterprise Fund at the end of the year was \$3,580,812. Unrestricted net assets of the sewer enterprise fund at the end of the year was \$1,465,324. Unrestricted net assets of the Nursing Enterprise Fund at year end was \$71,519.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget were due primarily to special Town meetings and reserve fund transfers.

Capital Asset and Debt Administration

Capital assets. The Town of Acton, Massachusetts' investments in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$156,713,401 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, equipment and vehicles.

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

- Land (\$999,500).
- ➤ Backhoe Loader (\$75,900).
- ➤ Front-End Loader (\$293,536).

- > Vehicles (\$255,656).
- Douglas Roof (\$442,000).
- ➤ Various Infrastructure (\$818,060).

	Governmen	tal Activities	Business-ty	pe Activities	<u>Total</u>		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Land	\$ 67,988,885	\$ 66,989,385	\$ 534,769	\$ 534,769	\$ 68,523,654	\$ 67,524,154	
Buildings	30,606,792	30,715,930	7,033,460	7,352,107	37,640,252	38,068,037	
Improvements Other Than Buildings	1,297,270	1,415,554	43,713	46,153	1,340,983	1,461,707	
Infrastructure	32,906,703	32,683,231	12,202,048	12,593,665	45,108,751	45,276,896	
Equipment	3,074,957	3,058,923	422,874	520,780	3,497,831	3,579,703	
Vehicles	557,213	582,817	44,717	60,363	601,930	643,180	
Total	\$ 136,431,820	\$ 135,445,840	\$ 20,281,581	\$ 21,107,837	\$ 156,713,401	\$ 156,553,677	

Debt

The Town had \$42,237,230 in bonds, outstanding on June 30, 2011. This represents a \$2,719,599 or 6% decrease from the previous year.

The Town's bond rating by Standard and Poor's is AAA.

Outstanding Debt at June 30, 2011										
Governmental Activities		<u>2011</u>		<u>2010</u>						
General Obligation Bonds Payable	\$	23,189,830	\$	25,199,706						
Business-type Activities										
Sewer		19,047,400		19,757,123						
Total Debt	\$	42,237,230	\$	44,956,829						

Fiscal Year 2012 Budget

An initiative state statute, commonly known as "Proposition $2\frac{1}{2}$ ", limits the amount of property taxes that Town can assess in any one year. In general, the Town's property tax levy may increase by $2\frac{1}{2}$ percent over the prior year's tax levy, plus any additional amount derived by new developments or other changes made to existing property. If a community wishes to levy taxes above the limitations imposed by "Proposition $2\frac{1}{2}$ ", it is necessary to obtain the approval of a majority of the voters at an election.

The Town's budget for fiscal year 2012 is \$84,602,240. Although the Town utilized reserves to help fund the 2012 budget, a healthy "free cash" balance remained as of June 30, 2011.

Town of Acton, Massachusetts Statement of Net Assets June 30, 2011 (Continued on Page 10)

			Government-
	Governmental	Business - Type	Wide
	Activities	Activities	<u>Total</u>
Assets			
Current:			
Cash/Investments	\$ 27,356,714	\$ 7,906,232	\$ 35,262,946
Petty Cash	1,100	-	1,100
Accounts Receivable:			
Property Taxes	756,745	-	756,745
Tax Liens	1,133,012	-	1,133,012
Excises	170,835	-	170,835
User Charges	161,983	158,382	320,365
Special Assessments	92,300	714,088	806,388
Departmental	71,786	, -	71,786
Intergovernmental	1,815,589	_	1,815,589
Liens	-,,	59,452	59,452
Prepaid Expenditures	220,894	-	220,894
Noncurrent:	220,091		220,091
Accounts Receivable:			
Intergovernmental	11,102,401	<u>-</u>	11,102,401
Deferred Property Taxes	121,447	_	121,447
Deferred Special Assessments	-	14,721,932	14,721,932
Other Post Employment Benefit Net Asset	_	2,454	2,454
Capital Assets:		2,131	2,101
Assets Not Being Depreciated	67,988,885	534,769	68,523,654
Assets Being Depreciated, Net	68,442,935	19,746,812	88,189,747
Total Assets	179,436,626	43,844,121	223,280,747
Total 7 (Sees	177,430,020	+3,0++,121	223,200,747
Liabilities			
Current:			
Warrants Payable	636,684	45,660	682,344
Accrued Salaries Payable	509,679	21,164	530,843
Unearned Income	-	90,811	90,811
Other Liabilities	1,176,934	-	1,176,934
Accrued Interest	334,955	133,379	468,334
Bonds Payable	2,029,920	734,600	2,764,520
Notes Payable	332,000	-	332,000
Noncurrent:			
Compensated Absences	2,046,093	26,697	2,072,790
Bonds Payable	21,159,910	18,312,800	39,472,710
Landfill Closure/Postclosure	60,651	-	60,651
Other	2,908,428	-	2,908,428
Other Post Employment Benefit Obligations	8,410,414	136,778	8,547,192
Total Liabilities	39,605,668	19,501,889	59,107,557

Town of Acton, Massachusetts Statement of Net Assets June 30, 2011 (Continued from Page 9)

	Governmental <u>Activities</u>	Business - Type <u>Activities</u>	Government- Wide <u>Total</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	113,069,772	1,393,955	114,463,727
Restricted for:			
Debt Service	-	17,830,622	17,830,622
Special Revenue	11,170,617	-	11,170,617
Perpetual Funds:			
Expendable	1,538,771	-	1,538,771
Nonexpendable	1,818,691	-	1,818,691
Unrestricted	12,233,107	5,117,655	17,350,762
Total Net Assets	\$ 139,830,958	\$ 24,342,232	\$ 164,173,190

Town of Acton, Massachusetts Statement of Activities Fiscal Year Ended June 30, 2011

Net (Expenses) Revenues and

		Program Revenues			Changes in Net Assets			
		P		Capital		nanges in Net Asset	<u>s</u>	
		Charges for	Operating Grants and	Capital Grants and	Governmental	Dusiness Tyme		
Functions/Programs	Expenses	Charges for Services	Contributions	Contributions	Activities	Business-Type Activities	Total	
Primary Government:	Expenses	Services	Contributions	Contributions	Activities	Activities	Total	
Governmental Activities:								
General Government	7,565,406	385,134	992,200		(6,188,072)		(6,188,072)	
Public Safety	7,300,753	815,258	642,748	-	(5,842,747)	-	(5,842,747)	
Education	57,160,597	1,230,379	10,996,448	-	(44,933,770)	-	(44,933,770)	
Highways and Public Works	3,384,408	25,994	59,238	523,327	(2,775,849)	-	(2,775,849)	
Human Services	1,509,794	284,098	185,968	323,321	(1,039,728)	-	(1,039,728)	
Culture and Recreation		383,932	57,274	-		-		
	1,718,825	363,932	31,214	-	(1,277,619)	-	(1,277,619)	
Employee Benefits Debt Service	8,371,686	-	4 422	-	(8,371,686)	-	(8,371,686)	
-	853,934	2 124 705	4,433	522.227	(849,501)		(849,501)	
Total Governmental Activities	87,865,403	3,124,795	12,938,309	523,327	(71,278,972)		(71,278,972)	
Business-Type Activities:								
Sanitation	657,036	617,081	16,753	-	-	(23,202)	(23,202)	
Sewer	2,400,915	1,147,946	793,055	303,725	_	(156,189)	(156,189)	
Nursing	728,750	544,337	-	-	_	(184,413)	(184,413)	
Total Business-Type Activities	3,786,701	2,309,364	809,808	303,725		(363,804)	(363,804)	
		5,434,159	13,748,117		(71,278,972)	(363,804)		
Total Primary Government	91,652,104	3,434,139	13,746,117	827,052	(/1,2/8,9/2)	(303,804)	(71,642,776)	
		General Revenues:						
		Property Taxes			66,103,406	_	66,103,406	
		Motor Vehicle and C	other Excise Taxes		2,612,767	_	2,612,767	
		Penalties and Interes			323,733	_	323,733	
		Other Taxes, Assessi			323,733		323,733	
		in Lieu Payments	monts and		11,771	_	11,771	
		Intergovernmental			1,271,625	_	1,271,625	
		Interest and Investme	ent Income		130,319	_	130,319	
		Other Revenue	ant meome		181.397	_	181,397	
		Contributions to Peri	manent Funds		91,571	_	91,571	
		Special Items:	manent i unus		71,371	_	71,371	
		Gain (Loss) on Disp	nosal of Assat		(21,977)		(21,977)	
		Capital Assets Tran			(21,977)	-	(21,977)	
		Transfer In (Out)	isteried to/from		842,500	(842,500)		
		Total General Revenu	as Special Itams		842,300	(842,300)		
		and Transfers	es, special hems		71 547 110	(942 500)	70 704 612	
		and Transfers			71,547,112	(842,500)	70,704,612	
		Change in Net Asset	s		268,140	(1,206,304)	(938,164)	
		Net Assets:						
		Beginning of the Yea	ar		139,562,818	25,548,536	165,111,354	
		End of the Year			139,830,958	24,342,232	164,173,190	

