

***TOWN OF GROVELAND, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

**FISCAL YEAR ENDED JUNE 30, 2009**

TOWN OF GROVELAND, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2009

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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Groveland, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Groveland, Massachusetts, as of and for the fiscal year ended June 30, 2009 (except for the Groveland Municipal Light Department which is as of and for the year ended December 31, 2008), 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 Groveland, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Groveland Municipal Light Department, which reflects approximately 57% of the total assets and approximately 82% of the total revenues of the business-type activities. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities above, is based solely on the report of another auditor.

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, based on our audit and the report of another auditor, 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 Groveland, Massachusetts, as of June 30, 2009 (except for the Groveland Municipal Light Department which is as of and for the year ended December 31, 2008), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2010 on our consideration of the Town of Groveland, 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of funding progress, retirement system schedule of employer contributions, other postemployment benefit plan schedule of funding progress and employer contributions, and other postemployment benefit plan actuarial methods and assumptions, located after the notes to the financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "Powers & Sullivan".

Wakefield, Massachusetts  
July 20, 2010

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Groveland, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented in this report.

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Town of Groveland's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, community preservation, human services, and culture and recreation. The business-type activities include the water, sewer, and electric light activities.

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

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

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

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The Town's general fund, community preservation fund, and stabilization fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as nonmajor governmental funds.

**Proprietary funds.** The Town maintains one type of propriety fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and electric light activities.

**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 statement 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 propriety funds.

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

## Financial Highlights

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town of Groveland's governmental assets exceeded liabilities for governmental activities by \$21.7 million and the business-type activities by \$13.1 million at the close of the most recent fiscal year. Key components of the Town's activities are presented below.

### Governmental Activities

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets.....	\$ 6,655,518	\$ 5,908,857
Capital assets.....	15,539,806	15,891,157
<b>Total assets.....</b>	<b><u>22,195,324</u></b>	<b><u>21,800,014</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	203,862	224,730
Noncurrent liabilities (excluding debt).....	279,089	121,875
<b>Total liabilities.....</b>	<b><u>482,951</u></b>	<b><u>346,605</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	15,539,806	15,891,157
Restricted.....	2,270,868	1,919,280
Unrestricted.....	3,901,699	3,642,972
<b>Total net assets.....</b>	<b><u>\$ 21,712,373</u></b>	<b><u>\$ 21,453,409</u></b>

Governmental net assets of \$15.5 million (72%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$2.3 million (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$3.9 million (18%) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities increased the Town's net assets by \$259,000 during fiscal year 2009 as compared to an increase of \$265,000 in fiscal year 2008. In 2009, the Town implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB) and this GASB required the Town to recognize liabilities and expenses for the Governmental and Business-Type Activities amounting to \$182,000 and \$33,000, respectively. These amounts are included as part of the change in net assets for fiscal year 2009.



	<u>2009</u>	<u>2008</u>
<b>Program Revenues:</b>		
Charges for services.....	\$ 423,331	\$ 468,181
Operating grants and contributions.....	503,547	558,947
Capital grants and contributions.....	480,000	216,880
<b>General Revenues:</b>		
Real estate and personal property taxes.....	9,824,993	9,188,587
Motor vehicle and other excise taxes.....	729,899	782,462
Nonrestricted grants.....	862,522	884,118
Unrestricted investment income.....	83,537	136,297
Other revenues.....	268,071	271,617
<b>Total revenues.....</b>	<b><u>13,175,900</u></b>	<b><u>12,507,089</u></b>
<b>Expenses:</b>		
General Government.....	1,249,847	1,078,842
Public Safety.....	1,893,540	1,830,281
Education.....	7,263,690	7,000,436
Public Works.....	1,781,787	1,715,407
Community Development.....	62,054	10,711
Human Services.....	289,139	258,085
Culture and Recreation.....	406,879	368,305
Interest.....	-	10,390
<b>Total expenses.....</b>	<b><u>12,946,936</u></b>	<b><u>12,272,457</u></b>
<b>Excess (Deficiency) before transfers.....</b>	<b>228,964</b>	<b>234,632</b>
<b>Transfers.....</b>	<b>30,000</b>	<b>30,000</b>
<b>Change in net assets.....</b>	<b><u>\$ 258,964</u></b>	<b><u>\$ 264,632</u></b>

### ***Business-type Activities***

Business-type activities increased the Town's net assets by \$1.4 million. The water, sewer, and electric light departments each contributed 6%, 2%, and 92%, respectively, of this increase during the fiscal year.

### ***Water Activities***

Water business-type activities assets exceeded liabilities by \$3.0 million at the close of fiscal year 2009. Capital assets net of related debt were \$2.2 million (72%) and unrestricted net assets were \$835,000 (28%). Net assets increased during fiscal year 2009 by approximately \$78,000 compared to a decrease of approximately (\$84,000) in the prior year.

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets.....	\$ 914,596	\$ 633,212
Capital assets.....	3,002,941	2,936,091
<b>Total assets.....</b>	<b>3,917,537</b>	<b>3,569,303</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	49,052	46,334
Noncurrent liabilities (excluding debt).....	30,334	12,525
Current debt.....	800,000	550,534
<b>Total liabilities.....</b>	<b>879,386</b>	<b>609,393</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	2,202,941	2,385,557
Unrestricted.....	835,210	574,353
<b>Total net assets.....</b>	<b>\$ 3,038,151</b>	<b>\$ 2,959,910</b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 649,424	\$ 679,203
<b>Expenses:</b>		
Water.....	571,183	762,799
<b>Change in net assets.....</b>	<b>\$ 78,241</b>	<b>\$ (83,596)</b>

### **Sewer Activities**

Sewer business-type activities assets exceeded liabilities by \$2.1 million at the close of fiscal year 2009. Capital assets net of related debt were \$1.9 million (91%) and unrestricted net assets were \$195,000 (9%). Net assets increased during fiscal year 2009 by approximately \$32,000 compared to an increase of approximately \$19,000 in the prior year.

