

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photo by Jan Sutton

For the fiscal year ended
June 30, 2006

On the cover:

Funway Park at the Recreation Complex on Livingston Street has been enjoyed by the children of Tewksbury since 1993. Funway was built with the help and generosity of many dedicated volunteers.



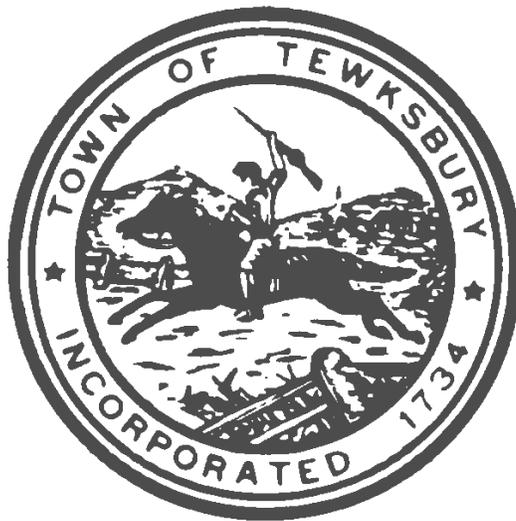
Photo by Jan Sutton

Tewksbury Town Hall, voted to be built in 1919, is still used for town offices today.

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2006



Prepared by:

Finance Department

TOWN OF TEWKSBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2006

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Introductory Section

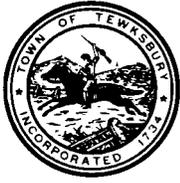


Photo by Jan Sutton

East Street Farm is a structure on the Tewksbury State Hospital grounds. Originally built as a school house for Tewksbury children, it is now maintained by a local farmer

Introductory Section

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TOWN OF TEWKSBURY

TOWN HALL ANNEX
11 TOWN HALL AVE
TEWKSBURY, MASSACHUSETTS 01876

FINANCE DEPARTMENT

DONNA M. WALSH
FINANCE DIRECTOR

(978) 640-4320
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Letter of Transmittal

September 29, 2006

To the Honorable Board of Selectmen and Citizens of the Town of Tewksbury, Massachusetts:

At the close of each fiscal year, state law requires the Town of Tewksbury to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Tewksbury, Massachusetts, for the fiscal year ending June 30, 2006 for your review.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP.

The Town of Tewksbury's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Tewksbury's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Tewksbury was incorporated as a Town in 1734. With a population of approximately 30,000, Tewksbury is located in the Merrimack Valley, 21 miles north of Boston, and occupies approximately 21 square miles. Bordered by two major highway systems, Routes 93 and 495, and a number of secondary roadways including Routes 38 and 133, Tewksbury provides an excellent location for its residents and its businesses.

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of five selectmen elected for staggered three-year terms on an at-large basis and assisted by a Town Manager. Local taxes are assessed by a Board of Assessors appointed for indefinite terms.

The School Committee, whose five members are elected for staggered three-year terms, has jurisdiction over the Town's public school system and appoints a Superintendent to administer the day-to-day affairs of the system.

The Town offers a full range of services including police and fire protection, public education in grades kindergarten through 12, maintenance of streets and infrastructure, solid waste collection and disposal, water and sewer services, health and human services, parks and recreation, community development, administrative and financial services.

The Lowell Regional Transit Authority provides bus coverage throughout the Town to surrounding communities. Electricity is supplied by National Grid and natural gas by Keyspan Energy. The Tewksbury Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

The Town manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Health care and workers compensation are a combination of self-insured and premium based plans. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$100,000.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Tewksbury operates.

The Town is a mature community with industrial and commercial activity concentrated along the major interstates that border the Town. Retail trade is concentrated along Route 38. Several nationally known companies have chosen to locate in the Town.

The Town continues to focus on providing high end services while maintaining its economic health. The per capita income is higher than state averages, and the unemployment rate has been low. The Town remains a very desirable community given its close proximity to Boston and quality of services provided.

The Town continues to manage its financial affairs in a prudent manner as is demonstrated by its Standard & Poor's "investment grade" bond rating of A+ even with the constraints of the Commonwealth of Massachusetts funding and the relatively flat economy. The Town's financial actions are generally guided by long range planning tools such as a five-year Capital Improvement Program; prioritizing spending plans and identifying discretionary spending; pay-as-you go financing strategies; long-term planning for all liabilities including pension and insurance reserves, and municipal best practices, which are reviewed annually at the beginning of each budget development cycle. Additionally the Town has enhanced its revenue flexibility by establishing enterprise funds for its sewer operations (FY04) and water operations (FY06) and many other user supported programs. This has allowed the Town to shift the operating costs to the users of certain services so that little or no tax support goes towards providing these services.

