

TOWN OF WRENTHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Wrentham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Wrentham, Massachusetts as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Wrentham, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wrentham, Massachusetts, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in **Note 13**, the Town of Wrentham, Massachusetts has implemented the retroactive reporting of general infrastructure assets as required by *Governmental Accounting Standard Board Statement No. 34*, which changed the beginning net assets for governmental activities.

The management's discussion and analysis on pages **3** through **14**, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

R. E. Brown & Company

July 18, 2008

Management's Discussion and Analysis

As management of the Town of Wrentham (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. We encourage readers to consider this information in addition to the statements and notes.

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

Financial Highlights

The combined total assets of the Town exceeded the combined total liabilities by \$42.4 million, an increase of \$5.2 million or 13.9% greater than the combined net assets for the previous fiscal year. A total of \$28.9 million or 68.3% of this sum represents the Town's investment in capital assets. A total of \$4.6 million or 10.6% is legally reserved or designated for specific future uses by the Town. A total of \$8.9 million or 21.1% is unrestricted and undesignated for future use.

Total net assets increased by \$5.2 million. Most of the increase was attributable to governmental activities of the Town. Net assets for the one business-type activity (Water) increased by \$0.1 million.

Total revenue for the year for all funds was \$37.3 million - \$ 0.8 million or 2.2% more than the total revenue for the fiscal year ended June 30, 2006.

	Fiscal Year		Fiscal Year	
	Ended	%	Ended	%
	<u>June 30, 2007</u>	<u>Total</u>	<u>June 30, 2006</u>	<u>Total</u>
Property taxes	\$ 21,020,189	56.43%	\$ 19,863,311	54.49%
Motor vehicle excise	1,408,802	3.78%	1,471,258	4.04%
Penalties and interest	120,913	0.32%	193,076	0.53%
Payments in lieu of taxes	7,376	0.02%	7,246	0.02%
Charges for services	3,329,891	8.94%	3,473,703	9.53%
Operating grants and contributions	5,853,248	15.71%	5,457,143	14.97%
Capital grants and contributions	3,777,181	10.14%	4,307,674	11.82%
Nonrestricted grants and contributions	1,224,844	3.29%	1,319,755	3.62%
Unrestricted investment income and other	510,393	1.37%	362,582	0.99%
Total revenue	<u><u>\$ 37,252,837</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 36,455,748</u></u>	<u><u>100.00%</u></u>

Total expenditures for the year for all funds was \$32.1 million - \$0.3 million or 1.1% more than the total expenditures for the fiscal year ended June 30, 2006.

	Fiscal Year		Fiscal Year	
	Ended	%	Ended	%
	June 30, 2007	Total	June 30, 2006	Total
General government	\$ 1,316,556	4.11%	\$ 1,486,225	4.68%
Public safety	3,972,371	12.39%	4,112,202	12.96%
Education	16,294,536	50.82%	15,775,803	49.72%
Public works	2,438,192	7.60%	2,663,666	8.39%
Human services	434,549	1.36%	449,319	1.42%
Culture and recreation	668,597	2.09%	620,705	1.96%
Employee benefits	4,605,606	14.36%	4,122,282	12.99%
State and county assessments	359,386	1.12%	383,686	1.21%
Interest	824,090	2.57%	1,001,933	3.16%
Water	1,151,951	3.59%	1,116,077	3.52%
Total expenditures	<u>\$ 32,065,834</u>	<u>100.00%</u>	<u>\$ 31,731,898</u>	<u>100.00%</u>

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Wrentham’s basic financial statements. The Town of Wrentham’s 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 short-term and long-term information about the Town. The fund financial statements focus on the individual parts of the Town government, reporting the 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 improve the Town’s accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Wrentham’s finances, in a manner similar to private sector business.

Statement of Net Assets – Presents all of the government’s assets and liabilities, with the difference being reported as “net assets”. The amount of net assets is widely considered a good measure of the Town’s financial health. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Town’s infrastructure and changes in the property tax base, to assess the overall health of the Town.

Statement of Activities – Presents information showing how the Town’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 the cash flows.

Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

In the government-wide statements, financial information is presented in two columns in order to summarize the Town's programs or activities. The types of activities presented are as follows:

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the Town's basic services are reported here including general government, public safety, education, public works, human services, culture, recreation, debt service, state/county charges and assessments, insurance, and employees' benefits.

Business-Type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water Fund operation is considered a business-type activity.

Fund Financial Statements

Traditional readers of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wrentham, like most other local governments, uses a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories:

Governmental Funds – Most of the basic services provided by the Town are financed through 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 and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the Town's near-term financing requirements. This approach reflects the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds is narrower than that of 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. This comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains three (3) major governmental funds that are presented separately in the governmental funds financial statements. The remaining non-major funds are combined into a single, aggregated presentation.

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

Proprietary Fund – Provides services for which the Town charges customers a fee and operates similar to a commercial business. The proprietary fund provides the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements and the proprietary fund financial statements.

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

Notes to 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.

Government-Wide Financial Analysis

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The Town's total net assets as of June 30, 2007 were \$42.4 million, of which the governmental activities were \$35.3 million and the business-type activities were \$7.1 million.

The largest portion of the Town's net assets (68.3%) reflects its investment in capital assets (land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure); less any related debt used to acquire those assets that remain outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

A modest amount of the Town's net assets (10.6%) are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (21.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

Total current assets within the governmental activities were \$12.1 million and included cash & investments of \$9.1 million and receivables net of allowances of \$3.0 million.

Total current liabilities within the governmental activities were \$4.3 million and included accounts payable of \$2.1 million and bonds and notes payable of \$2.0 million.

Noncurrent liabilities within the governmental activities included \$18.1 million of general obligation bonds payable.

Total current assets within the business-type activities were \$0.9 million and included cash & investments of \$0.7 million and receivables of \$0.2 million.

Current liabilities within the business-type activities were \$0.8 million and included \$0.1 million of accrued interest and \$0.6 million of bonds and notes payable. Noncurrent liabilities within the business-type activities included \$3.4 million of general obligation bonds payable.