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets.....	\$ 298,007	\$ 56,669
Capital assets.....	2,447,070	2,413,610
<b>Total assets.....</b>	<b>2,745,077</b>	<b>2,470,279</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	83,532	16,950
Noncurrent liabilities (excluding debt).....	19,085	2,175
Current debt.....	217,000	372,466
Noncurrent debt.....	315,000	-
<b>Total liabilities.....</b>	<b>634,617</b>	<b>391,591</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	1,915,070	2,041,144
Unrestricted.....	195,390	37,544
<b>Total net assets.....</b>	<b>\$ 2,110,460</b>	<b>\$ 2,078,688</b>

	<u>2009</u>	<u>2008</u>
<b>Program Revenues:</b>		
Charges for services.....	\$ 326,584	\$ 336,552
Other revenues.....	-	126,000
<b>Total revenues.....</b>	<b><u>326,584</u></b>	<b><u>462,552</u></b>
<b>Expenses:</b>		
Sewer.....	294,812	443,164
<b>Change in net assets.....</b>	<b><u>\$ 31,772</u></b>	<b><u>\$ 19,388</u></b>

### ***Electric Activities***

Electric business-type activities assets exceeded liabilities by \$8.0 million at the close of calendar year 2008. Capital assets net of related debt were \$2.8 million (35%) and unrestricted net assets were \$5.2 million (65%). Net assets increased during calendar year 2008 by approximately \$1.3 million compared to an increase of approximately \$1.4 million in the prior year.

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
<b>Assets:</b>		
Current assets.....	\$ 5,569,730	\$ 4,659,201
Capital assets.....	3,199,709	2,993,360
<b>Total assets.....</b>	<b><u>8,769,439</u></b>	<b><u>7,652,561</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	401,654	352,353
Current debt.....	400,000	600,000
<b>Total liabilities.....</b>	<b><u>801,654</u></b>	<b><u>952,353</u></b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt.....	2,799,709	2,393,360
Unrestricted.....	5,168,076	4,306,848
<b>Total net assets.....</b>	<b><u>\$ 7,967,785</u></b>	<b><u>\$ 6,700,208</u></b>
<b>Program Revenues:</b>		
Charges for services.....	\$ 4,523,756	4,489,818
<b>General Revenues:</b>		
Unrestricted investment income.....	121,446	142,599
<b>Total revenues.....</b>	<b><u>4,645,202</u></b>	<b><u>4,632,417</u></b>
<b>Expenses:</b>		
Electric Light.....	3,347,625	3,211,401
<b>Excess (Deficiency) before transfers.....</b>	<b><u>1,297,577</u></b>	<b><u>1,421,016</u></b>
<b>Transfers.....</b>	<b><u>(30,000)</u></b>	<b><u>(30,000)</u></b>
<b>Change in net assets.....</b>	<b><u>\$ 1,267,577</u></b>	<b><u>\$ 1,391,016</u></b>

## ***Financial Analysis of the Government's Funds***

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$5.3 million, an increase of \$869,000 from the prior year. The increase is mainly related to the timing of revenues exceeding expenses in the Community Preservation and Nonmajor funds as the General fund virtually broke even prior to transferring \$333,000 to the Stabilization fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$481,000, while total fund balance was \$720,000. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 4% of total general fund expenditures, while total fund balance represents 6% of that same amount.

### ***General Fund Budgetary Highlights***

The Town of Groveland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The original fiscal year 2009 approved budget authorized approximately \$12.1 million in appropriations and other amounts to be raised. During fiscal year 2009, Town meeting also approved minor changes to the original budget increasing it by approximately \$287,000.

Actual revenues were more than budgeted amounts by \$46,000 and actual expenditures (including carryovers) and transfers were less than budgeted amounts by \$101,000.

### ***Capital Asset and Debt Administration***

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a five year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

During fiscal year 2009 the Town expended approximately \$362,000 on governmental activities capital assets consisting mainly of a new vehicles, street signs, road paving, and park lighting. The business-type activities expended approximately \$814,000 consisting mainly of additions to the electric plant, sewer improvements, and water meters.

Outstanding long-term debt of the business type activities, as of June 30, 2009, totaled \$357,000, of which related to sewer projects.

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Groveland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Accountant at, 183 Main Street, Groveland, MA 01834.

# ***Basic Financial Statements***

**STATEMENT OF NET ASSETS**

JUNE 30, 2009

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 5,789,341	\$ 5,378,289	\$ 11,167,630
Restricted cash and cash equivalents.....	-	60,870	60,870
Interest and dividends.....	12,972	-	12,972
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	276,760	-	276,760
Tax liens.....	20,100	-	20,100
Motor vehicle excise taxes.....	66,615	-	66,615
Water fees.....	-	221,194	221,194
Sewer fees.....	-	93,456	93,456
Electric light fees.....	-	695,575	695,575
Intergovernmental.....	431,262	-	431,262
Tax foreclosures.....	58,468	-	58,468
Inventory.....	-	11,561	11,561
Other assets.....	-	5,412	5,412
Prepaid expenses.....	-	315,976	315,976
<b>NONCURRENT:</b>			
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	4,905,767	739,548	5,645,315
Depreciable.....	10,634,039	7,910,172	18,544,211
<b>TOTAL ASSETS.....</b>	<b>22,195,324</b>	<b>15,432,053</b>	<b>37,627,377</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	150,093	416,095	566,188
Accrued payroll.....	21,394	1,936	23,330
Accrued interest.....	-	49,987	49,987
Customer deposits payable.....	-	60,870	60,870
Compensated absences.....	32,375	5,350	37,725
Bonds and notes payable.....	-	1,417,000	1,417,000
<b>NONCURRENT:</b>			
Compensated absences.....	97,125	16,050	113,175
Other postemployment benefits.....	181,964	33,369	215,333
Bonds and notes payable.....	-	315,000	315,000
<b>TOTAL LIABILITIES.....</b>	<b>482,951</b>	<b>2,315,657</b>	<b>2,798,608</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	15,539,806	6,917,720	22,457,526
Restricted for:			
Permanent funds:			
Nonexpendable.....	385,021	-	385,021
Community preservation.....	1,811,934	-	1,811,934
Gifts and grants.....	73,913	-	73,913
Unrestricted.....	3,901,699	6,198,676	10,100,375
<b>TOTAL NET ASSETS.....</b>	<b>\$ 21,712,373</b>	<b>\$ 13,116,396</b>	<b>\$ 34,828,769</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 1,249,847	\$ 328,427	\$ 77,766	\$ -	\$ (843,654)
Public safety.....	1,893,540	73,535	109,737	-	(1,710,268)
Education.....	7,263,690	-	145,492	-	(7,118,198)
Public works.....	1,781,787	6,874	51,929	302,577	(1,420,407)
Community preservation.....	62,054	-	-	177,423	115,369
Human services.....	289,139	14,495	13,431	-	(261,213)
Culture and recreation.....	406,879	-	105,192	-	(301,687)
<b>Total Governmental Activities.....</b>	<b>12,946,936</b>	<b>423,331</b>	<b>503,547</b>	<b>480,000</b>	<b>(11,540,058)</b>
<i>Business-Type Activities:</i>					
Water.....	571,183	649,424	-	-	78,241
Sewer.....	294,812	326,584	-	-	31,772
Electric Light.....	3,347,625	4,523,756	-	-	1,176,131
<b>Total Business-Type Activities.....</b>	<b>4,213,620</b>	<b>5,499,764</b>	<b>-</b>	<b>-</b>	<b>1,286,144</b>
<b>Total Primary Government.....</b>	<b>\$ 17,160,556</b>	<b>\$ 5,923,095</b>	<b>\$ 503,547</b>	<b>\$ 480,000</b>	<b>\$ (10,253,914)</b>