Town of Acton, Massachusetts Governmental Funds Balance Sheet June 30, 2011 (Continued on Page 13)

Kaseline Community Principal Community Principal <th< th=""><th></th><th></th><th></th><th colspan="2"></th><th></th><th>Nonmajor</th><th></th><th>Total</th></th<>							Nonmajor		Total	
Cash/Investments \$ 12,466,508 \$ 5,167,656 \$ 9,722,550 \$ 27,356,714 Petty Cash 1,00 0 9,722,550 \$ 27,356,714 Accounts Receivable: Froperty Taxes 749,039 7,706 0 756,745 Tax Liens 1,126,211 6,801 0 1,133,012 Excises 170,835 0 0 1,133,012 Excises 121,447 0 0 121,447 Special Assessments 0 0 92,300 92,300 Deferred Property Taxes 121,447 0 67,671 71,786 Intergovernmental 121,117,11 0 806,279 12,917,990 Prepaid Expenditures 220,894 0 0 20,389 Tax Foreclosures 539,968 0 0 539,968 Total Assets \$27,511,828 \$1,82,163 \$10,850,783 \$43,544,744 Warrants Payable \$240,703 \$0 \$39,5981 \$636,684 Accuded Payroll Payable \$240,703				C	Community		Governmental		Governmental	
Cash/Investments \$ 12.466.508 \$ 5,167.656 \$ 9,722.550 \$ 27,356,714 Petty Cash 1,100 - - - 1,100 Accounts Receivable: Property Taxes 749,039 7,706 - 756,745 Tax Liens 1,126,211 6,801 - - 1,133,012 Excises 170,835 - - 170,835 User Charges - - - 121,447 Special Assessments - - - 22,300 92,300 Departmental 4,115 - - 22,009 92,300 Departmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - - 239,968 Interproceournental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 2320,894 - - - 339,968 Total Assets \$ 27,511,828 \$ 5,182,163 \$ 10,850,783 \$ 43,544,744<			<u>General</u>	<u>P</u>	Preservation		<u>Funds</u>		<u>Funds</u>	
Petty Cash 1,100 - - 1,100 Accounts Receivable: Property Taxes 749,039 7,706 - 756,745 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 170,835 - - 170,835 User Charges - - 161,983 161,983 Deferred Property Taxes 121,447 - 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 539,968 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 539,968 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 539,968 Tax Foreclosures 539,968 - \$10,850,783 <td><u>Assets</u></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	<u>Assets</u>									
Accounts Receivable: Property Taxes 749,039 7,706 - 756,745 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 170,835 - 2 170,835 User Charges 121,447 - 3 161,983 161,983 Deferred Property Taxes 121,447 - 6 92,300 92,300 Departmental 4,115 - 6 67,671 71,786 Intergovernmental 12,111,711 - 806,279 1220,894 Tax Foreclosures 220,894 - 6 - 539,968 Total Assets 27,511,828 5,182,163 10,850,783 \$ 43,544,774 Warrants Payable \$ 240,703 \$ 5,182,163 \$ 10,850,783 \$ 43,544,774 Warrants Payable \$ 240,703 \$ - \$359,681 \$ 636,684 Accrued Payroll Payable 463,432 - \$359,681 \$ 636,684 Accrued Payroll Payable 463,432 - \$350,001 332,000 Other Liabilities \$ 240,703 \$ 7,002 \$ 539,681 Popertry Taxes<	Cash/Investments	\$	12,466,508	\$	5,167,656	\$	9,722,550	\$	27,356,714	
Property Taxes 749,039 7,706 - 756,745 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 170,835 - - 170,835 User Charges - - - 161,983 Deferred Property Taxes 121,447 - - 121,447 Special Assessments - - 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$5,182,163 \$10,850,783 \$43,544,774 Warrants Payable \$240,703 \$- \$395,981 \$666,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 332,000 332,000	Petty Cash		1,100		-		-		1,100	
Tax Liens 1,126,211 6,801 - 1,133,012 Excises 170,835 - - 170,835 User Charges 1 - 161,983 161,983 Deferred Property Taxes 121,447 - - 121,447 Special Assessments 92,300 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$ 27,511,828 \$ 1,085,0783 \$ 43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Liabilities and Fund Balances Liabilities and Fund Balances Warrants Payable \$ 240,703 \$. \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 . \$ 6,247 509,679 <	Accounts Receivable:									
Excises 170,835 - - 170,835 User Charges - - 161,983 161,983 Deferred Property Taxes 121,447 - - 121,447 Special Assessments - - 92,300 92,300 Departmental 4,115 - 806,279 12,917,990 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Total Assets \$39,968 - - 539,968 Total Assets \$27,511,828 \$5,182,163 \$10,850,783 \$43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Warrants Payable \$240,703 \$- \$395,981 \$636,684 Accrued Payroll Payable 463,432 - \$46,247 509,679 Other Liabilities - - \$332,000 332,000 Deferred Revenue: Property Taxes 584,14	Property Taxes		749,039		7,706		-		756,745	
User Charges - - 161,983 161,983 Deferred Property Taxes 121,447 - - 121,447 Special Assessments - - 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,909 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$5,182,163 \$10,850,783 \$43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Liabilities and Fund Balances User Accrued Payable \$240,703 \$- \$39,5981 \$636,684 Accrued Payable \$463,432 - \$46,247 509,679 Other Liabilities - - 332,000 332,000 Deferred Revenue: Property Taxes 584,143 7,706 - <td>Tax Liens</td> <td></td> <td>1,126,211</td> <td></td> <td>6,801</td> <td></td> <td>-</td> <td></td> <td>1,133,012</td>	Tax Liens		1,126,211		6,801		-		1,133,012	
Deferred Property Taxes 121,447 - - 121,447 Special Assessments - - 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$5,182,163 \$10,850,783 \$43,544,774 Warrants Payable \$240,703 \$- \$395,981 \$636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 332,000 332,000 Deferred Revenue: - - 1,030,617 1,030,617 Notes Payable 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Departmental 4,115 - 53,471 57,586 <td>Excises</td> <td></td> <td>170,835</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>170,835</td>	Excises		170,835		-		-		170,835	
Special Assessments - - 92,300 92,300 Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$1,821,63 \$1,850,783 \$43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Liabilities and Fund Balances Warrants Payable Accrued Payroll Payable \$240,703 \$ 395,981 \$636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: Property Taxes 584,143 7,706 - 591,849 Departmental <	User Charges		-		-		161,983		161,983	
Departmental 4,115 - 67,671 71,786 Intergovernmental 12,111,711 - 806,279 12,917,990 Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$182,163 \$10,850,783 \$43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances User Intelligible and Fund Balances Warrants Payable \$240,703 \$ 395,981 \$636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 332,000 332,000 Notes Payable - - - 332,000 332,000 Obererd Revenue: - - - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447	Deferred Property Taxes		121,447		-		-		121,447	
The proper	Special Assessments		-		-		92,300		92,300	
Prepaid Expenditures 220,894 - - 220,894 Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 \$5,182,163 \$10,850,783 \$43,544,774 Liabilities and Fund Balances Example: Liabilities and Fund Balances Warrants Payable \$240,703 \$- \$395,981 \$636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 332,000 332,000 Deferred Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 67,716 Special Assessment - - 92,300	Departmental		4,115		-		67,671		71,786	
Tax Foreclosures 539,968 - - 539,968 Total Assets \$27,511,828 5,182,163 \$10,850,783 \$43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Warrants Payable \$240,703 \$ \$395,981 \$636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - - 332,000 332,000 Deferred Revenue: - - 332,000 332,000 332,000 Deferred Revenue: - - 53,471 57,586 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968	Intergovernmental		12,111,711		-		806,279		12,917,990	
Total Assets \$ 27,511,828 \$ 5,182,163 \$ 10,850,783 \$ 43,544,774 Liabilities and Fund Balances Liabilities and Fund Balances Warrants Payable \$ 240,703 \$ - \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - - 332,000 332,000 Deferred Revenue: - - - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - 92,300 92,300 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - 161,983 161,983<	Prepaid Expenditures		220,894		-		-		220,894	
Liabilities and Fund Balances Liabilities: Varrants Payable \$ 240,703 \$ - \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 533,000 332,000 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Tax Foreclosures		539,968						539,968	
Liabilities: Warrants Payable \$ 240,703 \$ - \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 651,911 12,763,622	Total Assets	\$	27,511,828	\$	5,182,163	\$	10,850,783	\$	43,544,774	
Liabilities: Warrants Payable \$ 240,703 \$ - \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 651,911 12,763,622										
Warrants Payable \$ 240,703 \$ - \$ 395,981 \$ 636,684 Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 591,849 Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Liabilities and Fund Balances									
Accrued Payroll Payable 463,432 - 46,247 509,679 Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: - - 591,849 Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Liabilities:									
Other Liabilities - - 1,030,617 1,030,617 Notes Payable - - 332,000 332,000 Deferred Revenue: Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Warrants Payable	\$	240,703	\$	-	\$	395,981	\$	636,684	
Notes Payable - - 332,000 332,000 Deferred Revenue: Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Accrued Payroll Payable		463,432		-		46,247		509,679	
Deferred Revenue: Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Other Liabilities		-		-		1,030,617		1,030,617	
Property Taxes 584,143 7,706 - 591,849 Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Notes Payable		-		-		332,000		332,000	
Departmental 4,115 - 53,471 57,586 Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Deferred Revenue:									
Deferred Property Taxes 121,447 - - 121,447 Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Property Taxes		584,143		7,706		-		591,849	
Tax Liens 1,126,211 6,801 - 1,133,012 Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Departmental		4,115		-		53,471		57,586	
Excises 67,716 - - 67,716 Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Deferred Property Taxes		121,447		-		-		121,447	
Special Assessment - - 92,300 92,300 Tax Foreclosures 539,968 - - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Tax Liens		1,126,211		6,801		-		1,133,012	
Tax Foreclosures 539,968 - - 539,968 User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Excises		67,716		-		-		67,716	
User Charges - - 161,983 161,983 Intergovernmental 12,111,711 - 651,911 12,763,622	Special Assessment		-		-		92,300		92,300	
Intergovernmental 12,111,711 - 651,911 12,763,622	Tax Foreclosures		539,968		-		-		539,968	
	User Charges		-		-		161,983		161,983	
Total Liabilities 15,259,446 14,507 2,764,510 18,038,463	Intergovernmental	<u></u> _	12,111,711				651,911		12,763,622	
	Total Liabilities		15,259,446		14,507		2,764,510		18,038,463	