The Town commercial and industrial tax base represents 14% of the total Town value. The Town continues to experience better than average residential sales and new home growth, which demonstrates the desirability of the Town. The Town's proximity to Boston and major highways, its quality of life, and dedication to public education and public safety maintains the community's popular reputation.

At the State level the economic outlook for the Commonwealth has brightened, with reports of revenue surpluses. However, it is anticipated that state aid will at best be level funded and most likely increase minimally in the following years. This will leave the Town in a position of having to rely mainly on property taxes to cover the increasing cost of providing services and replace the revenue lost from the state.

The Town is currently managing \$86.8 million in long and short-term debt. This indebtedness consists of \$60.7 million of general obligation bonds, of which \$37.1 million is self-supporting through enterprise fund revenues, and \$15.1 is related to the Town's Ryan and Wynn schools. Under its school building assistance program, the Commonwealth is committed under a capital grant program to annually reimburse the Town for construction costs and debt service interest of general obligation bonds outstanding related to the Ryan School. This entitles the Town to future reimbursements of totaling \$12.8 million. The Commonwealth also enacted legislation that introduced a new funding method for school capital grants. The new method provides the Town with an up-front cash grant equal to 70% of approved costs, leaving the Town to borrow the remaining cost of the project. This new method applied to the Wynn School and resulted in the receipt of \$12.2 million in FY06.

The Town has authorized and unissued debt for school purposes, water and sewer improvements, departmental equipment land acquisition and other various projects totaling \$83.6 million as of June 30, 2006.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Tewksbury for its Comprehensive Annual Financial Reports (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

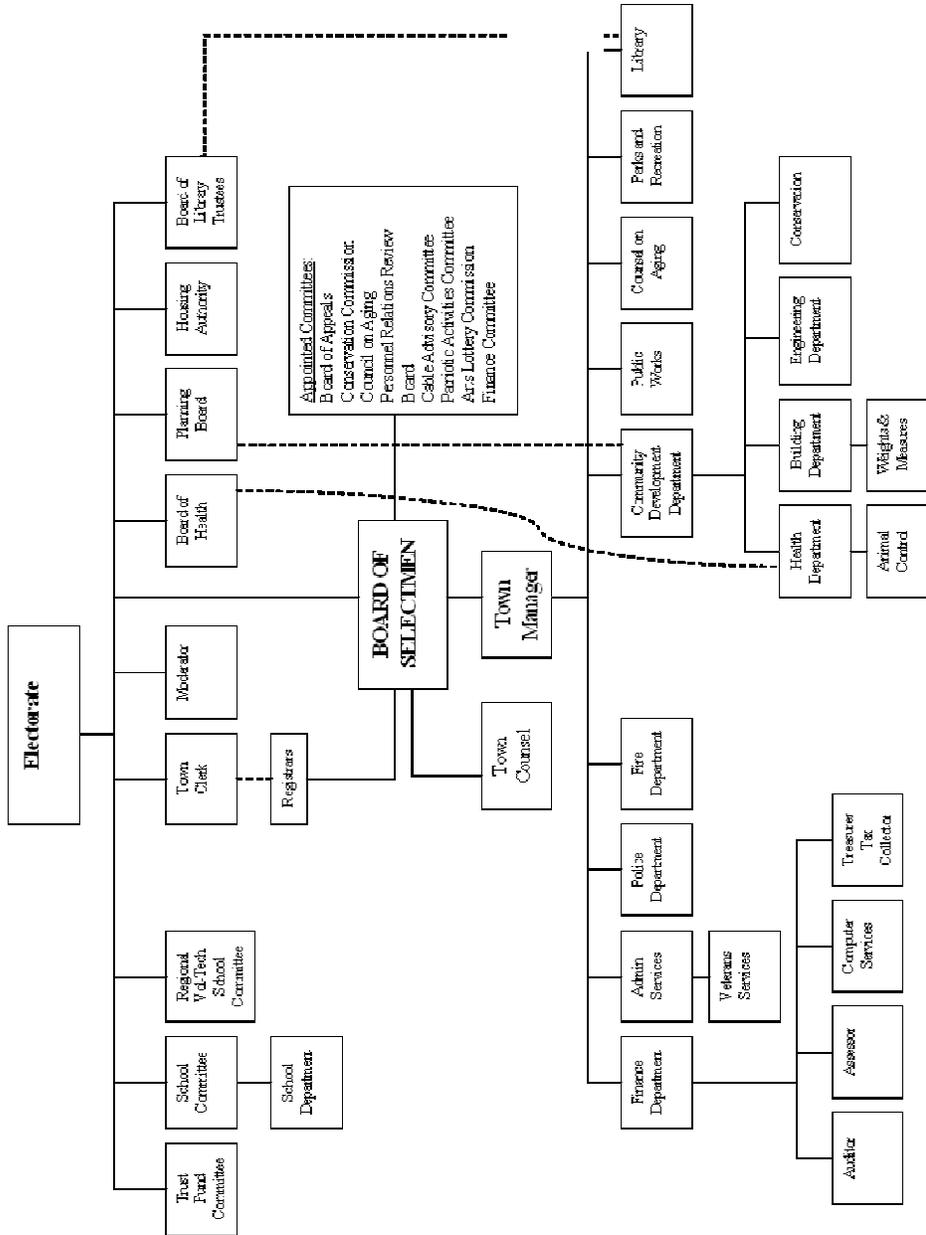
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department's staff. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen and Town Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Tewksbury's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donna M. Walsh". The signature is written in dark ink and is positioned above the printed name and title.