See notes to basic financial statements.

(Continued)



**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ <b>(11,540,058)</b>	\$ <b>1,286,144</b>	\$ <b>(10,253,914)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	9,824,993	-	9,824,993
Motor vehicle excise taxes.....	729,899	-	729,899
Community preservation tax.....	207,522	-	207,522
Penalties and interest on taxes.....	46,486	-	46,486
Payments in lieu of taxes.....	14,063	-	14,063
Grants and contributions not restricted to specific programs.....	862,522	-	862,522
Unrestricted investment income.....	83,537	121,446	204,983
<i>Transfers, net</i> .....	30,000	(30,000)	-
Total general revenues.....	<u>11,799,022</u>	<u>91,446</u>	<u>11,890,468</u>
Change in net assets.....	258,964	1,377,590	1,636,554
<i>Net Assets:</i>			
Beginning of year.....	<u>21,453,409</u>	<u>11,738,806</u>	<u>33,192,215</u>
End of year.....	\$ <u><u>21,712,373</u></u>	\$ <u><u>13,116,396</u></u>	\$ <u><u>34,828,769</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2009

<b>ASSETS</b>	<u>General</u>	<u>Community Preservation</u>	<u>Stabilization Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 1,401,064	\$ 1,626,383	\$ 1,202,468	\$ 1,559,426	\$ 5,789,341
Interest and dividends.....	-	12,972	-	-	12,972
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	272,298	4,462	-	-	276,760
Tax liens.....	20,100	-	-	-	20,100
Motor vehicle excise taxes.....	66,615	-	-	-	66,615
Intergovernmental.....	-	168,423	-	262,839	431,262
Tax foreclosures.....	58,468	-	-	-	58,468
<b>TOTAL ASSETS.....</b>	<b><u>\$ 1,818,545</u></b>	<b><u>\$ 1,812,240</u></b>	<b><u>\$ 1,202,468</u></b>	<b><u>\$ 1,822,265</u></b>	<b><u>\$ 6,655,518</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 115,336	\$ 306	\$ -	\$ 34,451	\$ 150,093
Accrued payroll.....	21,394	-	-	-	21,394
Deferred revenues.....	962,198	172,580	-	31,506	1,166,284
<b>TOTAL LIABILITIES.....</b>	<b><u>1,098,928</u></b>	<b><u>172,886</u></b>	<b><u>-</u></b>	<b><u>65,957</u></b>	<b><u>1,337,771</u></b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations.....	238,146	-	-	-	238,146
Perpetual permanent funds.....	-	-	-	385,021	385,021
Unreserved:					
Undesignated, reported in:					
General fund.....	481,471	-	-	-	481,471
Special revenue funds.....	-	1,639,354	1,202,468	1,371,287	4,213,109
<b>TOTAL FUND BALANCES.....</b>	<b><u>719,617</u></b>	<b><u>1,639,354</u></b>	<b><u>1,202,468</u></b>	<b><u>1,756,308</u></b>	<b><u>5,317,747</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b><u>\$ 1,818,545</u></b>	<b><u>\$ 1,812,240</u></b>	<b><u>\$ 1,202,468</u></b>	<b><u>\$ 1,822,265</u></b>	<b><u>\$ 6,655,518</u></b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2009

Total governmental fund balances.....		\$ 5,317,747
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		15,539,806
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		1,166,284
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Compensated absences.....	(129,500)	
Other post-employment benefits.....	<u>(181,964)</u>	
Net effect of reporting long-term liabilities.....		<u>(311,464)</u>
Net assets of governmental activities.....		\$ <u>21,712,373</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2009

	General	Community Preservation	Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 9,703,295	\$ -	\$ -	\$ -	\$ 9,703,295
Motor vehicle excise taxes.....	757,492	-	-	-	757,492
Penalties and interest on taxes.....	46,486	-	-	-	46,486
Payments in lieu of taxes.....	14,063	-	-	-	14,063
Intergovernmental.....	1,194,794	224,983	-	147,035	1,566,812
Departmental and other.....	144,321	-	17,612	490,383	652,316
Community preservation.....	-	207,522	-	-	207,522
Contributions.....	-	-	-	253,924	253,924
Investment income.....	51,303	32,234	-	-	83,537
<b>TOTAL REVENUES.....</b>	<b>11,911,754</b>	<b>464,739</b>	<b>17,612</b>	<b>891,342</b>	<b>13,285,447</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	839,720	-	-	136,327	976,047
Public safety.....	1,329,798	-	-	138,995	1,468,793
Education.....	6,998,463	-	-	-	6,998,463
Public works.....	1,289,315	-	-	261,541	1,550,856
Community development.....	-	62,054	-	-	62,054
Human services.....	215,464	-	-	12,037	227,501
Culture and recreation.....	199,434	-	-	123,673	323,107
Pension benefits.....	396,952	-	-	-	396,952
Property and liability insurance.....	97,925	-	-	-	97,925
Employee benefits.....	344,923	-	-	-	344,923
<b>TOTAL EXPENDITURES.....</b>	<b>11,711,994</b>	<b>62,054</b>	<b>-</b>	<b>672,573</b>	<b>12,446,621</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>199,760</b>	<b>402,685</b>	<b>17,612</b>	<b>218,769</b>	<b>838,826</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	46,000	-	333,073	100,186	479,259
Transfers out.....	(433,259)	-	-	(16,000)	(449,259)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(387,259)</b>	<b>-</b>	<b>333,073</b>	<b>84,186</b>	<b>30,000</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(187,499)</b>	<b>402,685</b>	<b>350,685</b>	<b>302,955</b>	<b>868,826</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>907,116</b>	<b>1,236,669</b>	<b>851,783</b>	<b>1,453,353</b>	<b>4,448,921</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 719,617</b>	<b>\$ 1,639,354</b>	<b>\$ 1,202,468</b>	<b>\$ 1,756,308</b>	<b>\$ 5,317,747</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds.....	\$	868,826
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		361,681
Depreciation expense.....		<u>(697,632)</u>
Net effect of reporting capital assets.....		(335,951)
<p>In the Statement of Activities, only the <i>gain</i> on the sale of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.....</p>		
		(15,400)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(109,547)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		33,000
Net change in other postemployment benefits.....		<u>(181,964)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(148,964)</u>
Change in net assets of governmental activities.....	\$	<u><u>258,964</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**