Town of Acton, Massachusetts

Governmental Funds

Balance Sheet

June 30, 2011

(Continued from Page 12)

			Nonmajor	Total
		Community	Governmental	Governmental
	<u>General</u>	Preservation	<u>Funds</u>	<u>Funds</u>
Fund Equity:				
Fund Balances:				
Nonspendable	-	-	1,818,691	1,818,691
Restricted	-	5,167,656	4,495,642	9,663,298
Committed	2,302,875	-	2,158,920	4,461,795
Assigned	2,126,226	-	-	2,126,226
Unassigned	7,823,281		(386,980)	7,436,301
Total Fund Balances	12,252,382	5,167,656	8,086,273	25,506,311
Total Liabilities and Fund Balances	\$ 27,511,828	\$ 5,182,163	\$ 10,850,783	\$ 43,544,774

Town of Acton, Massachusetts

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances Fiscal Year Ended June 30, 2011

		<u>General</u>		Community reservation		Nonmajor vernmental <u>Funds</u>	G	Total overnmental <u>Funds</u>
Revenues:	Φ.	<5.000 A5.6	Φ.	555 104	Φ.		Φ.	65 5 60 500
Property Taxes	\$	65,003,456	\$	757,134	\$	-	\$	65,760,590
Tax Liens		248,123		-		-		248,123
Excises		2,702,506		-		-		2,702,506
Penalties and Interest		323,733		-		-		323,733
Licenses and Permits		183,246		-		-		183,246
Fees and Other Departmental		717,439		-		-		717,439
Intergovernmental		11,450,403		202,879		2,666,885		14,320,167
Charges for Services		19,792		-		2,819,354		2,839,146
Fines and Forfeits		129,828		-		-		129,828
Earnings on Investments		130,319		21,994		100,243		252,556
In Lieu of Taxes		11,771		-		-		11,771
Contributions		-		-		697,835		697,835
Miscellaneous		184,693				_		184,693
Total Revenues		81,105,309		982,007		6,284,317		88,371,633
Expenditures: Current								
General Government		5,988,343		1,267,631		1,036,038		8,292,012
Public Safety		6,118,015		148		893,071		7,011,234
Education		53,225,081		_		3,655,550		56,880,631
Intergovernmental		221,957		_		-		221,957
Highways and Public Works		3,011,836		_		938,981		3,950,817
Human Services		1,266,903		2,318		353,272		1,622,493
Culture and Recreation		1,231,108		6,098		336,840		1,574,046
Employee Benefits		5,534,807		-		-		5,534,807
Debt Service		2,991,139		_		_		2,991,139
Total Expenditures		79,589,189		1,276,195		7,213,752		88,079,136
Excess of Revenues Over (Under) Expenditures		1,516,120		(294,188)		(929,435)		292,497
Other Financing Sources (Uses):								
Operating Transfers In		1,011,471		170,000		348,686		1,530,157
Operating Transfers (Out)		(568,686)		(35,971)		(83,000)		(687,657)
Total Other Financing Sources (Uses)		442,785		134,029		265,686		842,500
Excess of Revenues and Other Sources Over (Under)								
Expenditures and Other Uses		1,958,905		(160,159)		(663,749)		1,134,997
Fund Balance, Beginning		10,293,477		5,327,815		8,750,022		24,371,314
Fund Balance, Beginning Fund Balance, Ending	\$	12,252,382	\$	5,167,656	\$	8,086,273	\$	25,506,311
Tana Balance, Enamg	ψ	12,232,302	Ψ	3,107,030	Ψ	0,000,273	Ψ	23,300,311

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, 2011

Total governmental fund balances	\$ 25,506,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	136,431,820
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	15,529,483
Amount included in deferred revenue for tax foreclosures. The tax foreclosures are included as fixed assets (not accounts receivable) on the statement of net assets.	(539,968)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds Payable	(23,189,830)
Accrued Interest on Bonds	(334,955)
Compensated Absences	(2,046,093)
Other Liabilities	(3,054,745)
Landfill Closure/Postclosure Costs	(60,651)
Other Post Employment Benefit Obligations	 (8,410,414)
Net assets of governmental activities	\$ 139,830,958

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, 2011

Net change in fund balances - total governmental funds	\$ 1,134,997
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. This represents	
the difference between capital outlay and depreciation.	1,007,957
In the statement of activities, the gain or (loss) on the disposal of capital assets is	
reported whereas in the governmental funds, the gain or (loss) is not reported.	(21,977)
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 from the prior fiscal year.	(1,058,613)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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. This amount reflects the net effect of these differences in the treatment of long term debt and related items.	2,000,976
in the treatment of long-term debt and related items.	2,009,876
Some expenses reported in the Statement of Activities, such as compensated absences, other post employment benefits payable and interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the change	
in these accounts from the prior fiscal year.	(2,804,100)
Change in net assets of governmental activities	\$ 268,140

Town of Acton, Massachusetts Proprietary Funds Statement of Net Assets June 30, 2011

	Sanitation	Sewer	Nursing	<u>Total</u>
Assets				
Current:				
Cash and Cash Investments	\$ 3,590,926	\$ 4,174,109	\$ 141,197	\$ 7,906,232
Accounts Receivable, Net of Allowance for Uncollectible:				
User Charges	-	92,658	65,724	158,382
Special Assessments	-	714,088	-	714,088
Tax Liens	-	59,452	-	59,452
Noncurrent:				
Accounts Receivable:				
Deferred Special Assessments	-	14,721,932	-	14,721,932
Other Post Employment Benefit Net Asset	2,454	-	-	2,454
Assets Not Being Depreciated	435,300	99,469	-	534,769
Assets Being Depreciated, Net	609,530	19,137,282		19,746,812
Total Assets	4,638,210	38,998,990	206,921	43,844,121
Liabilities				
Current:				
Warrants Payable	1,400	38,827	5,433	45,660
Accrued Wages Payable	4,970	2,278	13,916	21,164
Unearned Income	-	90,811	-	90,811
Accrued Interest Payable	-	133,379	-	133,379
Bonds Payable	-	734,600	-	734,600
Noncurrent:				
Bonds Payable	-	18,312,800	-	18,312,800
Compensated Absences	6,198	1,394	19,105	26,697
Other Post Employment Benefit Obligations		39,830	96,948	136,778
Total Liabilities	12,568	19,353,919	135,402	19,501,889
Net Assets				
Invested in Capital Assets, Net of Related Debt Restricted for:	1,044,830	349,125	-	1,393,955
Debt Service	-	17,830,622	-	17,830,622
Unrestricted	3,580,812	1,465,324	71,519	5,117,655
Total Net Assets	\$ 4,625,642	\$ 19,645,071	\$ 71,519	\$24,342,232

Town of Acton, Massachusetts Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds Fiscal Year Ended June 30, 2011