Donna M. Walsh
Finance Director

Town of Tewksbury Organizational Chart



Principal Town Officials

Elected Officials

Board of Selectmen

Charles E. Coldwell, Chairperson
Joseph P. Gill, Jr.
John Mackey, Vice Chairperson
John F. Ryan
Jerome E. Selissen

School Committee

Scott J. Consaul, Esq.
Dennis J. Peterson
Keith E. Rauseo, Chairperson
Joseph E. Russell, Vice Chairperson
Michael Sitar, III, Clerk

Town Clerk

Elizabeth A. Carey

Principal Executive Officers

Town Manager
Finance Director/Town Auditor
Town Accountant
Town Treasurer
Tax Collector
Town Counsel

David G. Cressman
Donna M. Walsh
Donna J. Gill
Janet K. Smith
Dorothy A. Lightfoot
Charles Zaroulis, Esq.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Tewksbury
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Photo by Jan Sutton

Tennis, baseball, softball and skate boarding are some of the activities available to residents at the Recreation Complex. In the foreground is one field utilized by the Tewksbury Youth Football League.

Financial Section



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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Tewksbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tewksbury, Massachusetts, as of and for the fiscal year ended June 30, 2006, which collectively comprise the Town of Tewksbury's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Tewksbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

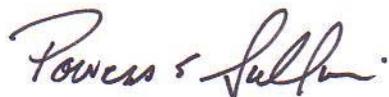
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tewksbury, Massachusetts, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2006, on our consideration of the Town of Tewksbury, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Tewksbury, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are 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.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

A handwritten signature in dark ink, appearing to read "Powers & Sullivan". The signature is written in a cursive, flowing style.

September 29, 2006

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Tewksbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$101.3 million (net assets). Of this amount, \$11.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3.6 million. This increase is a result of the governmental activities coming in at an expected breakeven level combined with the profitable operations of the sewer and water enterprise funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$8 million, an increase of \$12.5 million in comparison with the prior year. Contributing to the increase was a capital grant received from the Massachusetts School Building Authority in the amount of \$12.1 million and the issuance of \$2.5 million in long-term obligation for the Senior Center expansion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3.9 million, or 5% percent of total government expenditures.
- The Town's issued long-term debt of \$920,000 for various water projects, \$11million for sewer projects and \$2.5 million for the senior center expansion during the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Tewksbury's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, sewer, human services, health and sanitation, culture and recreation, pension benefits, employee benefits, interest, state and county charges and other.

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

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

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

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

Proprietary funds. The Town of Tewksbury maintains two types of proprietary funds:

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities and workers compensation benefits. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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

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

Government-wide Financial Analysis

As noted earlier net assets may serve, over time, as a useful indicator of a government's financial position. The assets of governmental activities exceeded liabilities by \$101.3 million at the close of the FY2006. Key components of the Town's governmental and business type financial position follow.