JUNE 30, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric Light December 31, 2008	Total
<b>ASSET</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 693,402	\$ 204,551	\$ 4,480,336	\$ 5,378,289
Restricted cash and cash equivalents.....	-	-	60,870	60,870
Receivables, net of allowance for uncollectibles:				
User fees.....	221,194	93,456	695,575	1,010,225
Inventory.....	-	-	11,561	11,561
Other assets.....	-	-	5,412	5,412
Prepaid expenses.....	-	-	315,976	315,976
<b>Total current assets.....</b>	<b>914,596</b>	<b>298,007</b>	<b>5,569,730</b>	<b>6,782,333</b>
<b>NONCURRENT:</b>				
Capital assets:				
Nondepreciable.....	478,753	255,004	5,791	739,548
Depreciable.....	2,524,188	2,192,066	3,193,918	7,910,172
<b>Total noncurrent assets.....</b>	<b>3,002,941</b>	<b>2,447,070</b>	<b>3,199,709</b>	<b>8,649,720</b>
<b>TOTAL ASSETS.....</b>	<b>\$ 3,917,537</b>	<b>\$ 2,745,077</b>	<b>\$ 8,769,439</b>	<b>\$ 15,432,053</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	\$ 24,746	\$ 54,953	\$ 336,396	\$ 416,095
Accrued payroll.....	1,356	580	-	1,936
Accrued interest.....	18,400	27,199	4,388	49,987
Customer deposits payable.....	-	-	60,870	60,870
Compensated absences.....	4,550	800	-	5,350
Bonds and notes payable.....	800,000	217,000	400,000	1,417,000
<b>Total current liabilities.....</b>	<b>849,052</b>	<b>300,532</b>	<b>801,654</b>	<b>1,951,238</b>
<b>NONCURRENT:</b>				
Compensated absences.....	13,650	2,400	-	16,050
Other postemployment benefits.....	16,684	16,685	-	33,369
Bonds and notes payable.....	-	315,000	-	315,000
<b>Total noncurrent liabilities.....</b>	<b>30,334</b>	<b>334,085</b>	<b>-</b>	<b>364,419</b>
<b>TOTAL LIABILITIES.....</b>	<b>879,386</b>	<b>634,617</b>	<b>801,654</b>	<b>2,315,657</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	2,202,941	1,915,070	2,799,709	6,917,720
Unrestricted.....	835,210	195,390	5,168,076	6,198,676
<b>TOTAL NET ASSETS.....</b>	<b>\$ 3,038,151</b>	<b>\$ 2,110,460</b>	<b>\$ 7,967,785</b>	<b>\$ 13,116,396</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric Light December 31, 2008	Total
<b>OPERATING REVENUES:</b>				
Charges for services .....	\$ 649,424	\$ 322,314	\$ 4,518,159	\$ 5,489,897
Other fees.....	-	4,270	5,597	9,867
<b>TOTAL OPERATING REVENUES .....</b>	<b>649,424</b>	<b>326,584</b>	<b>4,523,756</b>	<b>5,499,764</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration .....	466,927	178,373	916,485	1,561,785
Purchased power and production.....	-	-	2,089,798	2,089,798
Depreciation.....	94,838	88,703	324,087	507,628
<b>TOTAL OPERATING EXPENSES .....</b>	<b>561,765</b>	<b>267,076</b>	<b>3,330,370</b>	<b>4,159,211</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>87,659</b>	<b>59,508</b>	<b>1,193,386</b>	<b>1,340,553</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	-	-	121,446	121,446
Interest expense.....	(9,418)	(27,736)	(17,255)	(54,409)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(9,418)</b>	<b>(27,736)</b>	<b>104,191</b>	<b>67,037</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>78,241</b>	<b>31,772</b>	<b>1,297,577</b>	<b>1,407,590</b>
<b>TRANSFERS:</b>				
Transfers out.....	-	-	(30,000)	(30,000)
<b>CHANGE IN NET ASSETS.....</b>	<b>78,241</b>	<b>31,772</b>	<b>1,267,577</b>	<b>1,377,590</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>2,959,910</b>	<b>2,078,688</b>	<b>6,700,208</b>	<b>11,738,806</b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ 3,038,151</b>	<b>\$ 2,110,460</b>	<b>\$ 7,967,785</b>	<b>\$ 13,116,396</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric Light December 31, 2008	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Receipts from customers and users.....	\$ 685,828	\$ 356,305	\$ 4,384,168	\$ 5,426,301
Payments to vendors.....	(198,308)	(8,698)	(2,654,384)	(2,861,390)
Payments to employees.....	(268,206)	(115,789)	(596,514)	(980,509)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>219,314</b>	<b>231,818</b>	<b>1,133,270</b>	<b>1,584,402</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
Transfers out.....	-	-	(30,000)	(30,000)
Advances from other funds.....	-	(49,823)	-	(49,823)
Advances to other funds.....	49,823	-	-	49,823
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>49,823</b>	<b>(49,823)</b>	<b>(30,000)</b>	<b>(30,000)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Proceeds from the issuance of bonds and notes.....	400,000	532,000	400,000	1,332,000
Acquisition and construction of capital assets.....	(161,688)	(122,163)	(530,436)	(814,287)
Principal payments on bonds and notes.....	(150,534)	(372,466)	(600,000)	(1,123,000)
Interest expense.....	(5,988)	(14,815)	(23,867)	(44,670)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>81,790</b>	<b>22,556</b>	<b>(754,303)</b>	<b>(649,957)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Investment income.....	-	-	121,446	121,446
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>350,927</b>	<b>204,551</b>	<b>470,413</b>	<b>1,025,891</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>342,475</b>	<b>-</b>	<b>4,070,793</b>	<b>4,413,268</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 693,402</b>	<b>\$ 204,551</b>	<b>\$ 4,541,206</b>	<b>\$ 5,439,159</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>				
Operating income (loss).....	\$ 87,659	\$ 59,508	\$ 1,193,386	\$ 1,340,553
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	94,838	88,703	324,087	507,628
Changes in assets and liabilities:				
User fees.....	19,720	13,036	(143,197)	(110,441)
Prepaid expenses.....	-	-	(296,919)	(296,919)
Warrants payable.....	2,194	54,853	52,304	109,351
Accrued payroll.....	(3,281)	(1,267)	-	(4,548)
Customer deposits.....	-	-	3,609	3,609
Accrued compensated absences.....	1,500	300	-	1,800
Other postemployment benefits.....	16,684	16,685	-	33,369
Total adjustments.....	131,655	172,310	(60,116)	243,849
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 219,314</b>	<b>\$ 231,818</b>	<b>\$ 1,133,270</b>	<b>\$ 1,584,402</b>