Comparative Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006
Assets:						
Current assets	\$ 12,064,007	\$ 9,645,802	\$ 911,167	\$ 846,522	\$ 12,975,174	\$ 10,492,324
Noncurrent assets	45,659,484	44,465,063	10,390,586	10,375,252	56,050,070	54,840,315
Total assets	57,723,491	54,110,865	11,301,753	11,221,774	69,025,244	65,332,639
Liabilities:						
Current liabilities	4,320,795	7,562,697	751,745	777,227	5,072,540	8,339,924
Noncurrent liabilities	18,149,926	16,390,895	3,434,947	3,420,992	21,584,873	19,811,887
Total liabilities	22,470,721	23,953,592	4,186,692	4,198,219	26,657,413	28,151,811
Net Assets:						
Invested in capital assets	22,589,030	18,948,798	6,354,441	6,245,698	28,943,471	25,194,496
Restricted	4,488,569	4,289,083	-	-	4,488,569	4,289,083
Unrestricted	8,175,171	6,919,392	760,620	777,857	8,935,791	7,697,249
Total net assets	\$ 35,252,770	\$ 30,157,273	\$ 7,115,061	\$ 7,023,555	\$ 42,367,831	\$ 37,180,828

In recent years the Town has made a concerted effort to invest in its capital assets. Governmental activities' capital assets (net of related debt) increased by \$3.6 million, due in part to a grant receipt for recreation fields.

Governmental activities current assets are up as compared with FY2006, primarily due to a decline in capital project spending and favorable financial management results. Business-type activity (water) current assets showed a slight increase, as a result of consistent operations for FY2007.

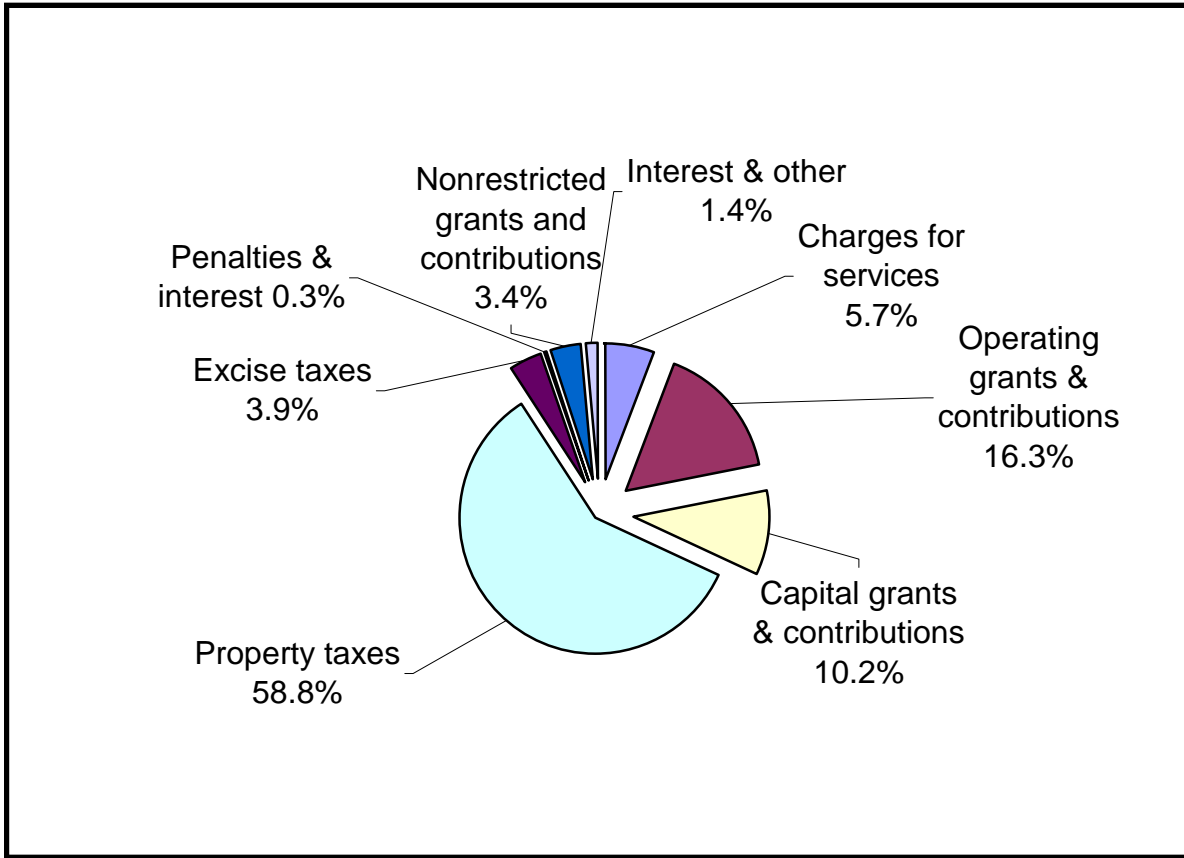
Governmental activities current liabilities' decreased by \$3.2 million while non-current liabilities increased \$1.8 million. This is attributable to the pay down of temporary debt resulting from long term bond issuance. Business-type activity (water) current and non-current liabilities remained unchanged reflecting consistent operations in 2007.

Governmental activities increased the Town of Wrentham's net assets by \$5,095,497. Presented below are the components that contributed to the change in net assets, along with comparative data for the previous fiscal year:

Comparative Changes in Net Assets

	Governmental Activities		Increase/ (Decrease)
	FY 2007	FY 2006	
Revenues			
<i>Program Revenues:</i>			
Charges for services	\$ 2,055,018	\$ 2,002,078	\$ 52,940
Operating grants and contributions	5,767,220	5,340,868	426,352
Capital grants and contributions	3,649,089	4,177,204	(528,115)
<i>General Revenues:</i>			
Real Estate and personal property taxes	21,020,189	19,863,311	1,156,878
Motor vehicle and other excise taxes	1,408,802	1,471,258	(62,456)
Penalties and interest	120,913	193,076	(72,163)
Payments in lieu of taxes	7,376	7,246	130
Nonrestricted grants and contributions	1,224,844	1,319,755	(94,911)
Unrestricted investment income & other	510,393	362,582	147,811
Total Revenues	<u>35,763,844</u>	<u>34,737,378</u>	<u>1,026,466</u>
Expenses:			
General Government	1,316,556	1,486,225	(169,669)
Public Safety	3,972,371	4,112,202	(139,831)
Education	16,294,536	15,775,803	518,733
Public Works	2,438,192	2,663,666	(225,474)
Human Services	434,549	449,319	(14,770)
Culture and Recreation	668,597	620,705	47,892
Employee Benefits	4,605,606	4,122,282	483,324
State and County Assessments	359,386	383,686	(24,300)
Interest	824,090	1,001,933	(177,843)
Total Expenses	<u>30,913,883</u>	<u>30,615,821</u>	<u>298,062</u>
Transfers	<u>245,536</u>	<u>187,169</u>	<u>58,367</u>
Change in Net Assets	<u>5,095,497</u>	<u>4,308,726</u>	<u>786,771</u>
Net Assets - beginning	<u>30,157,273</u>	<u>25,848,547</u>	
Net Assets - ending	<u>\$ 35,252,770</u>	<u>\$ 30,157,273</u>	