For the Town's governmental activities, assets exceeded liabilities by \$42.3 million at the close of fiscal 2006.

Governmental Activities:	Fiscal 2006	Fiscal 2005
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 19,756,688	\$ 21,503,986
Noncurrent assets (excluding capital).....	7,491,000	20,235,000
Capital assets.....	<u>50,542,639</u>	<u>50,751,311</u>
Total assets.....	<u>77,790,327</u>	<u>92,490,297</u>
Liabilities:		
Current liabilities (excluding debt).....	7,782,432	8,627,286
Noncurrent liabilities (excluding debt).....	2,318,917	1,976,295
Current debt.....	4,033,085	18,650,237
Noncurrent debt.....	<u>21,383,059</u>	<u>21,116,144</u>
Total liabilities.....	<u>35,517,493</u>	<u>50,369,962</u>
Net Assets:		
Capital assets net of related debt.....	34,107,569	30,579,308
Restricted.....	776,719	482,861
Unrestricted.....	<u>7,388,546</u>	<u>11,058,166</u>
Total net assets.....	<u>\$ 42,272,834</u>	<u>\$ 42,120,335</u>

A significant portion of the Town's net assets, \$34.1 million (81%), reflects its investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens: consequently these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets \$777,000 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$7.8 million (17%) may be used to meet the government's ongoing obligations to citizens and creditors.

For the Town's business type activities, assets exceeded liabilities by \$59 million at the close of fiscal 2006.

Business-type Activities:	Fiscal 2006	Fiscal 2005
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 24,526,915	\$ 19,021,654
Capital assets.....	99,887,648	71,625,479
Total assets.....	<u>124,414,563</u>	<u>90,647,133</u>
Liabilities:		
Current liabilities (excluding debt).....	4,032,049	3,487,798
Current debt.....	26,568,703	18,230,226
Noncurrent debt.....	34,795,716	25,177,419
Total liabilities.....	<u>65,396,468</u>	<u>46,895,443</u>
Net Assets:		
Capital assets net of related debt.....	54,884,113	42,929,473
Unrestricted.....	4,133,982	822,217
Total net assets.....	<u>\$ 59,018,095</u>	<u>\$ 43,751,690</u>

Business type net assets of \$54.9 million (92.9%) represent investments in capital assets net of related debt. The remaining \$4.1 million (7.1%) is available to be used for the ongoing operation of the Town's sewer and water enterprises.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Revenues and Expenses

The governmental activities net assets increased by a minimal \$152,000 during the current fiscal year. This flat performance was anticipated and is consistent with FY05 after adjusting for the one-time revenue recognition of \$13 million from the Massachusetts School Building Authority (MSBA) for the Wynn School.

The key elements of governmental activities are as follows:

Governmental Activities:	Fiscal 2006	Fiscal 2005
	<u> </u>	<u> </u>
Program revenues:		
Charges for services.....	\$ 6,961,049	\$ 6,752,369
Operating grants and contributions.....	23,276,031	22,276,151
Capital grants and contributions.....	-	11,412,169
General Revenues:		
Real estate and personal property taxes.....	43,816,194	43,214,802
Motor vehicle and other excise taxes.....	3,748,128	3,974,668
Nonrestricted grants.....	3,073,341	2,977,289
Unrestricted investment income.....	441,818	221,848
Other revenues.....	952,382	1,000,461
Total revenues.....	<u>\$ 82,268,943</u>	<u>\$ 91,829,757</u>

Governmental Activities:	Fiscal	Fiscal
	2006	2005
	<u> </u>	<u> </u>
Expenses:		
General government.....	\$ 3,282,486	\$ 3,438,876
Public safety.....	12,217,172	12,274,105
Education.....	54,082,511	50,920,818
Public works.....	4,425,952	4,199,305
Human services.....	416,383	627,043
Health and sanitation.....	3,272,842	3,604,493
Culture and recreation.....	1,994,923	2,011,778
Interest.....	1,584,584	1,665,846
Total expenses.....	81,763,797	78,742,264
Net (Expense) Revenue.....	505,146	13,087,493
Transfers.....	(352,647)	(360,100)
Change in net assets.....	\$ 152,499	\$ 12,727,393

Governmental expenses totaled \$81.7million of which \$30.2 million (37%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$52.3 million, primarily coming from property taxes, motor vehicle excise, lottery and other revenues.