See notes to basic financial statements.



**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 310,231	\$ 178,334
<b>LIABILITIES</b>		
Warrants payable.....	449	-
Liabilities due depositors.....	-	178,334
TOTAL LIABILITIES.....	449	178,334
<b>NET ASSETS</b>		
Held in trust for private and other purposes.....	\$ 309,782	-

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income:	
Interest.....	\$ 17,182
<u>DEDUCTIONS:</u>	
Administration.....	6,161
Educational scholarships.....	446
TOTAL DEDUCTIONS.....	6,607
CHANGE IN NET ASSETS.....	10,575
NET ASSETS AT BEGINNING OF YEAR.....	299,207
NET ASSETS AT END OF YEAR.....	\$ 309,782

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town is a municipal corporation governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has determined that there are no component units.

**B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

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

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

Fiduciary funds are reported by fund type.

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

#### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation act fund* is a special revenue fund used to account for the accumulation of resources for the acquisition, creation, preservation and support of open space, historic resources, and for recreational use and community housing.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary funds are reported:

The water *enterprise fund* is used to account for the Town's water activities.

The sewer *enterprise fund* is used to account for the Town's sewer activities.

The electric light *enterprise fund* is used to account for the Town's electric light activities.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

#### Government-Wide and Fund Financial Statements

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

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

#### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed four months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

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

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

**Motor Vehicle Excise**

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

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

**Water and Sewer**

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

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

**Intergovernmental**

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

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

**F. Inventories*****Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

Inventories of the Electric Light Plant enterprise fund are stated at the lower of cost or market. Cost for materials and supplies inventories are determined by the first-in, first-out method.

**G. Restricted Assets**

Certain assets (customer deposits) of the electric light enterprise fund are classified as restricted as these amounts are available to the Department only if a customer account is terminated with an outstanding balance.

**H. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is

not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land.....	N/A
Land improvements.....	20
Buildings.....	40
Machinery and equipment.....	5-10
Vehicles.....	5-15
Infrastructure.....	40-50

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

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

I. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

J. Interfund Transfers

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



*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

K. Deferred Revenue

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

L. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets reported as "invested in capital assets, net of related debt" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

"Gifts and grants" represents restrictions placed on assets from outside parties, and consist primarily of gifts and federal and state grants.

*Fund Financial Statements (Fund Balances)*

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been "reserved for" the following:

"Encumbrances and continuing appropriations" represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

#### M. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

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

##### *Governmental Fund Financial Statements*

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

#### N. Investment Income

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

Investment income from proprietary funds is retained by the fund.

#### O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

##### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

##### *Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

#### P. Use of Estimates

##### *Government-Wide and Fund Financial Statements*

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

### Q. Fund Deficits

Several individual fund deficits exist at June 30, 2009, within the nonmajor governmental funds causing the funds to be in a deficit. These deficits will be funded through future long-term borrowing and other available funds in fiscal year 2009.

### R. Total Column

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

## **NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Groveland's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$3,690,384 and the bank balance totaled \$4,140,914. Of the bank balance, \$897,768 was covered by Federal Depository Insurance, \$764,393 was insured under the FDIC Transaction Account Guarantee Program, and \$2,478,753 was covered by the Depositors Insurance Fund.

For disclosure purposes, there were no significant differences in amounts or classifications of the Municipal Light Department's balances at June 30, 2009 as compared with the December 31, 2008 amounts presented above.

Investments

As of June 30, 2009, the Town of Groveland had the following investments:

<b>Investment Type</b>	<b><u>Fair Value</u></b>
<u>Other Investments</u>	
Mutual Funds.....	\$ 7,628
Money Market Mutual Funds.....	1,327,518
MMDT.....	<u>6,691,535</u>
 Total Investments.....	 \$ <u>8,026,681</u>

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The investments of \$6,691,535 in MMDT, \$1,327,518 in money market mutual funds, and \$7,628 in mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty.