Governmental Activities – FY2007 Revenues

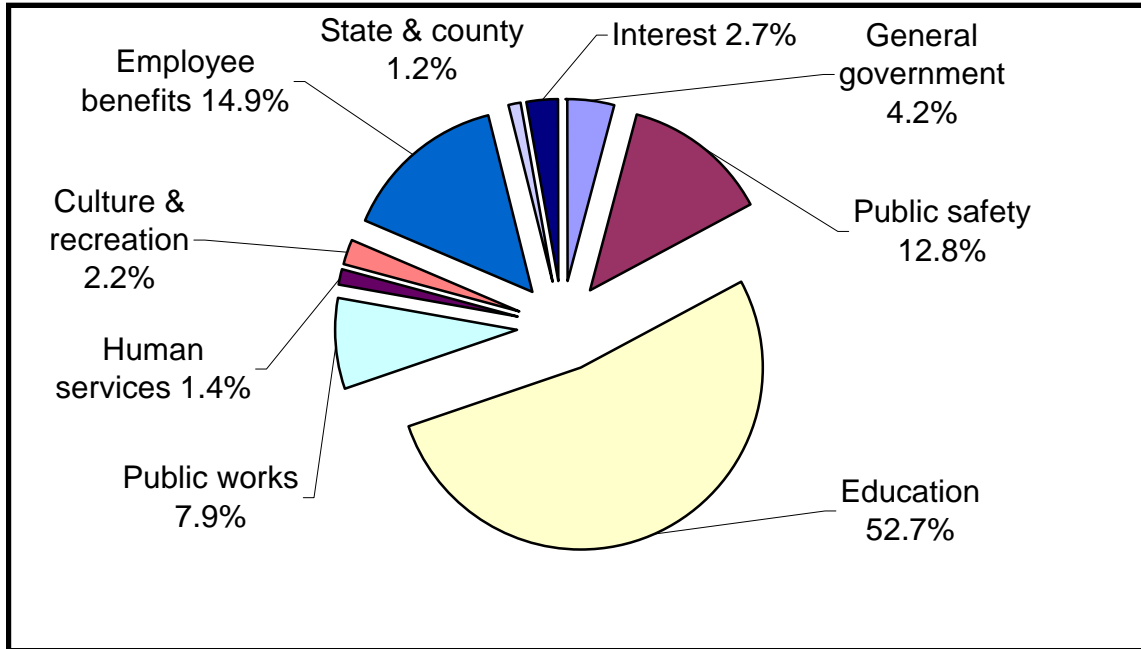


Revenues

Property taxes support over 58% of the Town’s governmental activities. State aid was relatively flat as compared with FY2006, continuing the pressure to raise property tax revenue to the statutory maximum allowed.

Approximately 77% of the operating grants apply to education operations. These resources offset costs within the public schools in addition to their General Fund operating budget. Nearly 46% of the charges for services revenue was generated by public safety department services (Police, Fire, and Inspection).

Governmental Activities – FY2007 Expenses



Expenses

Education is by far the largest governmental activity of the Town. Approximately \$9.6 million in taxes and other revenues were needed to cover the FY2007 operating expenses.

Employee benefits and public safety continue to represent the second and third largest governmental activities of the Town. Approximately \$3.8 million and \$2.8 million of taxes and revenues were needed to cover the FY2007 operating expenses.

Employee benefits costs continued to rise in FY2007. Health insurance costs reflect double-digit increases for the various health plans offered to Town employees and retirees. Pension costs are expected to rise based upon the latest actuarial data for the Norfolk County Retirement System (as of January 1, 2005). These expenses are expected to continue to be a budgetary challenge for management over the next few years.

Business-Type Activities

The Water operation is the single activity reported as a business-type.

Business-type activities net assets increased by \$91,506. Presented below are the components that contributed to the change in net assets, along with comparative data for the previous fiscal year:

	Business-type Activities		Increase/ (Decrease)
	<u>FY 2007</u>	<u>FY 2006</u>	
Revenues			
<i>Program Revenues:</i>			
Charges for services	\$ 1,274,873	\$ 1,471,625	\$ (196,752)
Operating grants and contributions	86,028	116,275	(30,247)
Capital grants and contributions	128,092	130,470	(2,378)
Total Revenues	<u>1,488,993</u>	<u>1,718,370</u>	<u>(229,377)</u>
Expenses:			
Water	1,151,951	1,116,077	35,874
Total Expenses	<u>1,151,951</u>	<u>1,116,077</u>	<u>35,874</u>
Transfers	<u>(245,536)</u>	<u>(187,169)</u>	<u>(58,367)</u>
Change in Net Assets	<u>91,506</u>	<u>415,124</u>	<u>(323,618)</u>
Net Assets - beginning	<u>7,023,555</u>	<u>6,608,431</u>	
Net Assets - ending	<u>\$ 7,115,061</u>	<u>\$ 7,023,555</u>	

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$8.1 million, an increase of \$5.5 million in comparison with the prior fiscal year. This is primarily reflective of long term debt issuance replacing short term borrowing.

The General Fund is the chief operating fund of the Town. At the end of the fiscal year, undesignated fund balance was \$2,300,741, while total fund balance was \$3,344,568. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and the total fund balance to total fund expenditures.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net assets for the Water operation were \$7.1 million; \$6.3 million of which relates to the Town's investment in capital assets.

General Fund Budgetary Highlights

The original general fund budget was increased by \$332,015 to the final budget of approximately \$30.1 million. Additional funds were primarily needed for snow removal, public works and public safety operating costs.

Revenues exceeded budgetary amounts by \$650,846, and expenditures were less than budgetary amounts by \$1,170,781. Favorable revenue types included motor vehicle excise, penalties and interest on taxes, investment income, and departmental fees. Most departments realized budget savings reflecting strong budgetary management.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2007 amount to \$52,811,074 (net of accumulated depreciation). This investment includes land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure. The total increase in the Town's investment for the fiscal year was approximately \$1.4 million.

Major capital asset events during the fiscal year included: 1) roadway improvements; and 2) William Rice Recreation Field development.