Charges for services represent about 9% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by Town Meeting, the Board of Selectmen, Town boards and commissions and the Town Manager are included in this category.

Operating grants and contributions account for 28% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their general fund operating budget.

Property taxes are the most significant revenue source for the Town's governmental activities. They comprise 58% of all resources.

Other taxes comprise 5% of the governmental activity's resources.

Education is by far the largest governmental activity of the Town. A total of \$54 million was expended for education, of which \$23 million was funded by program revenues. The remaining \$31 million was funded by taxes and other revenue.

Public safety is the second largest activity of the Town. \$10 million of general revenues were needed to cover their FY06 operating expenses, respectively.

Business-type activities net assets increased by \$3.5 million during the current fiscal year. The primary reason for this increase is that the sewer and water rates are designed to meet current and future debt service payments.

The key elements of the business-type activities are as follows:

Business-type Activities:	Fiscal 2006	Fiscal 2005
Program revenues:		
Charges for services.....	\$ 10,694,267	\$ 3,437,246
Nonoperating grants and contributions.....	173,572	179,245
General revenues:		
Unrestricted investment income.....	565,818	272,799
Total revenues.....	11,433,657	3,889,290
Expenses.....	8,332,774	1,975,994
Net (Expense) Revenue.....	3,100,883	1,913,296
Transfers.....	352,647	360,100
Change in net assets.....	\$ 3,453,530	\$ 2,273,396

Financial Analysis of the Government's Funds

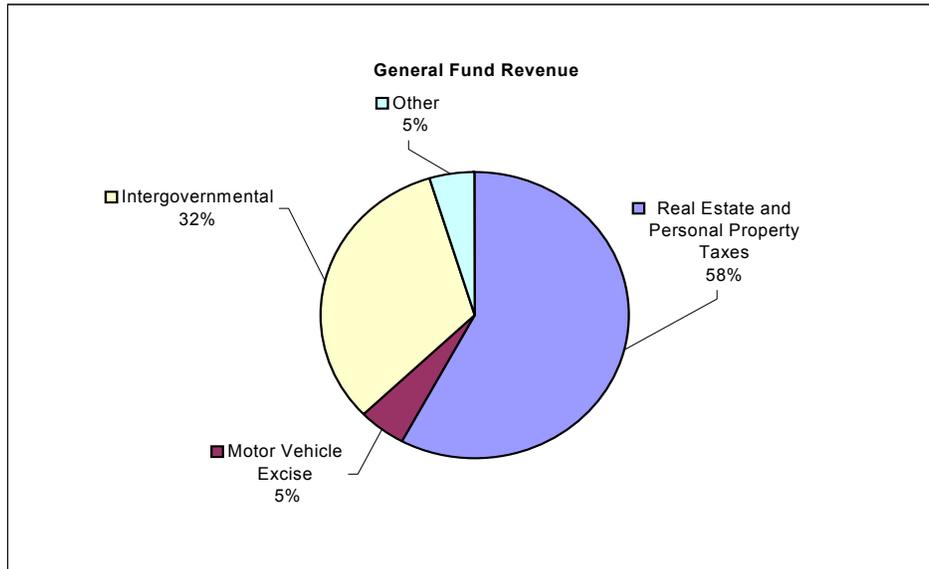
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