	Sanitation	Sewer	Nursing	<u>Total</u>
Operating Revenues:				
Charges for Services	\$ 617,081	\$ 1,147,946	\$ 544,337	\$ 2,309,364
Total Operating Revenues	617,081	1,147,946	544,337	2,309,364
Operating Expenditures:				
General Services	537,813	664,573	728,750	1,931,136
Depreciation	119,223	729,158		848,381
Total Operating Expenditures	657,036	1,393,731	728,750	2,779,517
Operating Income	(39,955	(245,785)	(184,413)	(470,153)
Nonoperating Revenues (Expenses): Intergovernmental		- 777,263	_	777,263
Special Assessment - Priveledge Fee		- 303,725	_	303,725
Earnings on Investments	16,753		_	32,545
Interest on Debt		(1,007,184)		(1,007,184)
Total Nonoperating Revenues (Expenses)	16,753	89,596		106,349
Income Before Contributions and Transfers	(23,202	(156,189)	(184,413)	(363,804)
Capital Assets Transferred from Other Funds Operating Transfers In			50,000	50,000
Operating Transfers Out	(892,500	<u> </u>	-	(892,500)
Total Contributions and Transfers	(892,500	<u> </u>	50,000	(842,500)
Change in Net Assets	(915,702	(156,189)	(134,413)	(1,206,304)
Total Net Assets July 1, 2010	5,541,344	19,801,260	205,932	25,548,536
Total Net Assets June 30, 2011	\$ 4,625,642	\$ 19,645,071	\$ 71,519	\$ 24,342,232

Town of Acton, Massachusetts Statement of Cash Flows Proprietary Fund Fiscal Year Ended June 30, 2011

	5	Sanitation	<u>Sewer</u>	Nursing	<u>Total</u>
Cash Flows from Operating Activities:	ф	c17 001	ф 1 0 7 0 10 с	Φ 5 2 < 110	Φ 2 221 525
Receipts from Customers	\$	617,081	\$ 1,078,436	\$ 536,119	\$ 2,231,636
Payments to Employees		(137,936)	(81,560)	(475,036)	(694,532)
Payments to Vendors Not Cook Flows Provided (Used) by Operating Activities		(413,486)	(562,470)	(226,323)	(1,202,279)
Net Cash Flows Provided (Used) by Operating Activities		65,659	434,406	(165,240)	334,825
Cash Flows from Non Capital Related Financing Activities:					
Transfer from Other Funds		-	-	50,000	50,000
Transfer to Other Funds		(892,500)	-	-	(892,500)
Net Cash Flows Provided (Used) by Non Capital Related					
Financing Activities		(892,500)		50,000	(842,500)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets		(22,125)	-	-	(22,125)
Special Assessments		-	1,000,997	-	1,000,997
Principal Payments on Bonds		_	(709,723)	-	(709,723)
Interest Expense		-	(237,234)	-	(237,234)
Net Cash Flows Provided (Used) by Capital and Related					
Financing Activities		(22,125)	54,040		31,915
Cal Flore from Land day Add day					
Cash Flows from Investing Activities:		16752	15 702		22 545
Earnings on Investments		16,753	15,792		32,545
Net Cash Flows Provided (Used) by Investing Activities		16,753	15,792		32,545
Net Increase (Decrease) in Cash and Cash Equivalents		(832,213)	504,238	(115,240)	(443,215)
Cash and Cash Equivalents, July 1, 2010		4,423,139	3,669,871	256,437	8,349,447
Code and Code Engineering Lang 20, 2011	Φ.	2.500.026	¢ 4 174 100	¢ 141 107	¢ 7.006.222
Cash and Cash Equivalents, June 30, 2011	<u> </u>	3,590,926	\$ 4,174,109	\$ 141,197	\$ 7,906,232
Reconciliation of Net Income to Net Cash Provided (Used) by					
Operating Activities:	Ф	(20.055)	Φ (245.705)	Φ(10.4.41 0)	Φ (450 150)
Operating Income (Loss)	\$	(39,955)	\$ (245,785)	\$(184,413)	\$ (470,153)
Adjustments to Reconcile Operating Income to Net Cash					
Provided (Used) by Operating Activities:		110.222	720 150		0.40.201
Depreciation Expense		119,223	729,158	-	848,381
(Increase) Decrease in Assets:			((0.510)	(0.210)	(77.720)
Accounts Receivable - Customer		-	(69,510)	(8,218)	(77,728)
Increase (Decrease) in Liabilities:		(12 (00)	20.542	27 201	24 225
Warrants and Accounts Payable Net Cash Provided by Operating Activities	•	(13,609) 65,659	\$ 434,406	27,391 \$(165,240)	\$ 334,825
Net Cash r tovided by Operating Activities	\$	03,039	\$ 434,406	φ(103,240)	\$ 334,825

Town of Acton, Massachusetts Fiduciary Funds Statement of Net Assets June 30, 2011

	Private-Purpose <u>Trust</u>		
Assets			
Cash and Cash Investments	\$	240,628	
Total Assets	\$	240,628	
Liabilities	\$		
Net Assets			
Expendable		180,999	
Nonexpendable		59,629	
Total Net Assets	\$	240,628	

Town of Acton, Massachusetts Fiduciary Funds Statement of Changes in Net Assets Fiscal Year Ended June 30, 2011

Additions:	
Interest, Dividends, and Other	\$ 2,780
Total Additions	2,780
Deductions:	
Trust Distributions	 11,321
Change in Net Assets	 (8,541)
Net Assets:	
Beginning of the Year	 249,169
Ending of the Year	\$ 240,628

Town of Acton, Massachusetts Notes to the Financial Statements June 30, 2011

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Acton, Massachusetts, as reflected in the accompanying financial statements for the year ended June 30, 2011, conform to accounting principles generally accepted in the United States of America for local government units, except as indicated hereafter.

The more significant accounting policies of the Town are summarized below.

(A) Reporting Entity

The Town's basic financial statements include the operations of all organizations for which the Board of Selectmen exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the aforementioned oversight criteria, the Town was the only entity included in the accompanying basic financial statements.

(B) Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized

as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. These revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary sources of revenue considered susceptible to accrual consist principally of real estate and personal property taxes, motor vehicle excise taxes, amounts due under grants, charges for services and investment income. Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. All other revenues are recognized when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated vacation, accumulated sick pay and other employee amounts which are not to be liquidated from expendable and available resources; and (2) debt service expenditures which are recognized when due.

Agency fund assets and liabilities are accounted for on the modified accrual basis of accounting.

The Town reports the following major governmental funds:

<u>General Fund</u> – This is the Town's general operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

<u>Community Preservation Fund</u> – This special revenue fund is used to account for the activities prescribed by the Community Preservation Act of the Massachusetts General Laws. Expenditures are allowed for affordable housing, historic preservation and the purchase of open space.

The Town reports the following major proprietary funds:

Sanitation Fund – This fund is used to account for the activities related to trash collection.

Sewer Fund – This fund is used to account for the activities related to the sewer system.

<u>Nursing Fund</u> – Activities related to the Town's nursing program are accounted for in this fund.

(D) <u>Assets, Liabilities and Net Assets or Equity</u>

i Deposits and Investments

The Town's cash and cash equivalents are considered to be demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

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 prescribed levels without collateralization by the financial institutions involved. 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 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 Town may invest its trust funds in a wider variety of investment vehicles such as equities and bonds.

ii Property Taxes

The Town's fiscal year runs from July 1 to June 30. Taxes are levied to the owner of record on the preceding January 1. The Town bills property taxes on a quarterly basis. Quarterly payments are due August 1, November 1, February 1 and May 1. Property taxes attach as enforceable liens on property as of July 1 of the next fiscal year.

The Town is permitted under state law to levy property taxes up to 2.5% of the full and fair cash value of the Town's property. In addition, the law limits the amount by which the property tax levy can be increased to 2.5% of the preceding year's levy plus any new growth.

iii Capital Assets

Capital assets, which include buildings/improvements, machinery and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10- 40
Improvements (Other Than Buildings)	10-20
Infrastructure	40
Vehicles	5-15
Machinery and Equipment	5-15

iv. Fund Balance Classification Policies and Procedures

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement (effective for fiscal year 2011) establishes accounting and financial reporting standards for all governmental funds. It, also, establishes criteria for classifying fund balances into specifically defined classifications.

Fund balance for **governmental** funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to the constraints on the specific purposes for which the amounts in those funds can be spent.

GASB 54 requires that the fund balance amounts to be reported within one of the fund balance categories list below.

- 1.Nonspendable, includes amounts that cannot be spent because (a) they are not in spendable form (such as fund balance associated with inventories), or (b) they are legally or contractually required to stay intact (i.e. corpus of a permanent trust fund).
- 2.**Restricted**, constraints on the use of resources for specific purposes are imposed (a) by creditors, grantors or contributors, or (b) by law through constitutional provisions or through enabling legislation.
- 3.**Committed**, includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Selectmen (the Town's highest level of decision-making authority). Similar formal action by the Board of Selectmen is required in order to "reverse" the commitment.
- 4. **Assigned**, intentions (by the Board of Selectmen, Town Administrator or Town Accountant) that resources are to be used by the government for specific purposes, but the restrictions do not meet the criteria necessary to be classified as restricted or committed.
- 5.**Unassigned**, the residual classification for the government's general fund. It includes all spendable amounts not contained in the restricted, committed or assigned categories. A "positive" unassigned may only be displayed in the general fund.

The Town has not formally adopted a policy for its use of unrestricted fund balance. Therefore, in accordance with GASB 54, it is considered that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Details of Fund Balance Classifications

The following schedule shows the detail of the fund balance classifications displayed in the aggregate on the Town's balance sheet.