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

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

**NOTE 3 – RECEIVABLES**

At June 30, 2009, receivables for the individual major, non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 277,055	\$ (295)	\$ 276,760
Tax liens.....	20,100	-	20,100
Motor vehicle excise taxes.....	80,659	(14,044)	66,615
Intergovernmental.....	<u>431,262</u>	<u>-</u>	<u>431,262</u>
 Total.....	 \$ <u>809,076</u>	 \$ <u>(14,339)</u>	 \$ <u>794,737</u>

At June 30, 2009 (December 31, 2008 for the Electric Light fees), receivables for the water, sewer, and electric plant enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water fees.....	\$ 221,194	\$ -	\$ 221,194
Sewer fees.....	93,456	-	93,456
Electric light fees.....	695,575	-	695,575
 Total.....	 \$ 1,010,225	 \$ -	 \$ 1,010,225

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Community Preservation	Other Governmental Funds	Total
<u>Receivable and other asset types:</u>				
Real estate and personal property taxes.....	\$ 817,015	\$ -	\$ -	\$ 817,015
Tax liens.....	20,100	-	-	20,100
Motor vehicle excise taxes.....	66,615	-	-	66,615
Intergovernmental.....	-	172,580	31,506	204,086
Tax foreclosures.....	58,468	-	-	58,468
 Total.....	 \$ 962,198	 \$ 172,580	 \$ 31,506	 \$ 1,166,284

**NOTE 4 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,867,044	\$ -	\$ (15,400)	\$ 4,851,644
Construction in progress.....	54,123	-	-	54,123
Total capital assets not being depreciated.....	4,921,167	-	(15,400)	4,905,767
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,159,322	-	-	1,159,322
Buildings.....	8,047,638	-	-	8,047,638
Machinery and equipment.....	1,066,337	55,000	-	1,121,337
Vehicles.....	1,538,266	66,370	(22,935)	1,581,701
Infrastructure.....	11,802,356	240,311	-	12,042,667
Total capital assets being depreciated.....	23,613,919	361,681	(22,935)	23,952,665
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(194,890)	(31,230)	-	(226,120)
Buildings.....	(4,418,957)	(187,862)	-	(4,606,819)
Machinery and equipment.....	(733,478)	(79,571)	-	(813,049)
Vehicles.....	(1,090,241)	(81,079)	22,935	(1,148,385)
Infrastructure.....	(6,206,363)	(317,890)	-	(6,524,253)
Total accumulated depreciation.....	(12,643,929)	(697,632)	22,935	(13,318,626)
Total capital assets being depreciated, net.....	10,969,990	(335,951)	-	10,634,039
Total governmental activities capital assets, net.....	\$ 15,891,157	\$ (335,951)	\$ (15,400)	\$ 15,539,806

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 478,753	\$ -	\$ -	\$ 478,753
<u>Capital assets being depreciated:</u>				
Buildings.....	28,914	-	-	28,914
Machinery and equipment.....	118,715	23,238	-	141,953
Vehicles.....	24,307	-	-	24,307
Infrastructure.....	3,834,639	138,448	-	3,973,087
Total capital assets being depreciated.....	4,006,575	161,686	-	4,168,261
<u>Less accumulated depreciation for:</u>				
Buildings.....	(28,914)	-	-	(28,914)
Machinery and equipment.....	(54,133)	(8,333)	-	(62,466)
Vehicles.....	(24,307)	-	-	(24,307)
Infrastructure.....	(1,441,881)	(86,505)	-	(1,528,386)
Total accumulated depreciation.....	(1,549,235)	(94,838)	-	(1,644,073)
Total capital assets being depreciated, net.....	2,457,340	66,848	-	2,524,188
Total business-type activities capital assets, net.....	\$ 2,936,093	\$ 66,848	\$ -	\$ 3,002,941

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 255,004	\$ -	\$ -	\$ 255,004
<u>Capital assets being depreciated:</u>				
Infrastructure.....	4,398,840	122,163	-	4,521,003
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(2,240,234)	(88,703)	-	(2,328,937)
Total capital assets being depreciated, net.....	2,158,606	33,460	-	2,192,066
Total business-type activities capital assets, net.....	\$ 2,413,610	\$ 33,460	\$ -	\$ 2,447,070

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Electric Light:</b>				
<u>Capital assets not being depreciated:</u>				
Land and land improvements.....	\$ 5,791	\$ -	\$ -	\$ 5,791
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	171,768	6,567	-	178,335
Equipment.....	934,158	6,529	-	940,687
Infrastructure.....	5,375,817	517,340	108,945	6,002,102
Total capital assets being depreciated.....	6,481,743	530,436	108,945	7,121,124
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(115,327)	(2,984)	-	(118,311)
Equipment.....	(358,243)	(46,708)	-	(404,951)
Infrastructure.....	(3,020,604)	(274,395)	(108,945)	(3,403,944)
Total accumulated depreciation.....	(3,494,174)	(324,087)	(108,945)	(3,927,206)
Total Electric Light capital assets, net.....	2,987,569	206,349	-	3,193,918
Total capital assets being depreciated, net.....	\$ 2,993,360	\$ 206,349	\$ -	\$ 3,199,709

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

**Governmental Activities:**

General government.....	\$ 61,999
Public safety.....	110,974
Education.....	120,540
Public works.....	347,692
Human services.....	781
Culture and recreation.....	55,646
Total depreciation expense - governmental activities.....	\$ 697,632

**Business-Type Activities:**

Water.....	\$ 94,838
Sewer.....	88,703
Electric light.....	324,087
Total depreciation expense - business-type activities.....	\$ 507,628



**NOTE 5 – INTERFUND TRANSFERS**

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

Transfers Out:	Transfers In:			Total	
	General Fund	Stabilization Fund	Nonmajor Governmental Funds		
General Fund.....	\$ -	\$ 333,073	\$ 100,186	\$ 433,259	(1)
Nonmajor Governmental Funds....	16,000	-	-	16,000	(2)
Electric Light Enterprise Fund.....	30,000	-	-	30,000	(3)
Total.....	<u>\$ 46,000</u>	<u>\$ 333,073</u>	<u>\$ 100,186</u>	<u>\$ 479,259</u>	

- (1) Represents a budgeted transfer to the Stabilization fund and special revenue funds from the General fund.
- (2) Represents a budgeted transfer from the reserve nonmajor special revenue fund to the General fund.
- (3) Represents a Payment in Lieu of Tax to the General fund for administration.