Capital Assets (Net of Accumulated Depreciation)

Governmental activities	FY 2007	FY 2006	Increase/ (Decrease)
General Government	\$ 7,584,624	\$ 7,694,542	\$ (109,918)
Public Safety	9,826,605	10,163,307	(336,702)
Education	13,498,878	13,295,814	203,064
Public Works	7,574,014	7,253,268	320,746
Human Services	174,263	187,498	(13,235)
Culture & Recreation	3,762,104	2,477,005	1,285,099
Total by function	42,420,488	41,071,434	1,349,054
<hr/> Business-type activities <hr/>			
Water	10,390,586	10,375,252	15,334
Grand Total	\$ 52,811,074	\$ 51,446,686	\$ 1,364,388

Debt

The Town continued to maintain its "A1" rating from Moody's Investor Services. At the end of the fiscal year the Town had a total bonded debt outstanding of \$23,945,891. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the government. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

The Town issued bonds for two purposes during FY2007: \$3,740,000 for school renovations and \$440,000 for water tank painting and repair.

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2007	Outstanding June 30, 2006
School Buildings	\$ 6,595,000	\$ 3,265,000
Municipal Buildings	10,165,000	11,105,000
Land Acquisition	2,680,000	3,020,000
Other	649,746	782,070
Total Governmental Activities	\$ 20,089,746	\$ 18,172,070
Business-type Activities		
Water Mains/Improvements	\$ 3,856,145	\$ 3,754,554
Total Business-type Activities	\$ 3,856,145	\$ 3,754,554

At the end of the fiscal year the Town’s loans authorized/unissued was approximately \$1.1 million, with the majority \$0.85 million for water improvements.

Additional information on the Town’s debt service can be found in the *Notes to the Financial Statements* (Note 7 – Short-term financing and Note 8 – Long-term debt).

Economic Factors and Next Year’s Budget and Rates

The Commonwealth of Massachusetts continues to experience fiscal difficulties, which are projected to impact the Town’s ability to fund operating budgets for the next few years. Residential property growth has slowed, and commercial construction has been limited.

Employee benefits and education requirements are expected to pressure operating budgets. Increased services are unlikely over the next few years.

Despite the adverse factors mentioned above, the Town has a balanced budget for FY2008 and expects minimal growth for FY2009 operations.

Water rates will experience a modest increase for FY2008.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town of Wrentham’s finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Office of the Town Accountant, 79 South Street, Wrentham, MA 02093.

**TOWN OF WRENTHAM, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 9,006,128	\$ 694,780	\$ 9,700,908
INVESTMENTS	95,335	-	95,335
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	439,796	-	439,796
TAX LIENS	449,578	-	449,578
MOTOR VEHICLE EXCISE TAXES	149,240	-	149,240
USER FEES	-	216,387	216,387
DEPARTMENTAL AND OTHER	355,031	-	355,031
INTERGOVERNMENTAL	1,568,053	-	1,568,053
OTHER ASSETS	846	-	846
NONCURRENT:			
RESTRICTED ASSETS:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	3,238,996	-	3,238,996
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	42,420,488	10,390,586	52,811,074
TOTAL ASSETS	<u>57,723,491</u>	<u>11,301,753</u>	<u>69,025,244</u>
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	2,081,418	85,576	2,166,994
OTHER LIABILITIES	23,085	-	23,085
ACCRUED INTEREST	146,886	56,329	203,215
BONDS AND NOTES PAYABLE	1,973,523	606,257	2,579,780
COMPENSATED ABSENCES	95,883	3,583	99,466
NONCURRENT:			
BONDS AND NOTES PAYABLE	18,116,223	3,429,888	21,546,111
COMPENSATED ABSENCES	33,703	5,059	38,762
TOTAL LIABILITIES	<u>22,470,721</u>	<u>4,186,692</u>	<u>26,657,413</u>
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	22,589,030	6,354,441	28,943,471
RESTRICTED FOR:			
STREETS	185,374	-	185,374
PERMANENT FUNDS:			
EXPENDABLE	159,846	-	159,846
NONEXPENDABLE	179,521	-	179,521
OTHER PURPOSES	3,963,828	-	3,963,828
UNRESTRICTED	8,175,171	760,620	8,935,791
TOTAL NET ASSETS	<u>\$ 35,252,770</u>	<u>\$ 7,115,061</u>	<u>\$ 42,367,831</u>

See accompanying notes to the basic financial statements

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

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,316,556	\$ 143,400	\$ 5,979	\$ -	\$ (1,167,177)
PUBLIC SAFETY	3,972,371	941,508	229,641	-	(2,801,222)
EDUCATION	16,294,536	643,530	4,410,139	1,610,485	(9,630,382)
PUBLIC WORKS	2,438,192	110,181	30,069	680,941	(1,617,001)
HUMAN SERVICES	434,549	106,300	92,122	-	(236,127)
CULTURE & RECREATION	668,597	110,099	157,369	1,357,663	956,534
EMPLOYEE BENEFITS	4,605,606	-	841,901	-	(3,763,705)
STATE & COUNTY ASSESSMENTS	359,386	-	-	-	(359,386)
INTEREST	824,090	-	-	-	(824,090)
TOTAL GOVERNMENTAL ACTIVITIES	30,913,883	2,055,018	5,767,220	3,649,089	(19,442,556)
BUSINESS-TYPE ACTIVITIES:					
WATER	1,151,951	1,274,873	86,028	128,092	337,042
TOTAL BUSINESS-TYPE ACTIVITIES	1,151,951	1,274,873	86,028	128,092	337,042
TOTAL PRIMARY GOVERNMENT	\$ 32,065,834	\$ 3,329,891	\$ 5,853,248	\$ 3,777,181	\$ (19,105,514)

See accompanying notes to the basic financial statements

(continued)

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (19,442,556)	\$ 337,042	\$ (19,105,514)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	20,808,653	-	20,808,653
TAX LIENS	211,536	-	211,536
MOTOR VEHICL EXCISE TAXES	1,408,802	-	1,408,802
PENALTIES AND INTEREST ON TAXES	120,913	-	120,913
PAYMENTS IN LIEU OF TAXES	7,376	-	7,376
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,224,844	-	1,224,844
UNRESTRICTED INVESTMENT INCOME	379,972	-	379,972
MISCELLANEOUS	130,421	-	130,421
TRANSFERS, NET	245,536	(245,536)	-
TOTAL GENERAL REVENUES AND TRANSFERS	24,538,053	(245,536)	24,292,517
CHANGE IN NET ASSETS	5,095,497	91,506	5,187,003
NET ASSETS:			
BEGINNING OF YEAR	30,157,273	7,023,555	37,180,828
END OF YEAR	\$ 35,252,770	\$ 7,115,061	\$ 42,367,831