	G 1F 1	Community	Non Major	m . 1
E 151	General Fund	Preservation	<u>Funds</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				.
Permanent Fund Principal:	\$ -	\$ -	\$ 1,818,691	\$ 1,818,691
Restricted for:				
General Government	-	5,167,656	1,019,333	6,186,989
Public Safety	-	-	1,200,556	1,200,556
Education	-	-	740,120	740,120
Highways and Public Works	-	-	783,332	783,332
Human Services	-	-	226,862	226,862
Culture and Recreation	-	-	525,439	525,439
Committed to:				
General Government	694,532	-	1,135,738	1,830,270
Public Safety	56,146	-	194,020	250,166
Education	777,161	-	1,858	779,019
Highways and Public Works	499,239	-	-	499,239
Human Services	127,641	-	325,108	452,749
Culture and Recreation	317	-	502,196	502,513
Capital Outlay	147,839	-	-	147,839
Assigned to:				
General Government	679,868	-	-	679,868
Public Safety	74,596	-	-	74,596
Education	1,119,363	-	-	1,119,363
Highways and Public Works	224,543	-	-	224,543
Human Services	20,959	-	-	20,959
Culture and Recreation	6,897	-	-	6,897
Unassigned	7,823,281	-	(386,980)	7,436,301
Total Fund Balances	\$12,252,382	\$ 5,167,656	\$ 8,086,273	\$25,506,311

v. Compensated Absences

The liabilities for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid accumulated annual vacation and sick leave benefits.

vi. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

vii. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

viii. Warrants Payable

The balance in this account consists of those warrants approved by the Selectmen for payment between July 1, 2011 and July 15, 2011. These warrants have been recorded as expenditures during the fiscal year ended June 30, 2011 and the corresponding credit is to the account entitled warrants payable.

II Stewardship, Compliance and Accountability

(A) <u>Budgetary Information</u>

i General Budget Policies

Budget requests are prepared by the various Town departments and submitted to the Selectmen and Finance Committee for review during January, February and March of each year. The Selectmen and Finance Committee have until April, which is when the annual Town meeting is held, to make any changes to the departmental requests. After approval of the budget at the annual Town meeting, the tax recapitulation (recap) sheet is prepared. During this process, the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval.

Encumbrance accounting is utilized when purchase orders, contracts or other commitments for purchases are recorded in order to reserve that portion of the applicable appropriations. Encumbrances do not constitute expenditures or liabilities.

ii Budget Basis of Accounting

The final budget appearing in the required supplementary information section of the financial statements is taken from the Town's annual recap sheet and includes those amounts which pertain to fiscal 2011 adjusted for any special Town meeting votes applicable to fiscal 2011 and any reserve fund transfers authorized by the Finance Committee.

The following reconciliation summarizes the differences between the budget basis and the Generally Accepted Accounting Principles (GAAP) basis (fund financial statements) for the year ended June 30, 2011.

	Revenues
As Reported Budget Basis	\$ 77,022,717
Adjustments:	
Sixty Day Accrual - Net	116,751
MWPAT Subsidies	7,964
On Behalf Payments Included in Intergovernmental	3,957,877
As Reported GAAP Statement	\$ 81,105,309

	Expenditures
As Reported Budget Basis	\$ 76,483,137
Adjustments:	
July 1, 2010 Encumbrances	2,568,211
June 30, 2011 Encumbrances	(3,428,000)
MWPAT Subsidies	7,964
On Behalf Payments Included in Employee Benefits	3,957,877
As Reported GAAP Statement	\$ 79,589,189

III Detailed Notes on All Funds

A. <u>Deposits and Investments</u>

i.) Deposits

a.) <u>Custodial Credit Risk - Deposits</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2011, \$14,926,957 of the Town's bank balance of \$30,028,011 was exposed to credit risk as follows:

Uninsured and Uncollateralized \$14,926,957

ii.) <u>Investments</u>

a.) As of June 30, 2011, the Town had the following investments and maturities.

		<u>Investment Maturities (in Years)</u>			
Investment Type	Fair Value	Less Than 1	<u>1-5</u>	<u>5-10</u>	
Debt Related Securities:					
U. S. Government Obligations	\$ 441,511	\$ 210,091	\$ 231,420	\$ -	
Other Investments:					
Money Market Funds	2,339,903				
Equities	733,363				
Mass. Municipal Depository Trust	3,359,360				
Total Other Investments	6,432,626				
Total Investments	\$ 6,874,137				
Total Investments	\$ 6,874,137				

b.) <u>Interest Rate Risk</u>

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

c.) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commonwealth of Massachusetts has an investment "legal list" which the Town follows. Massachusetts General Laws Chapter 44 Section 55 allows for the investment in beneficial shares of money market funds registered with the Securities Exchange Commission that have the highest possible rating from at least one nationally recognized rating organization. However, the Town does not have its own formal policy regarding credit risk.

d.) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a formal policy regarding concentration risk.

B. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning			Ending
Government Activities:	Balance	Additions	Reductions	Balance
Assets Not Being Depreciated:				
Land	\$ 66,989,385	\$ 999,500	\$ -	\$ 67,988,885
Total Capital Assets not Being Depreciated	66,989,385	999,500		67,988,885
Assets Being Depreciated:				
Buildings	42,097,504	818,061	-	42,915,565
Improvements Other Than Buildings	2,796,586	-	-	2,796,586
Infrastructure	41,521,454	1,066,053	=	42,587,507
Equipment	6,285,604	496,012	(30,038)	6,751,578
Vehicles	1,630,012	255,656	(297,460)	1,588,208
Total Capital Assets Being Depreciated	94,331,160	2,635,782	(327,498)	96,639,444

B. Capital Assets (Continued)

	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	Reductions	<u>Balance</u>
Less Accumulated Depreciation for:				
Buildings	(11,381,574)	(927,199)	-	(12,308,773)
Improvements Other Than Buildings	(1,381,032)	(118,284)	-	(1,499,316)
Infrastructure	(8,838,223)	(842,581)	-	(9,680,804)
Equipment	(3,226,681)	(479,978)	30,038	(3,676,621)
Vehicles	(1,047,195)	(247,283)	263,483	(1,030,995)
Total Accumulated Depreciation	(25,874,705)	(2,615,325)	293,521	(28,196,509)
Capital Assets Being Depreciated, Net	68,456,455	20,457	(33,977)	68,442,935
Governmental Activities Capital Assets, Net	\$ 135,445,840	\$ 1,019,957	\$ (33,977)	\$ 136,431,820
Depreciation expense was charged to functions as follows:				
Government Activit	ties:			
General Governm	nent	\$ 218,678		
Public Safety		503,171		
Education		653,285		
Highways and Pu	blic Works	1,009,681		
Human Services		44,835		
Culture and Recre		185,675		
Total Governmental Activities Dep	preciation Expense	\$ 2,615,325		
	Beginning			Ending
	Balance	Additions	Reductions	Balance
Business-Type Activities:				
Assets Not Being Depreciated:				
Land	\$ 534,769	\$ -	\$ -	\$ 534,769
Total Capital Assets not Being Depreciated	534,769			534,769
Assets Being Depreciated:				
Buildings	10,163,041	22,125	-	10,185,166
Improvements Other Than Buildings	48,796	-	-	48,796
Infrastructure	15,760,086	-	-	15,760,086
Equipment	944,693	-	-	944,693
Vehicles	129,825	<u> </u>		129,825
Total Capital Assets Being Depreciated	27,046,441	22,125		27,068,566

B. <u>Capital Assets (Continued)</u>

	Beginning			Ending
	Balance	Additions	Reductions	Balance
Less Accumulated Depreciation for:				
Buildings	(2,810,934)	(340,772)	=	(3,151,706)
Improvements Other Than Buildings	(2,643)	(2,440)	-	(5,083)
Infrastructure	(3,166,421)	(391,617)	-	(3,558,038)
Equipment	(423,913)	(97,906)	=	(521,819)
Vehicles	(69,462)	(15,646)		(85,108)
Total Accumulated Depreciation	(6,473,373)	(848,381)		(7,321,754)
Capital Assets Being Depreciated, Net	20,573,068	(826,256)		19,746,812
Business-Type Activities Capital Assets, Net	\$ 21,107,837	\$ (826,256)	\$ -	\$ 20,281,581

Depreciation expense was charged to functions as follows:

Business-Type Activities:

 $\begin{array}{c} \text{Sanitation} & \$ & 119,223 \\ \text{Sewer} & & 729,158 \\ \text{Total Business-Type Activities Depreciation Expense} & \$ & 848,381 \\ \end{array}$

C. <u>Accounts Receivable</u>

The accounts receivable on the combined balance sheet are listed below by levy.