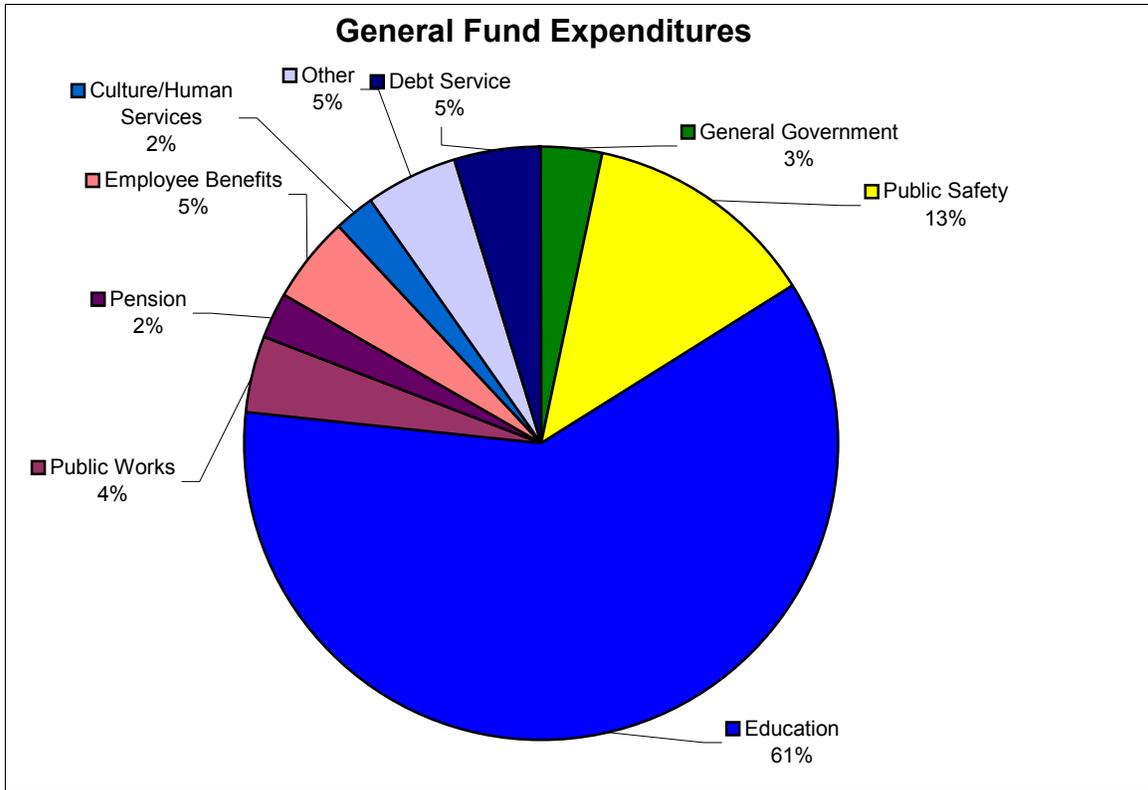
At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$8.0 million. \$4.3 million is for the general fund, \$1,000 is attributed to the Wynn School Construction project, \$741,000 is attributable to the Senior Center expansion project, and \$3.0 million is for nonmajor governmental funds. Cumulatively there was an increase of \$12.5 million in fund balances from the prior year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3.9 million while total fund balance was \$4.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 4% of the total general fund expenditures, while total fund balance represents 6% of that same amount. Reservation of fund balance for encumbrances and continuing appropriations totaled \$326,000. Additionally, \$788,000 was designated for amounts voted to be used in FY07.

Financial Summary



- Overall, general fund revenue increased 3% compared to FY05. This increase is primarily due to an increase in taxes, intergovernmental revenue and user charges.
- Tax revenue continues to be the most significant revenue source for the Town, representing 58% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. Tax revenue increased by 1% in FY06.
- Intergovernmental revenue represents 32% of total general fund revenues. This includes state aid as well as \$5,341,000 in payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits. Intergovernmental revenue increased by 10% from FY05.
- Motor vehicle revenue continued to be a strong source of revenue, although remaining flat when compared to FY05. Motor vehicle revenue represents 5% of the total general fund revenues.
- License and permit revenue totaled \$723,000, reflecting continuing home renovation and building activity in the Town.



- Expenditures in the general fund increased 1.5% as compared to FY05 with education and employee benefits being the primary contributors.
- Education continues to represent the largest category of general fund expenditures, approximating 61% in FY06. The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 17% of general fund expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service decreased slightly in FY06. Debt service costs in FY06 were 5% of total general fund expenditures, reflecting the Town's ongoing commitment to its school building program, public safety facilities and recreation and cultural facilities.
- Employee benefits and pension costs increased from the prior year, continuing a trend of escalating costs.

The Town's general fund balance decreased \$620,000 in fiscal 2006. This was actually better than expected as intergovernmental revenue was higher than budgeted.

The Wynn School Construction fund is used to account for the Town's major school construction project. The school was completed in fiscal year 2005. The Town received \$12,180,000 from the Massachusetts School Building Authority in FY06 and used the proceeds to pay down the bond anticipation notes associated with this project.

Financial and Management Policies and Systems

Internal controls. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town of Tewksbury's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary controls. The Town Manager is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A Finance Committee reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Finance director is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request by the Town Manager, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Cash management. Cash management is handled by the Town Treasurer. The Treasurer monitors the Town's cash flow and provides for the investment of Town funds. The Treasurer seeks to maximize the return on Town funds while maintaining adequate protection and liquidity of funds.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

Risk management. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was \$1.3 million (1.9%) and was due primarily to an increase in the education budget.