See accompanying notes to the basic financial statements

(concluded)

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

ASSETS	GENERAL	STABILIZATION FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 4,130,988	\$ 1,742,972	\$ 3,132,168	\$ 9,006,128
INVESTMENTS	-	-	95,335	95,335
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	439,796	-	-	439,796
TAX LIENS	449,578	-	-	449,578
MOTOR VEHICLE EXCISE TAXES	149,240	-	-	149,240
DEPARTMENTAL AND OTHER	-	-	355,031	355,031
INTERGOVERNMENTAL	3,663,079	-	1,143,970	4,807,049
OTHER ASSETS	846	-	-	846
TOTAL ASSETS	\$ 8,833,527	\$ 1,742,972	\$ 4,726,504	\$ 15,303,003
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 899,204	\$ -	\$ 1,182,214	\$ 2,081,418
OTHER LIABILITIES	23,085	-	-	23,085
DEFERRED REVENUES	4,566,670	-	540,405	5,107,075
TOTAL LIABILITIES	5,488,959	-	1,722,619	7,211,578
FUND BALANCES:				
RESERVED FOR:				
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	647,463	-	-	647,463
PERPETUAL PERMANENT FUNDS	-	-	179,521	179,521
UNRESERVED				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	396,364	-	-	396,364
UNDESIGNATED REPORTED IN:				
GENERAL FUND	2,300,741	-	-	2,300,741
SPECIAL REVENUE FUNDS	-	1,742,972	2,406,230	4,149,202
CAPITAL PROJECTS FUNDS	-	-	258,288	258,288
PERMANENT FUNDS	-	-	159,846	159,846
TOTAL FUND BALANCES	3,344,568	1,742,972	3,003,885	8,091,425
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,833,527	\$ 1,742,972	\$ 4,726,504	\$ 15,303,003

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>GENERAL</u>	<u>STABILIZATION FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 20,846,237	\$ -	\$ -	\$ 20,846,237
MOTOR VEHICLE EXCISE TAXES	1,422,701	-	-	1,422,701
PENALTIES AND INTEREST ON TAXES	120,912	-	-	120,912
INTERGOVERNMENTAL	6,215,106	-	4,140,477	10,355,583
CHARGES FOR SERVICES	-	-	1,441,846	1,441,846
INVESTMENT INCOME	304,365	75,607	46,393	426,365
CONTRIBUTIONS & DONATIONS	-	-	144,174	144,174
DEPARTMENTAL AND OTHER	776,475	-	89,746	866,221
TOTAL REVENUES	29,685,796	75,607	5,862,636	35,624,039
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,190,315	-	16,323	1,206,638
PUBLIC SAFETY	3,492,809	-	142,860	3,635,669
EDUCATION	14,561,434	-	1,936,166	16,497,600
PUBLIC WORKS	2,085,947	-	672,991	2,758,938
HUMAN SERVICES	389,904	-	31,410	421,314
CULTURE & RECREATION	408,202	-	1,545,494	1,953,696
EMPLOYEE BENEFITS	4,526,082	-	100,192	4,626,274
STATE & COUNTY ASSESSMENTS	359,386	-	-	359,386
DEBT SERVICE				
PRINCIPAL	1,822,324	-	-	1,822,324
INTEREST	841,686	-	-	841,686
TOTAL EXPENDITURES	29,678,089	-	4,445,436	34,123,525
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,707	75,607	1,417,200	1,500,514
<u>OTHER FINANCING SOURCES (USES)</u>				
PROCEEDS FROM BONDS AND NOTES	201,000	-	3,539,000	3,740,000
OPERATING TRANSFERS IN	694,087	-	-	694,087
OPERATING TRANSFERS OUT	-	-	(448,551)	(448,551)
TOTAL OTHER FINANCING SOURCES (USES)	895,087	-	3,090,449	3,985,536
NET CHANGE IN FUND BALANCES	902,794	75,607	4,507,649	5,486,050
FUND BALANCES AT BEGINNING OF YEAR	2,441,774	1,667,365	(1,503,764)	2,605,375
FUND BALANCES AT END OF YEAR	\$ 3,344,568	\$ 1,742,972	\$ 3,003,885	\$ 8,091,425

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 8,091,425
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	42,420,488
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	5,107,075
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(146,886)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS	
BONDS AND NOTES PAYABLE	(20,089,746)
COMPENSATED ABSENCES	<u>(129,586)</u>
NET EFFECT OF REPORTING LONG-TERM LIABILITIES	<u>(20,219,332)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 35,252,770</u>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2007**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 5,486,050
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	2,818,662	
DEPRECIATION EXPENSE	<u>(1,469,608)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		1,349,054
<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>		
		139,805
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
PROCEEDS FROM BONDS AND NOTES	(3,740,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,822,324</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		(1,917,676)
<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	20,668	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>17,596</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>38,264</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 5,095,497</u>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 20,727,688	\$ 20,727,688	\$ 20,846,237	\$ 118,549
MOTOR VEHICLE EXCISE TAXES	1,325,000	1,325,000	1,422,701	97,701
PENALTIES & INTEREST ON TAXES	70,000	70,000	120,912	50,912
INTERGOVERNMENTAL	5,348,020	5,348,020	5,373,834	25,814
INVESTMENT INCOME	150,000	150,000	304,365	154,365
DEPARTMENTAL AND OTHER	572,970	572,970	776,475	203,505
	<u>28,193,678</u>	<u>28,193,678</u>	<u>28,844,524</u>	<u>650,846</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,302,141	1,329,546	1,209,194	120,352
PUBLIC SAFETY	3,611,832	3,769,207	3,507,792	261,415
EDUCATION	14,620,619	14,663,745	14,591,148	72,597
PUBLIC WORKS	2,310,855	2,445,490	2,085,822	359,668
HUMAN SERVICES	394,482	404,282	389,904	14,378
CULTURE & RECREATION	408,607	411,407	408,202	3,205
EMPLOYEE BENEFITS	4,040,750	3,997,624	3,706,484	291,140
STATE & COUNTY ASSESSMENTS	374,440	374,440	359,386	15,054
DEBT SERVICE:				
PRINCIPAL	1,815,343	1,815,343	1,815,343	-
INTEREST	859,965	859,965	826,993	32,972
	<u>29,739,034</u>	<u>30,071,049</u>	<u>28,900,268</u>	<u>1,170,781</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,545,356)</u>	<u>(1,877,371)</u>	<u>(55,744)</u>	<u>1,821,627</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
PROCEEDS FROM BONDS AND NOTES	201,000	201,000	201,000	-
OPERATING TRANSFERS IN	695,939	695,939	694,087	(1,852)
OPERATING TRANSFERS OUT	-	-	-	-
	<u>896,939</u>	<u>896,939</u>	<u>895,087</u>	<u>(1,852)</u>
NET CHANGE IN FUND BALANCE	(648,417)	(980,432)	839,343	1,819,775
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	2,361,416	2,361,416	2,361,416	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 1,712,999	\$ 1,380,984	\$ 3,200,759	\$ 1,819,775