Governmental Activities

Property Taxes Receivable:

Real Estate Taxes	
2011	\$ 600,360
2010	107,848
2009	9,169
2008	7,815
2007	4,141

Total Real Estate Taxes \$ 729,333

C. Accounts Receivable (Continued)

Daysonal Dyonasty Toylog				
Personal Property Taxes 2011	4,765			
2011				
2009	2,158 4,346			
2009				
	4,180			
2007	3,942			
2006	315			
Total Personal Property Taxes		19,706	-	
Other Property Taxes - Community Preservation				
2011	5,902			
2010	1,555			
2009	107			
2008	91			
2007	51			
-				
Total Other Property Taxes - Community Preservation		7,706	-	
Total Property Taxes Receivable			\$	756,745
T I '			Φ	1 100 010
Tax Liens			\$	1,133,012
Excise Taxes Receivable:			\$	1,133,012
Excise Taxes Receivable:			\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes		\$ 73 676	*	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011		\$ 73,676 19.047	*	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010		\$ 19,047	*	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009		\$ 19,047 13,797	\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008		\$ 19,047 13,797 12,012	\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007		\$ 19,047 13,797 12,012 12,952	\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006		\$ 19,047 13,797 12,012 12,952 15,008	\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005		\$ 19,047 13,797 12,012 12,952 15,008 13,138	\$	1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006		\$ 19,047 13,797 12,012 12,952 15,008		1,133,012
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005		\$ 19,047 13,797 12,012 12,952 15,008 13,138	\$	170,835
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005 2004 Total Excise Tax Receivable		\$ 19,047 13,797 12,012 12,952 15,008 13,138		
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005 2004 Total Excise Tax Receivable User Charges:		\$ 19,047 13,797 12,012 12,952 15,008 13,138	\$	170,835
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005 2004 Total Excise Tax Receivable		\$ 19,047 13,797 12,012 12,952 15,008 13,138		
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005 2004 Total Excise Tax Receivable User Charges: Ambulance		\$ 19,047 13,797 12,012 12,952 15,008 13,138	\$	170,835
Excise Taxes Receivable: Motor Vehicle Excise Taxes 2011 2010 2009 2008 2007 2006 2005 2004 Total Excise Tax Receivable User Charges:		\$ 19,047 13,797 12,012 12,952 15,008 13,138	\$	170,835

C. Accounts Receivable (Continued)

Departmental: Police Details - General Fund Police Details - Special Revenue Fund Fire Details - Special Revenue Fund Fire Alarm Network - Special Revenue Fund Total Departmental Receivable	\$	4,115 49,364 6,907 11,400		71,786
Intergovernmental: Current:				
Due from Commonwealth - Various Grants	\$	180,064		
Due from Commonwealth - Highway Funds		626,215		
Massachusetts School Building Authority		1,009,310		
Total Intergovernmental - Current			\$	1,815,589
Noncurrent				
Massachusetts School Building Authority	\$ 1	1,102,401		
Total Intergovernmental - Noncurrent			\$ 1	11,102,401
Deferred Property Taxes:				
Clause 41 A Deferrals			\$	121,447
Business Type Activities: User Charges:				
Sewer Rates	\$	92,658		
Nursing	,	65,724		
		· · · · · · · · · · · · · · · · · · ·	•	
Total User Charges			\$	158,382
Liens:				
Sewer Betterment	\$	51,909		
Sewer Betterment Committed Interest		2,591		
Sewer O & M		3,961		
Sewer Lien		991	_	
Total Utility Liens			\$	59,452
Special Assessments:				
Sewer - Current			\$	714,088
Sewer - Noncurrent			\$ 1	14,721,932

D. Debt

i <u>Short Term Notes Payable</u>

The Town's activity relating to short term debt instruments is detailed below:

		Balance eginning						Balance End	Interest	Maturity
Purpose Pard Anticipation Nation	<u>(</u>	of Year		<u>Issued</u>		Redeemed		of Year	Rate	<u>Date</u>
Bond Anticipation Notes: School Roof	\$	332.000	\$	332,000	\$	332.000	2	332,000	1.10%	6/21/2012
	Ψ	, , , , , ,	ψ	,,,,,,	φ_	,	Ψ	,,,,,,,	1.10/0	0/21/2012
Total	\$	332,000	\$	332,000	\$	332,000	\$	332,000		

ii Long Term Debt

General obligation bonds outstanding at June 30, 2011, bear interest at various rates.

(a) Changes in Long Term Debt - the following is a summary of bond transactions for the year ended June 30, 2011:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Balance 7/01/10	\$ 25,199,706	\$ 19,757,123	\$ 44,956,829
Add: New Issues	-	-	-
Less: Maturities	(2,009,876)	(709,723)	(2,719,599)
Balance 6/30/11	\$ 23,189,830	\$ 19,047,400	\$ 42,237,230

(b) Summary of Debt Service Requirements to Maturity

	Governmental <u>Activities</u>		Business-type <u>Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2012	\$2,029,920	\$924,560	\$734,600	\$981,090		
2013	1,900,257	854,780	726,800	952,607		
2014	1,851,370	786,387	782,000	892,305		
2015	1,891,371	716,900	803,800	863,198		
2016	1,901,370	645,894	835,800	816,534		
2017 - 2021	9,329,273	2,109,589	4,454,400	3,317,323		
2022 - 2026	4,268,836	297,208	4,955,000	1,855,272		
2027 - 2031	<u>17,433</u>	<u>0</u>	5,755,000	<u>862,520</u>		
	<u>\$23,189,830</u>	<u>\$6,335,318</u>	<u>\$19,047,400</u>	<u>\$10,540,849</u>		

D. <u>Debt (Continued)</u>

(c) Bond Authorizations

Long-term debt authorizations voted by the Town which have not been issued or rescinded as of June 30, 2011, are as follows:

Date Authorized	<u>Purpose</u>	<u>Amount</u>
April 13, 1988	Bridge Construction	\$600,000
April 12, 1993	Fuel Tank	250,000
April 7, 1997	Title V Septic	25,695
April 6, 2009	School Roof Replacement	664,102
April 5, 2010	School Feasibility Study	725,000
	Total	<u>\$2,264,797</u>

iii Refunding of Long Term Debt

On November 1, 2009 the Town issued \$2,265,000 of general obligation refunding bonds with an average interest rate of 3.04% to advance refund \$2,325,000 of outstanding debt with an average interest rate of 4.88%. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased.

(a) Changes in Cash Flow Requirements

	Existing	Refunding	
	Debt	Bonds	Difference
	Principal	Principal	Favorable
Fiscal Year	& Interest	<u>& Interest</u>	(Unfavorable)
2011	\$423,288	\$394,300	\$28,988
2012	407,850	377,600	30,250
2013	367,250	342,850	24,400
2014	267,700	243,850	23,850
2015	256,950	230,450	26,500
2016	246,200	222,250	23,950
2017	225,450	201,100	24,350
2018	210,200	<u>185,400</u>	24,800
	\$2,404,888	\$2,197,800	\$207,088

E. Interfund Transfers

The accompanying financial statements reflect transactions between the various funds. These transactions represent operating transfers and do not constitute revenues or expenditures of the funds. Operating transfers made during the year were as follows:

	Transfer	Transfer	
<u>Fund</u>	<u>In</u>	(Out)	<u>Total</u>
General	\$ 1,011,471	\$ (568,686)	\$ 442,785
Community Preservation Fund	170,000	(35,971)	134,029
Non-Major Governmental	348,686	(83,000)	265,686
Enterprise - Business Type	 50,000	 (892,500)	 (842,500)
Total Operating Transfer In/(Out)	\$ 1,580,157	\$ (1,580,157)	\$ _

IV Other Information

A. Pension Plans

a) <u>Plan Description</u>

The Town provides pension benefits to employees by contributing to the Middlesex Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Commonwealth of Massachusetts. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits. The system is a member of the Massachusetts Contributory System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex Retirement System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. The report may be obtained by writing to Middlesex Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

Teachers and certain school administrators participate in the Massachusetts Teachers' Retirement System (MTRS). The Town does not contribute to the MTRS.

b) Funding Plan

Active members of the Middlesex Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Town is required to pay an actuarially determined rate. The contribution requirement of plan members is determined by M.G.L. Chapter 32. The Town's contribution requirement is established and may be amended by the Middlesex Retirement System with the approval of the Public Employee Retirement Administration Commission.

The Town's contributions for the years ending June 30, 2011, 2010 and 2009 were \$2,498,120, \$2,390,614 and \$2,320,847 respectively, equal to the required contributions each year.

c) Other Postemployment Benefits (OPEB) Disclosures

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 (GASB 43) – "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and Statement No. 45 (GASB 45), "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" that were effective for the Town as of June 30, 2009. These statements require the Town to account for and report the value of its future OPEB obligations currently rather than on a pay as you go basis. Certain information that is required to be disclosed by GASB 43 and 45, is noted below. In addition, certain other Required Supplementary Information (RSI), is presented following the notes to the financial statements.