**NOTE 6 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise fund, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2009, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2009
<b>Enterprise Funds</b>							
BAN	Water.....	4.00%	07/11/08	\$ 150,534	\$ -	\$ 150,534	\$ -
BAN	Sewer.....	4.00%	07/11/08	372,466	-	372,466	-
BAN	Electric Substation.....	4.00%	07/11/08	600,000	-	600,000	-
BAN	Water - Storage Tank & Mains.....	2.40%	07/11/09	400,000	-	-	400,000 (1)
BAN	Water.....	4.00%	07/10/09	-	400,000	-	400,000 (2)
BAN	Sewer.....	4.00%	07/10/09	-	175,000	-	175,000 (3)
BAN	Electric Substation.....	4.00%	07/10/09	-	400,000	-	400,000 (4)
Total Enterprise Funds.....				\$ 1,523,000	\$ 975,000	\$ 1,123,000	\$ 1,375,000

- (1) On July 10, 2009, The Town paid down \$165,000 of this BAN. The remaining balance was rolled into a new BAN totaling \$235,000 with an interest rate of 2.7% and a maturity date of July 9, 2010. On July 9, 2010, the Town paid down \$100,000 of this BAN and rolled the remaining balance into a new BAN with an interest rate of 1.2% and a maturity date of July 8, 2011.
- (2) On July 10, 2009, the Town rolled the \$400,000 BAN into a new Ban with an interest rate of 2.7% and a maturity date of July 9, 2010. On July 9, 2010, the Town rolled over this BAN into a new BAN with an interest rate of 1.2% and a maturity date of July 8, 2011.
- (3) On July 10, 2009, the Town paid down \$16,800 of this BAN. The remaining balance of \$158,200 was rolled into a new BAN with an interest rate of 2.7% and a maturity of July 9, 2010. This balance of this BAN was paid down in full on its maturity date of July 9, 2010.
- (4) This balance of this BAN was paid down in full on its maturity date of July 10, 2009.

**NOTE 7 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2009, and the debt service requirements are as follows:

**Enterprise Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Sewer.....	4.70%	\$ -	\$ 357,000	\$ -	\$ 357,000

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010.....	\$ 42,000	\$ 24,182	\$ 66,182
2011.....	35,000	13,983	48,983
2012.....	35,000	12,337	47,337
2013.....	35,000	10,692	45,692
2014.....	35,000	9,048	44,048
2015.....	35,000	7,403	42,403
2016.....	35,000	5,757	40,757
2017.....	35,000	4,112	39,112
2018.....	35,000	2,468	37,468
2019.....	35,000	822	35,822
<b>Totals</b>	<b>\$ 357,000</b>	<b>\$ 90,804</b>	<b>\$ 447,804</b>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2009, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Well Construction/Development.....	\$ 120,000
Storage Tank and Mains.....	925,000
Water tank.....	300,000
<b>Total.....</b>	<b>\$ 1,345,000</b>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Compensated Absences.....	\$ 162,500	\$ 7,625	\$ (40,625)	\$ 129,500	\$ 32,375
Other postemployment benefits.....	-	181,964	-	181,964	-
Total governmental activity long-term liabilities.....	<u>\$ 162,500</u>	<u>\$ 189,589</u>	<u>\$ (40,625)</u>	<u>\$ 311,464</u>	<u>\$ 32,375</u>
<b>Business-Type Activities:</b>					
Long-Term Bonds and Notes.....	\$ -	\$ 357,000	\$ -	\$ 357,000	\$ 42,000
Compensated Absences.....	19,600	6,700	(4,900)	21,400	5,350
Other postemployment benefits.....	-	33,369	-	33,369	-
	<u>\$ 19,600</u>	<u>\$ 397,069</u>	<u>\$ (4,900)</u>	<u>\$ 411,769</u>	<u>\$ 47,350</u>

**NOTE 8 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

The Town participates in a health insurance risk pool trust administered by the Massachusetts Interlocal Insurance Association, Inc. (the MIIA). The MIIA obtains health insurance for member governments at costs eligible to larger groups. The MIIA offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by the MIIA. The Town is obligated to pay the MIIA its required premiums and, in the event the MIIA is terminated, its pro-rata share of any deficit, should one exist.

The Town participates in a premium-based workers compensation plan for its active employees. The Town is not liable for any payments in excess of the annual premium.

**NOTE 9 – PENSION PLAN**

*Plan Description* - The Town contributes to the Essex Regional Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Essex Regional Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$140,800 for the fiscal year ended June 30, 2009, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Essex Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 491 Maple Street, Danvers, Massachusetts.

*Funding Policy* - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town contributions to the System for the fiscal years ended June 30, 2009, 2008, and 2007 were approximately \$286,000, \$318,000, and \$307,000 respectively, which equaled its required contribution for each fiscal year.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Fiscal year 2009 is the initial year that the Town has implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). As allowed by GASB 45, the Town has established the net Other Postemployment Benefits (OPEB) obligation at zero at the beginning of

the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

*Plan Description* – The Town of Groveland administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For fiscal year 2009, the Town contributed approximately \$176,000 towards these benefits.

*Annual OPEB Cost and Net OPEB Obligation* – The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Normal cost.....	\$ 371,391
Interest on OPEB obligation.....	<u>19,498</u>
Annual OPEB cost (expense).....	390,889
Contributions made.....	<u>(175,556)</u>
Increase in net OPEB obligation.....	215,333
Net OPEB obligation - beginning of year.....	<u>-</u>
Net OPEB obligation - end of year.....	<u><u>\$ 215,333</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 390,889	44.9%	\$ 215,333

*Funded Status and Funding Progress* – As of July 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was approximately \$5.0 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.6 million, and the ratio of the UAAL to the covered payroll was 193.2 percent.

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

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

In the July 1, 2007, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 5.25% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, graded to 5% over 5 years. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.0% per year. The remaining amortization period at June 30, 2009 is 29 years.

#### **NOTE 11 – CONTINGENCIES**

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

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

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

During fiscal year 2009, the following GASB pronouncements were implemented:

The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions. This pronouncement has impacted the basic financial statements and the related Required Supplementary Information.

The GASB issued Statement #55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The basic financial statements were not impacted by this pronouncement.

The GASB issued Statement #56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards. This statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The basic financial statements were not impacted by this pronouncement.

Future implementation of GASB Pronouncements:

The GASB issued Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, which is required to be implemented in fiscal year 2011. The standards in this statement will require changes to the fund balance components reported on the Town's balance sheet. Management expects this pronouncement will impact the basic financial statements.

The GASB issued Statement #57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is required to be implemented in fiscal year 2012. Management expects that this pronouncement will not require additional disclosure or impact the basic financial statements.

The GASB issued Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is required to be implemented in fiscal year 2010. Management expects that this pronouncement will not require additional disclosure or impact the basic financial statements.