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2007**

	BUSINESS-TYPE ACTIVITIES
<u>ASSETS</u>	WATER ENTERPRISE FUND
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 694,780
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES	216,387
TOTAL CURRENT ASSETS	911,167
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	10,390,586
TOTAL ASSETS	11,301,753
 <u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	85,576
ACCRUED INTEREST	56,329
BONDS AND NOTES PAYABLE	606,257
COMPENSATED ABSENCES	3,583
TOTAL CURRENT LIABILITIES	751,745
NONCURRENT:	
BONDS AND NOTES PAYABLE	3,429,888
COMPENSATED ABSENCES	5,059
TOTAL NONCURRENT LIABILITIES	3,434,947
TOTAL LIABILITIES	4,186,692
 <u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	6,354,441 760,620
TOTAL NET ASSETS	\$ 7,115,061

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2007**

	BUSINESS-TYPE ACTIVITIES
	WATER ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,274,873
DEPARTMENTAL AND OTHER	86,028
TOTAL OPERATING REVENUES	1,360,901
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	744,023
DEPRECIATION	244,370
TOTAL OPERATING EXPENSES	988,393
OPERATING INCOME (LOSS)	372,508
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INTERGOVERNMENTAL	128,092
INTEREST EXPENSE	(163,558)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET (LOSS)	(35,466)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	337,042
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(245,536)
CHANGE IN NET ASSETS	91,506
NET ASSETS AT BEGINNING OF YEAR	7,023,555
NET ASSETS AT END OF YEAR	\$ 7,115,061

See accompanying notes to the basic financial statements

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

	BUSINESS-TYPE ACTIVITIES
	WATER ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,353,842
PAYMENTS TO SUPPLIERS	(431,893)
PAYMENTS TO EMPLOYEES	(448,355)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	473,594
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS OUT	(245,536)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(245,536)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	245,000
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(308,914)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(37,624)
INTEREST EXPENSE	(68,935)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(170,473)
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	57,585
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	637,195
CASH AND SHORT TERM INVESTMENTS- END OF YEAR	\$ 694,780
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ 372,508
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	244,370
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(7,060)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(136,504)
INCREASE (DECREASE) IN COMPENSATED ABSENCES	280
TOTAL ADJUSTMENTS	101,086
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 473,594

See accompanying notes to the basic financial statements

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

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
CASH AND SHORT-TERM INVESTMENTS	<u>\$ 57,819</u>
<u>LIABILITIES</u>	
ACCOUNTS PAYABLE	9,620
OTHER LIABILITIES	<u>48,199</u>
TOTAL LIABILITIES	<u>57,819</u>
<u>NET ASSETS</u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Ventures

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

Name	Purpose	Address	Annual Assessment
King Philip Regional School District	To provide secondary education	P.O. Box 49 201 Franklin St. Wrentham, Ma. 02093	\$ 5,856,129
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 703,144

The King Philip Regional School District (the District) is governed by a nine (9)-member school committee consisting of two (2) elected representatives and one (1) representative appointed by the local school committee from the Town of Wrentham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 39.81% in the joint venture.

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

The Tri-County Regional Vocational-Technical High School (the District) is governed by a fourteen (14)-member school committee consisting of one (1) elected representative from the Town of Wrentham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 9% in the joint venture.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

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

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

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

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

The Town reports the following major governmental funds:

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

Proprietary Fund Financial Statements

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

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

The following major proprietary fund is reported:

- The *Water Enterprise fund* is used to account for water activities.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Fiduciary Fund Financial Statements

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

The following fiduciary fund type is reported:

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

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

Water

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

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

Departmental and Other

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

Intergovernmental

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

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital improvements (other than buildings)	10-20
Machinery and equipment	5-10
Vehicles	5-15
Software	4
Plant in service	40
Infrastructure	20-40

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

Governmental Fund Financial Statements

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

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

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

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

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

Net assets have been “restricted” for the following:

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been reserved for the following:

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

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2008 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

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

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2007 is recorded in the governmental fund financial statement.

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

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 85% or 50% share of insurance premiums, depending on the plan, in the general fund in the fiscal year paid. All benefits are provided through the West Suburban Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group. For the fiscal year ended June 30, 2007, this expense/expenditure totaled approximately \$424,290. Currently, 73 retirees receive health insurance benefits at June 30, 2007.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of 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. Carryover articles, not encumbrances, are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2007 approved budget authorized \$29,253,868 in current year appropriations and other amounts to be raised and \$485,166 in carryover articles carried over from previous fiscal years. Supplemental appropriations of \$332,015 were approved at three Special Town Meetings for fiscal year 2007.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the 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, 2007, is presented below:

Net change in fund balance - budgetary basis	\$	839,343
Basis of accounting differences:		
Adjustment for current year encumbrances		162,642
Increase in revenue for the MWPAT subsidy		819,598
Increase in expenditures for the MWPAT subsidy		(819,598)
Increase in revenue for on-behalf payments - MTRS		21,674
Increase in expenditures for on-behalf payments - MTRS		(21,674)
Adjustment for expenditures from prior year encumbrances		(99,191)
		(99,191)
Net change in fund balance - GAAP basis	\$	902,794

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

C. Deficit Fund Balances

Several individual fund deficits exist within the governmental and water enterprise capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers and proceeds of long-term debt during fiscal year 2008.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are fully insured by FDIC insurance, DIF insurance or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured. As of June 30, 2007, the bank balances of uninsured and uncollateralized deposits are \$4,915,711.