- a. **Plan Description**. In addition to providing pension benefits described above, the Town provides the majority of retired employees with payments for a portion of their health care and life insurance benefits. All of the Town's retirees who meet the eligibility criteria are eligible for post retirement medical benefits. Currently there are 272 active employees and 382 retired employees (including beneficiaries and dependents) who are eligible to participate in the plan.
- b. Funding Policy. The Town pays 50% of the total premiums for health insurance and life insurance policies. Benefits paid by the Town are on a pay-as-you-go basis. The contribution requirements of plan members and the Town are established and may be amended from time to time by local law or union agreements, within the constraints of Massachusetts General Laws.
- c. **Annual OPEB Cost and OPEB Obligation**. The annual Other Postemployment Benefit (OPEB) cost is calculated based on the Annual Required Contribution (ARC) of the Town, an amount that has been actuarially determined in accordance with the parameters of GASB #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year ended June 30, 2011, the amount contributed to the plan, and the Town's Net OPEB Obligation (NOO):

Annual Required Contribution (ARC)	\$4,071,604
Interest on Net OPEB Obligation	254,502
Adjustment to Annual Required Contribution	(215,976)
Annual OPEB Cost (Expense)	4,110,130
Contributions Made	(1,220,984)
Increase in Net OPEB Obligation	2,889,146
Net OPEB Obligation (NOO)- Beginning of Year	5,655,592
Net OPEB Obligation (NOO)- End of Year	\$8,544,738

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

		Percentage of	
Fiscal Year	Annual	Annual OPEB	Net OPEB
Ended June 30	OPEB Cost	Cost Contributed	Obligation
2009	\$3,983,119	29.4%	\$2,813,346
2010	\$4,206,766	32.4%	\$5,655,592
2011	\$4,110,130	29.7%	\$8,544,738

d. **Funded Status and Funding Progress**. As of December 31, 2010, the most recent actuarial valuation date, no funding to the plan has been made. The Actuarial Accrued Liability (AAL) for benefits was \$57,330,858, and the actuarial value of assets was zero, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$57,330,858.

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

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

In the December 31, 2010, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and annual healthcare cost trend rates of 10 percent initially, reduced by decrements of 0.75% annually for 6 years and 0.50% for one year to an ultimate rate of 5 percent per year. The actuarial value of assets is determined using market value. The UAAL is being amortized over a thirty year amortization period.

B. On Behalf Payments

In accordance with Governmental Accounting Standards Board Statement Number 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," the Town is required to recognize, as income, certain payments made on behalf of the Town by the Commonwealth of Massachusetts. Specifically, the Commonwealth makes contributions to a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board (the "State Plan") on behalf of the Town's teaching employees. The Town is not legally required to contribute to the State Plan, which is fully funded by the Commonwealth.

For the fiscal year ended June 30, 2011, the Commonwealth paid \$3,957,877 to the State Plan on behalf of employees of the Town. Accordingly, the accompanying financial statements include the required adjustments, which have increased both Intergovernmental revenues and the Education expenditures by the same amount in the fund financial statements and the education expense and program revenue in the government wide financial statements. The net effect of this adjustment does not change the excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2011, or fund balance/net assets at June 30, 2011.

C. Risk Financing

The Town is exposed to various risks of loss related to torts, theft, 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 exceeded \$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.

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

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

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

As of June 30, 2011, the Acton Health Insurance Trust had total assets of \$6,274,735, total liabilities of \$2,659,695 (including \$1,050,000 estimated benefits obligations), and a total net assets of \$3,615,040.

D. <u>Subsequent Year Authorizations</u>

The Town's annual Town meeting was held on April 4, 2011. Fiscal 2012 budgetary amounts which are not reflected in the accompanying financial statements will be financed by the following sources:

2012 Property Taxes, State Aid	
and Non-Property Tax Revenue	\$ 78,040,357
Enterprise Fund Revenues	3,166,589
Enterprise Fund Retained Earnings	606,440
Community Preservation Fund Estimated Revenues	976,313
Community Preservation Fund - Fund Balance	319,383
General Fund Committed Fund Balance	1,000,000
Non-Major Funds - Estimated Revenues	485,993
Non-Major Funds - Fund Balance	7,165
	\$ 84,602,240

E. <u>Significant Commitments</u>

Encumbrances

Encumbrances for open purchase are reported as "assigned fund balance" unless the resources have already been restricted, committed or assigned for another purpose. The assigned fund balance in the general fund includes encumbrances of \$2,125,126.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Acton, Massachusetts Required Supplementary Information General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Fiscal Year Ended June 30, 2011

<u>Revenues</u>	car E	Budgeted Original		Actual <u>Amounts</u>	Variance with Final Budget Favorable (Unfavorable)
Property Taxes	\$	65,382,482	\$ 65,212,482	\$ 64,989,824	\$ (222,658)
Tax Liens		-	·	248,123	248,123
Excises		2,514,503	2,514,503	2,599,387	84,884
Penalties and Interest		148,573	148,573	323,733	175,160
Licenses and Permits		346,455	346,455	183,246	(163,209)
Fees and Other Departmental		321,418	321,418	717,439	396,021
Intergovernmental		7,491,617	7,491,617	7,488,093	(3,524)
Charges for Services		23,779	23,779	19,792	(3,987)
Fines and Forfeits		146,812	146,812	129,828	(16,984)
Earnings on Investments		190,210	190,210	126,788	(63,422)
In Lieu of Taxes		11,934	11,934	11,771	(163)
Miscellaneous		83,919	83,919	184,693	100,774
Total Revenues		76,661,702	76,491,702	77,022,717	531,015
Expenditures					
General Government		5,768,679	6,025,179	6,258,761	(233,582)
Public Safety		6,451,891	6,652,634	6,141,112	511,522
Education		50,673,378	50,465,529	49,865,671	599,858
Highway and Public Works		3,100,584	3,100,584	2,991,487	109,097
Health and Human Services		1,167,513	1,167,513	1,292,626	(125,113)
Culture and Recreation		1,192,540	1,192,540	1,185,577	6,963
Intergovernmental		221,297	221,297	221,957	(660)
Employee Benefits		6,651,236	6,651,236	5,534,807	1,116,429
Debt Service		3,098,595	3,098,595	2,991,139	107,456
Total Expenditures		78,325,713	78,575,107	76,483,137	2,091,970
Other Financing Sources and (Uses)					
Transfers In		975,502	975,502	1,011,471	35,969
Transfers Out		(371,000)	(541,000)	(568,686)	(27,686)
Budgetary Fund Balance		1,065,681	1,655,075	1,655,075	-
Budgetary Fund Balance (Uses)		(6,172)	(6,172)	(6,172)	
Total Other Financing Sources and (Uses)		1,664,011	2,083,405	2,091,688	8,283
Excess (Deficiency) Of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$	0	\$ 0	\$ 2,631,268	\$ 2,631,268

Required Supplementary Information Middlesex Retirement System Schedule of Funding Progress

Actuarial			ctuarial Accrued					UAAL as a
Valuation	Actuarial Value	L	iability (AAL)	Unfunded AAL	Funded			Percentage of
Date	of Assets		Entry Age	(UAAL)	Ration	Co	overed Payroll	Covered Payroll
	(A)		(B)	(B-A)	(A/B)		(C)	((B-A)/C)
1/1/1996	\$ 373,750,361	\$	634,920,488	\$ 261,170,127	58.87%	\$	218,345,024	119.61%
1/1/1998	476,708,969		763,093,878	286,384,909	62.47%		215,380,186	132.97%
1/1/2000	570,263,467		905,280,472	335,017,005	62.99%		253,228,818	132.30%
1/1/2002	599,699,143		1,020,828,178	421,129,035	58.75%		280,740,439	150.01%
1/1/2004	618,163,380		1,223,828,127	605,664,747	50.51%		306,025,949	197.91%
1/1/2006	653,156,866		1,364,582,969	711,426,103	47.86%		330,999,861	214.93%
1/1/2008	774,863,669		1,529,806,307	754,942,638	50.65%		360,206,302	209.59%
1/1/2010	819,987,914		1,743,581,707	923,593,793	47.03%		384,933,571	239.94%

Required Supplementary Information Middlesex Retirement System Schedule of Employer's Contributions

	Syster	Town o	of Acton		
•					Town's
					Percentage of
Plan Year	Annual				System Wide
Ended	Required	Actual	Percentage	Actual	Actual
December 31	Contributions	Contributions	Contributed	Contributions	Contributions
		(A)		(B)	(B/A)
2001	\$27,900,209	\$ 27,900,209	100.00%	\$ 629,105	2.25%
2002	30,248,147	30,248,147	100.00%	661,330	2.19%
2003	35,411,500	35,411,500	100.00%	748,446	2.11%
2004	52,902,366	52,902,366	100.00%	780,178	1.47%
2005	52,298,150	52,298,150	100.00%	923,751	1.77%
2006	60,169,717	60,169,717	100.00%	1,037,884	1.72%
2007	64,664,829	64,664,829	100.00%	1,171,886	1.81%
2008	72,050,318	72,050,318	100.00%	1,040,723	1.44%
2009	78,212,121	78,212,121	100.00%	1,136,369	1.45%

Town of Acton, Massachusetts Required Supplementary Information - GASB 45 Schedule of Funding Progress June 30, 2011