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# ***Required Supplementary Information***

# Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 9,516,738	\$ 9,516,738	\$ 9,703,395	\$ -	\$ 186,657
Motor vehicle excise taxes.....	725,000	725,000	757,492	-	32,492
Penalties and interest on taxes.....	34,000	34,000	46,486	-	12,486
Payments in lieu of taxes.....	13,000	13,000	14,063	-	1,063
Intergovernmental.....	1,282,748	1,282,748	1,050,107	-	(232,641)
Departmental and other.....	105,000	105,000	144,321	-	39,321
Investment income.....	45,000	45,000	51,303	-	6,303
<b>TOTAL REVENUES.....</b>	<b>11,721,486</b>	<b>11,721,486</b>	<b>11,767,167</b>	<b>-</b>	<b>45,681</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	887,131	989,034	839,720	143,476	5,838
Public safety.....	1,378,893	1,372,005	1,329,798	6,027	36,180
Education.....	6,980,812	6,998,812	6,998,463	-	349
Public works.....	1,211,360	1,405,860	1,289,315	88,643	27,902
Human services.....	218,516	226,330	215,464	-	10,866
Culture and recreation.....	207,900	207,900	199,434	-	8,466
Pension benefits.....	252,781	252,781	252,265	-	516
Property and liability insurance.....	100,000	100,000	97,925	-	2,075
Employee benefits.....	380,750	353,250	344,923	-	8,327
<b>TOTAL EXPENDITURES.....</b>	<b>11,618,143</b>	<b>11,905,972</b>	<b>11,567,307</b>	<b>238,146</b>	<b>100,519</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>103,343</b>	<b>(184,486)</b>	<b>199,860</b>	<b>(238,146)</b>	<b>146,200</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	46,000	46,000	46,000	-	-
Transfers out.....	(433,259)	(433,259)	(433,259)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>(387,259)</b>	<b>(387,259)</b>	<b>(387,259)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(283,916)</b>	<b>(571,745)</b>	<b>(187,399)</b>	<b>(238,146)</b>	<b>146,200</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>1,204,056</b>	<b>887,416</b>	<b>887,416</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 920,140</b>	<b>\$ 315,671</b>	<b>\$ 700,017</b>	<b>\$ (238,146)</b>	<b>\$ 146,200</b>

See notes to required supplementary information.

# **Retirement System Schedules of Funding Progress and Employer Contributions**

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

**Essex Regional Retirement System  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	\$ 301,420,965	\$ 445,171,554	\$ 143,750,589	67.7%	\$ 111,726,856	128.7%
01/01/06	261,327,047	375,593,562	114,266,515	69.6%	98,641,094	115.8%
01/01/04	229,852,971	333,396,222	103,543,251	68.9%	93,404,002	110.9%
01/01/02	218,346,198	287,390,715	69,044,517	76.0%	85,005,338	81.2%
01/01/00	190,363,700	253,847,100	63,483,400	75.0%	69,525,900	91.3%

The Town's share of the UAAL, as of January 1, 2008, is approximately 1.94%.

See notes to required supplementary information.

**Essex Regional Retirement System  
Schedule of Employer Contributions**

Plan Year Ended December 31	System Wide			Town of Groveland	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2005	\$ 13,080,011	\$ 13,080,011	100%	\$ 266,000	2.03%
2006	16,622,274	16,622,274	100%	267,000	1.61%
2007	15,788,864	15,788,864	100%	307,000	1.94%
2008	15,623,540	15,623,540	100%	318,000	2.04%
2009	16,326,599	16,326,599	100%	286,000	1.75%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

# Other Postemployment Benefits Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, over time, the annual required contributions to the actual contributions made.

The Schedule of Actuarial Methods and Assumptions present factors that significantly affect the identification of trends in the amounts reported.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

JUNE 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2007	\$ -	\$ 4,970,436	\$ 4,970,436	0%	\$ 2,573,184	193.2%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2009	\$ 390,889	\$ 175,556	44.9%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009. Information for prior years is not available.

See notes to required supplementary information.



**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

FISCAL YEAR ENDED JUNE 30, 2009

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Actuarial Methods:

Valuation date	July 1, 2007
Actuarial cost method	Projected Unit Credit
Amortization method	Amortization as level dollar amount over 30 years at tran:
Remaining amortization period	29 years as of July 1, 2008
Asset valuation method	Market Value

Actuarial Assumptions:

Investment rate of return	5.25%, pay-as-you-go scenario
Medical/drug cost trend rate	10.0% graded to 5.0% over 5 years

Plan Membership:

Current retirees, beneficiaries, and dependents	37
Current active members	<u>52</u>
Total	<u><u>89</u></u>

See notes to required supplementary information.

**NOTE A – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information

Massachusetts General Laws (MGL) requires the Town to adopt a balanced budget that is approved by Town Meeting. The Board of Selectmen presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

The majority of the Town’s appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2009 approved budget authorized approximately \$12,051,000 in appropriations and other amounts to be raised including approximately \$150,000 in amounts carried over from previous fiscal years.

The Town Accountant has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town’s accounting system.

B. Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	(187,399)
<u>Basis of accounting differences:</u>		
Net change in revenues in recording 60 day receipts.....		(100)
Increase in revenues due to on-behalf payments.....		144,687
Increase in expenditures due to on-behalf payments.....		<u>(144,687)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>(187,499)</u></u>

**NOTE B – PENSION PLAN**

The Town contributes to the Essex Regional Retirement System ("Retirement System"), a cost-sharing, multiple-employer defined benefit pension plan ("Plan") administered by the Essex Regional Retirement Board. The Retirement System provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Retirement System its share of the systemwide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Valuation Date.....	January 1, 2009
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.5% per year
Remaining Amortization Period.....	20 years remaining as of July 1, 2009
Asset Valuation Method.....	20% of the difference between the market value of assets and the preliminary actuarial value is added to the preliminary actuarial value and must be within 20% of market value of the assets.

Actuarial Assumptions:

Investment rate of return.....	8.25%
Projected salary increases.....	5.00%
Cost of living adjustments.....	3.0% for the first \$12,000 of retirement income

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	1,568
Terminated participants entitled to a return of their employee contributions.....	880
Terminated participants with a vested right to a deferred or immediate benefit.....	65
Active participants.....	<u>3,139</u>
Total.....	<u><u>5,652</u></u>

**NOTE C – OTHER POST-EMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (“The Other Post Employment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

The Town currently finances its other post-employment benefits (OPEB) on combined pre-funded and a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) was 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

Projections for benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the 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.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.