Investments

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

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

The Town did not hold or own any fixed income securities as of June 30, 2007.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Credit Risk

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

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

NOTE 4 – RECEIVABLES

The receivables at June 30, 2007 for the Town’s individual major and nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 528,796	\$ (89,000)	\$ 439,796
Tax liens	449,578	-	449,578
Motor vehicle excise taxes	187,240	(38,000)	149,240
Departmental and other	555,031	(200,000)	355,031
Intergovernmental	4,807,049	-	4,807,049
Total	\$ 6,527,694	\$ (327,000)	\$ 6,200,694

The receivables at June 30, 2007 for the Water Enterprise fund consists of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Water - User Fees	\$ 216,387	-	\$ 216,387

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis			
Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 304,773	\$ -	\$ 304,773
Tax Liens	449,578	-	449,578
Motor vehicle excise taxes	149,240	-	149,240
Departmental and other	-	355,031	355,031
Intergovernmental	3,663,079	185,374	3,848,453
Total	\$ 4,566,670	\$ 540,405	\$ 5,107,075

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

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,588,929	\$ -	\$ -	\$ 4,588,929
Construction in progress	618,004	2,115,549	-	2,733,553
Total capital assets not being depreciated	<u>5,206,933</u>	<u>2,115,549</u>	<u>-</u>	<u>7,322,482</u>
Capital assets being depreciated:				
Buildings and Improvements	33,499,147	688,572		34,187,719
Capital Improvements (other than buildings)	450,723	-	-	450,723
Machinery and equipment	1,111,154	15,307	-	1,126,461
Vehicles	2,967,352	56,994	(57,760)	2,966,586
Software	56,527	-	-	56,527
Infrastructure	9,066,827	-	-	9,066,827
Total capital assets being depreciated	<u>47,151,730</u>	<u>760,873</u>	<u>(57,760)</u>	<u>47,854,843</u>
Less accumulated depreciation for:				
Buildings and Improvements	(5,397,831)	(869,209)	-	(6,267,040)
Capital Improvements (other than buildings)	(153,767)	(43,226)	-	(196,993)
Machinery and equipment	(724,250)	(89,105)	-	(813,355)
Vehicles	(1,738,129)	(217,594)	57,760	(1,897,963)
Software	(14,132)	(14,131)	-	(28,263)
Infrastructure	(3,259,120)	(294,103)	-	(3,553,223)
Total accumulated depreciation	<u>(11,287,229)</u>	<u>(1,527,368)</u>	<u>57,760</u>	<u>(12,756,837)</u>
Total capital assets being depreciated, net	<u>35,864,501</u>	<u>(766,495)</u>	<u>-</u>	<u>35,098,006</u>
Total governmental activities capital assets, net	<u>\$ 41,071,434</u>	<u>\$ 1,349,054</u>	<u>\$ -</u>	<u>\$ 42,420,488</u>

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

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 645,101	\$ -	\$ -	\$ 645,101
Construction in progress	4,690,015	-	(4,206,956)	483,059
Total capital assets not being depreciated	5,335,116	-	(4,206,956)	1,128,160
<u>Capital assets being depreciated:</u>				
Buildings and Improvements	104,000	-	-	104,000
Plant in service	2,055,402	259,704	4,206,956	6,522,062
Vehicles	201,584	-	-	201,584
Infrastructure	4,954,045	-	-	4,954,045
Total capital assets being depreciated	7,315,031	259,704	4,206,956	11,781,691
<u>Less accumulated depreciation for:</u>				
Buildings and Improvements	(65,771)	(1,250)	-	(67,021)
Plant in service	(538,087)	(104,593)	-	(642,680)
Vehicles	(132,739)	(20,158)	-	(152,897)
Infrastructure	(1,538,298)	(118,369)	-	(1,656,667)
Total accumulated depreciation	(2,274,895)	(244,370)	-	(2,519,265)
Total capital assets being depreciated, net	5,040,136	15,334	4,206,956	9,262,426
Total business-type activities capital assets, net	<u>\$ 10,375,252</u>	<u>\$ 15,334</u>	<u>\$ -</u>	<u>\$ 10,390,586</u>

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

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

Governmental Activities:	
General government	\$ 129,325
Public safety	405,453
Education	456,196
Public works	450,595
Human services	13,235
Culture and recreation	72,564
Total depreciation expense - governmental activities	\$ 1,527,368
Business-Type Activities:	
Water	\$ 244,370
Total depreciation expense - business-type activities	\$ 244,370

NOTE 6 – INTERFUND TRANSFERS

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

	Operating Transfers In: General Fund	
Operating Transfers Out:		
Nonmajor Governmental Funds	\$ 448,551	(1)
Water Enterprise Fund	245,536	(1)
Total	\$ 694,087	

1) Represents various budgeted transfers to supplement the operating budget.

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

NOTE 7 – SHORT -TERM FINANCING

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

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

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

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2006	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2007
<u>Governmental Funds</u>							
BAN	School Project	4.00	9/15/2006	\$ 4,111,493	\$ -	(4,111,493)	\$ -
BAN	School Boiler Replacement	4.00	9/15/2006	201,000	-	(201,000)	-
Total Governmental Funds				<u>\$ 4,312,493</u>	<u>\$ -</u>	<u>\$ (4,312,493)</u>	<u>\$ -</u>
<u>Water Enterprise Fund</u>							
BAN	Water Tank Project	3.80	9/15/2006	\$ 375,000	\$ -	\$ (375,000)	\$ -
BAN	Water Improvements	3.80	11/1/2007	-	180,000	-	180,000
Total Water Enterprise Fund				<u>\$ 375,000</u>	<u>\$ 180,000</u>	<u>\$ (375,000)</u>	<u>\$ 180,000</u>

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

NOTE 8 – LONG-TERM DEBT

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

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

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Multi-Purpose	7.10	\$ 390,000	\$ -	\$ 230,000	\$ 160,000
Multi-Purpose	4.08	3,785,000	-	315,000	3,470,000
Land Acquisition - Dicarlo Property	3.71	900,000	-	150,000	750,000
Land Acquisition - Public Safety Building	3.69	390,000	-	65,000	325,000
Municipal Buildings Design	3.71	265,000	-	50,000	215,000
Public Safety Building	3.11	6,855,000	-	575,000	6,280,000
Sewer Design / Water Quality Study	Var	215,343	-	29,019	186,324
Title V septage	Var	96,764	-	31,538	65,226
Title V septage	Var	170,028	-	10,020	160,008
Multi-Purpose	3.60	4,970,000	-	360,000	4,610,000
Title V septage	-	134,935	-	6,747	128,188
Multi-Purpose	Var	-	3,740,000	-	3,740,000
Total		<u>\$ 18,172,070</u>	<u>\$ 3,740,000</u>	<u>\$ 1,822,324</u>	<u>\$ 20,089,746</u>