						UAAL as a
	Actuarial	Actuarial	Unfunded			Percentage of
Actuarial	Value	Accrued Liability	AAL	Funded	Covered	Covered
Valuation	of Assets	(AAL)	(UAAL)	Ratio	Payroll	Payroll
<u>Date</u>	<u>(a)</u>	<u>(b)</u>	<u>(b) - (a)</u>	(a) / (b)	<u>(c)</u>	[(b) - (a) / (c)]
12/31/07	\$0	\$48,495,069	\$48,495,069	0%	Not Available	0.0%
12/31/10	\$0	\$57,330,858	\$57,330,858	0%	Not Available	0.0%

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan asse is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information - GASB 45

Town of Acton, Massachusetts Valuation Details Fiscal Year Ended June 30, 2011

Valuation Date	December 31, 2010		
Actuarial Cost Method	Projected Unit Credit		
Amortization Method	Payments Increasing at 3.5%		
Remaining Amortization Period	30 Years Open		
Asset Valuation Method	Market Value		
Actuarial Assumptions:			
Investment Rate of Return	4.5%, per annum		
Inflation Rate	3.5%		
Medical/Druf Cost Trend Rates	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.		
Part B Premium	6.0%		
Plan Membership:			
Current retirees, beneficiaries, and dependents	272		
Current active members	<u>382</u>		
Total	<u>654</u>		

Town of Acton, Massachusetts Notes to the Required Supplementary Information June 30, 2011

(A) <u>Budgetary Information</u>

Budget requests are prepared by the various Town departments and submitted to the Selectmen and Finance Committee for review during January and February of each year. The Selectmen and Finance Committee have until the annual Town meeting is held, to make any changes to the departments' requests. After approval of the budget at the annual Town meeting, the tax recapitulation (recap) sheet is prepared. During this process the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval.

Encumbrance accounting is utilized when purchase orders, contracts or other commitments for purchases are recorded in order to reserve that portion of the applicable appropriations. Encumbrances do not constitute expenditures or liabilities.

(B) Pension Plans

1. <u>Plan Description</u>

The Town provides pension benefits to employees by contributing to Middlesex Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement System. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The system is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex Retirement System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by writing to the Middlesex Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

2. Funding Plan

Active members of the Middlesex Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Town is required to pay an actuarially determined rate. The contribution requirements of plan members is determined by M.G.L. Chapter 32. The Town's contribution requirement is established and may be amended by the Middlesex Retirement System with the approval of the Public Employee Retirement Administration Commission.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the accrued liability for benefits. Additionally, a schedule of employer contributions is presented as required supplementary information.

The schedules presented relate to the Middlesex Retirement System as a whole (of which the Town is one participating employer). The Town's data included should be helpful for understanding the scale of the information presented relative to the Town.

3. Actuarial Assumptions

Valuation Date January 1, 2010

Actuarial Cost Method Entry age normal cost method.

Amortization Method Level dollar for the 2002, and 2003 Early Retirement

Incentives (ERI) and increasing amortization for the

remaining unfunded liability

Remaining Amortization Period As of July 1, 2010, 9 years remaining for the 2002 ERI

liability; 10 years remaining for the 2003 ERI liability; and 25 years for the remaining unfunded liability.

Asset Valuation Method The difference between the expected return and the

actual investment return on a market value basis is recognized over a five year period as described by

revenue procedure 2000-40.

Actuarial Assumptions:

Investment Rate of Return 8.15% (previously, 8.25%)

Projected Salary Increases 4.75% for Group 1 and 5.25% for Group 4

Cost of Living Adjustments 3.00% of the first \$12,000 of retirement income,

increasing to \$13,000 on July 1, 2011 and to \$14,000 on

July 1, 2012

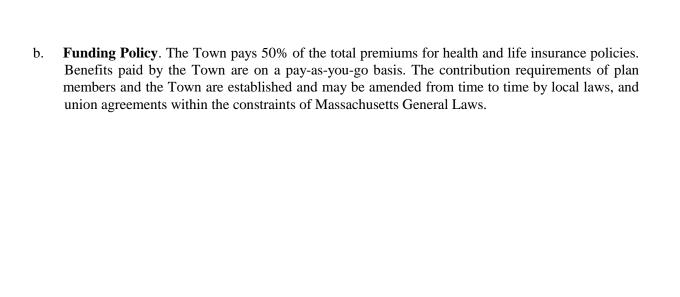
Plan Membership:

Retired Participants and Beneficiaries Receiving Benefits	4,833
Inactive Participants Entitled to a Return of their Employee Contributions	3,147
Invested Participants with a Vested Right to a Deferred or Immediate Benefit	283
Active Participants	9,093
Total	<u>17,356</u>

(C) Other Postemployment Benefits (OPEB) Disclosures

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 (GASB 43) – "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and Statement No. 45 (GASB 45), "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" that are effective June 30, 2011. These statements require the Town to account for and report the value of its future OPEB obligations currently rather than on a pay as you go basis.

a. **Plan Description**. The Town provides the majority of retired employees with payments for a portion of their health care and life insurance benefits. All of the Town's retirees receiving a pension from the Middlesex Retirement System are eligible for post retirement medical benefits. Currently there are 272 active employees and 382 retired employees (including beneficiaries and dependents) who are eligible to participate in the plan.



Town of Acton, Massachusetts Schedule of Federal Financial Assistance Fiscal Year Ended June 30, 2011

Federal Grantor Program Title	Federal CFDA <u>Number</u>	Expenditures
U.S. Department of Agriculture		
National School Lunch Program	10.555	\$ 66,851
Total U.S. Department of Agriculture		66,851
U.S. Department of Education		
Title I	84.010	52,617
SPED PL 94-142 Allocation	84.027	600,438
SPED Early Childhood	84.173	26,844
Drug-Free Schools	84.186	1,307
Teacher Quality	84.367	23,281
ARRA - IDEA	84.391	265,634
ARRA - Early Childhood	84.392	16,872
ARRA - State Fiscal Stabilization Fund	84.394	349,154
Learn and Serve School Based	94.004	170
Total U.S. Department of Education		1,336,317
U.S. Department of Health and Human Service		
Public Health Emergency Preparedness	93.069	6,891
Total U.S. Department of Health and Human	6,891	
Total Schedule of Expenditures of Federal Awards		\$ 1,410,059

Town of Acton, Massachusetts Notes to Schedule of Expenditures of Federal Awards June 30, 2011

(1) Scope of Audit

The Town of Acton, Massachusetts (the Town) is a governmental agency established by the laws of the Commonwealth of Massachusetts.

All federal grant operations of the Town are included in the scope of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The single audit was performed in accordance with the provisions of OMB's Circular A-133, *Compliance Supplement*.

(2) <u>Summary of Significant Accounting Policies</u>

The accompanying Schedule of Expenditures of Federal Awards includes all of the federal grant transactions of the Town.

Federal grant revenues are recognized in the Town's governmental funds on the modified accrual basis of accounting whereby revenue is recognized when it becomes available and measurable.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen Town of Acton 472 Main Street Acton, MA 01720

We have audited the basic financial statements of the Town of Acton, Massachusetts as of and for the year ended June 30, 2011, and have issued our report thereon dated December 29, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Acton, Massachusetts's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Acton, Massachusetts's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Acton, Massachusetts's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Acton, Massachusetts's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Acton, Massachusetts's financial statements that is more than inconsequential will not be prevented or detected by the Town of Acton, Massachusetts's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Acton, Massachusetts's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Acton, Massachusetts's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Acton, Massachusetts in a separate letter dated December 29, 2011.

The report is intended solely for the information and use of management and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Giusti, Hingston and Company

Giusti, Hingston and Company Certified Public Accountants December 29, 2011

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Selectmen Town of Acton 472 Main Street Acton, MA 01720

Compliance

We have audited the compliance of the Town of Acton with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The Town of Acton's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Acton's management. Our responsibility is to express an opinion on the Town of Acton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Acton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Acton's compliance with those requirements.

In our opinion, the Town of Acton, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Town of Acton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Acton's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Acton's, internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Audit Committee, management, others within the organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Giusti, Hingston and Company

Giusti, Hingston and Company Certified Public Accountants December 29, 2011

Town of Acton, Massachusetts Schedule of Findings and Questioned Costs For the Year Ended June 30, 2011

I. <u>Summary of Auditors' Results</u>

- 1. The opinion on the Towns financial statements was unqualified.
- 2. No significant deficiencies in internal control were reported.
- 3. No instances of noncompliance that are material to the financial statements were reported.
- 4. No significant deficiencies relating to a major program were reported.
- 5. The opinion on compliance with requirements applicable to major programs is unqualified.
- 6. No findings related to a major federal award program were reported.

7. The major programs identified were:

Funding Source	<u>Program</u>	<u>CFDA#</u>
U.S. Department of Education	SPED - IDEA Allocation	84.027
U.S. Department of Education	Early Childhood	84.173
U.S. Department of Education	ARRA - IDEA	84.391
U.S. Department of Education	ARRA - Early Childhood	84.392
U.S. Department of Education	ARRA - State Fiscal Stabilization Fund	84.394

- 8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- 9. The auditee did not qualify as low risk.

II Findings-Financial Statement Audit

There were no findings reported relating to the financial statement audit.

III Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs reported related to federal awards.