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

Fiscal Year	Principal	Interest	Total
2008	\$ 1,973,523	\$ 753,421	\$ 2,726,944
2009	1,914,299	681,561	2,595,860
2010	1,817,276	613,770	2,431,046
2011	1,803,208	546,140	2,349,348
2012	1,799,167	477,180	2,276,347
2013-2017	7,276,259	1,485,328	8,761,587
2018-2022	2,888,826	316,997	3,205,823
2023-2026	617,188	47,235	664,423
Total	<u>\$ 20,089,746</u>	<u>\$ 4,921,632</u>	<u>\$ 25,011,378</u>

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

Bonds and Notes Payable Schedule -Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Water Mains	3.71	\$ 300,000	\$ -	\$ 50,000	\$ 250,000
Water	2.23	285,000	-	145,000	140,000
MWPAT Water	Var	3,169,554	-	143,409	3,026,145
Water Tank	3.82	-	440,000	-	440,000
Total		\$ 3,754,554	\$ 440,000	\$ 338,409	\$ 3,856,145

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

Fiscal Year	Principal	Interest	Total
2008	\$ 426,257	\$ 161,546	\$ 587,803
2009	287,177	148,329	435,506
2010	288,623	138,692	427,315
2011	285,612	128,926	414,538
2012	288,146	118,683	406,829
2013-2017	835,330	467,475	1,302,805
2018-2022	1,000,000	237,900	1,237,900
2023-2024	445,000	21,531	466,531
Total	\$ 3,856,145	\$ 1,423,082	\$ 5,279,227

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

Loans Authorized and Unissued

As of June 30, 2007, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Wastewater Planning	12/13/1999	\$ 3,950
Water Quality Study	4/24/2000	50
Septage Loan Program	5/15/2000	200,000
Elementary School Addition	11/29/2000	2,458
Water Improvements	6/27/2001	852,662
Septage Loan Program	11/12/2002	65,065
School Boiler Replacement	6/13/2005	<u>120</u>
Total		<u>\$ 1,124,305</u>

Massachusetts School Building Authority Reimbursements

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

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

The Town has been approved for a 70% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$1,341,035 in direct payments related to an elementary school construction project, and \$403,356 from scheduled annual payments in FY2007 from the MSBA for completed school construction projects.

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

Changes in Long-term Liabilities

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

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 18,172,070	\$ 3,740,000	\$ (1,822,324)	\$ 20,089,746	\$ 1,973,523
Compensated absences	150,254	-	(20,668)	129,586	95,883
Total governmental activities long-term liabilities	<u>\$ 18,322,324</u>	<u>\$ 3,740,000</u>	<u>\$ (1,842,992)</u>	<u>\$ 20,219,332</u>	<u>\$ 2,069,406</u>
<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 3,754,554	\$ 440,000	\$ (338,409)	\$ 3,856,145	\$ 426,257
Compensated absences	8,362	280	-	8,642	3,583
Total business-type activities long-term liabilities	<u>\$ 3,762,916</u>	<u>\$ 440,280</u>	<u>\$ (338,409)</u>	<u>\$ 3,864,787</u>	<u>\$ 429,840</u>

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

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2007:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
King Philip Regional School District	\$ 30,675,000	39.81%	\$ 12,211,718
Norfolk County	<u>1,200,000</u>	1.61%	<u>19,308</u>
	<u>\$ 31,875,000</u>		<u>\$ 12,231,026</u>

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

NOTE 9 – STABILIZATION FUND

At June 30, 2007, \$1,742,972 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

NOTE 10 – RISK FINANCING

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

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$5,000 per incident. Buildings are fully insured against flood and earthquake damage, to the extent that losses exceed \$25,000 per incident.

The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2007.

The Town is a member of the West Suburban Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group. The group includes thirteen Towns, one school district, and two educational collaboratives as participants. The group offers a variety of self-funded health plans. Specifically, the group has the following self-insured plans: Blue Cross Blue Shield of MA (BCBSMA) Network Blue New England Exclusive Provider Organization (EPO) plan and Medex 3 with OBRA90 benefits, Fallon Health & Life Assurance Company's Select Care and Direct Care EPOs; Harvard Pilgrim Health Care (HPHC) EPO plan, HPHC Preferred Provider Organization (PPO) plan, and HPHC Medicare Enhance; Tufts Total Health Plan EPO plan and Tufts Point of Service (POS) plan; and a traditional indemnity plan for out-of-area members administered by Meritain Health. The group offers the following health plans on a fully insured basis: BCBSMA Medicare HMO Blue, BCBSMA Managed Blue for Seniors, Fallon Senior Plan,, Harvard Pilgrim First Seniority, Tufts Medicare Complement, and Tufts Medicare Preferred..

As of June 30, 2007, the West Suburban Health Group had \$20,645,070 in assets and \$11,237,082 in liabilities. The net assets were \$9,407,988.

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

NOTE 11 – PENSION PLANS

A. Plan Descriptions

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

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

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

B. Funding Policies

Norfolk County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2007, 2006, and 2005 were \$917,355, \$750,160, and \$647,883, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$819,598 for fiscal year 2007. In accordance with GASB Statement No. 24, these “on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$500,000 of federal awards during the period ended June 30, 2007. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2007.

NOTE 13 – PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION

In fiscal year 2007, the Town was required by Governmental Accounting Standards Board Statement #34 to implement the recording of infrastructure assets for the periods prior to fiscal year 2003. The following beginning Governmental Activities Net Assets have been restated to reflect the recording of the general infrastructure assets of the governmental activities for the periods of fiscal year 1981 through 2002. Also, the Governmental Funds have been restated to reflect the reclassification of the Major School Addition Fund to the nonmajor Governmental Funds as of June 30, 2006.

Description	Total Governmental Activities Net Assets	Major School Addition Fund	Nonmajor Governmental Funds
Balances at June 30, 2006 as previously reported	\$ 24,953,900	\$ (4,111,410)	\$ 2,607,646
To record Governmental Activities Infrastructure Assets:			
Cost	8,440,303		
Accumulated Depreciation	<u>(3,236,930)</u>		
Net addition	<u>5,203,373</u>		
To Reclassify Funds from the Major School Addition Fund to the Non Major Governmental Funds	<u>-</u>	<u>4,111,410</u>	<u>(4,111,410)</u>
Balances at June 30, 2006 as restated	<u>\$ 30,157,273</u>	<u>\$ -</u>	<u>\$ (1,503,764)</u>

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

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

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

Future GASB Pronouncements:

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

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

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

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

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

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