Capital Asset and Debt Administration

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

Capital assets. The Town of Tewksbury's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$196.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the Town's investment in capital assets for the current year was \$14.3 million.

<u>Capital Asset</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land.....\$	1,845,881	\$ 204,000	\$ 2,049,881
Construction in progress.....	1,817,961	23,973,664	25,791,625
Artwork.....	896,500	-	896,500
Land improvements.....	264,104	-	264,104
Buildings.....	38,373,887	6,529,722	44,903,609
Buildings improvements.....	3,912,694	3,438,483	7,351,177
Machinery and equipment.....	2,255,183	-	2,255,183
Library and school books.....	860,612	-	860,612
Computer Software.....	17,092	-	17,092
Infrastructure.....	298,725	65,741,779	66,040,504
Total.....\$	<u>50,542,639</u>	<u>\$ 99,887,648</u>	<u>\$ 150,430,287</u>

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

- Construction on the Master Sewer project is continuing with \$16.8 million expended in fiscal 2006. This is a multi-phase, \$80.6 million project that, when completed, will provide sewer services to the remainder of the Town.
- Construction of the water storage tank began in FY06 with \$1.4 million spent. Additionally, another \$1.0 million was spent on various infrastructure projects.

Debt Administration

The Town maintains an “A+” bond rating from Standard & Poor. The Town continues to maintain strong market access for both note and bond sales. At the end of the fiscal year the Town had total bonded debt outstanding of \$60.7 million of which \$15.1 million is related to school projects, \$9.5 million is for water projects, \$27.6 million is related to sewer projects, \$1.7 million is related to the Town library, and \$3.0 million relates to public safety projects, leaving a balance of \$1.3 million for other CIP related projects. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specific revenue sources.

The Town issued long-term debt in FY2006 totaling \$14.4 million. Of this, \$920,000 was for water, \$11 million was for sewer projects and \$2.5 million was for the Senior Center expansion. Additionally, \$26.1 million in bond anticipation notes (BANS) were issued during the year to continue the funding of the water infrastructure projects, the senior center expansion and the master sewer project.

The Commonwealth of Massachusetts is obligated to provide school construction assistance for approved school projects. The assistance is paid annually to support the debt service payments over time. The Town has been approved for a 70% reimbursement of approved construction costs. At June 30, 2006 the Town is scheduled to receive \$12.8 million of future reimbursements for the Ryan School.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total equalized property valuation as determined by the Massachusetts Department of Revenue. This limit could go to 10% with approval of a state oversight board. In addition certain general obligation debt is exempt from the limit such as debt associated with school construction and many water improvement projects. The current debt limitation for the Town of Tewksbury is approximately \$218 million, which is significantly in excess of the Town's outstanding general obligation debt that is subject to this limit.

Please refer to notes 4, 7 and 8 for further discussion of the major capital and debt activity.

Economic Factors and Next Year Budget and Rates

- The Commonwealth of Massachusetts essentially provided level funding to the Town for fiscal year 2006. This essentially means that all increases in cost, including education, will have to be covered by taxation and other fee and charges assessed.
- New property growth has been planned for in FY07, with the Town budgeting about \$699,000 in new tax revenue. This equates to approximately \$52.6 million in property value.
- Labor costs are budgeted to increase less than one percent as well as the overall budget.
- Health insurance costs are expected to increase, but not as dramatically as in prior years, as more employees migrate to more economical plans.

All these factors were considered in preparing the Town's budget for fiscal year 2007.

At the end of the current fiscal year, unreserved fund balance in the general fund is \$3.9 million. The Town has appropriated \$788,000 of this amount to balance the fiscal year 2007 budget.

The Town's residential tax rate of \$10.07 per thousand of valuation will be 9.91 for fiscal year 2007. The valuation of all Town property totaled \$4.1billion. This is approximately the same as the FY 2006 property valuation.

The Town's commercial tax rate of \$17.74 per thousand of valuation will be 18.09 for fiscal year 2007.

Water rates were not increased in fiscal year 2007.

Sewer rates will remain the same at \$5.60 per thousand gallons for fiscal year 2007.

Requests for Information

This financial report is designed to provide a general overview of the Town of Tewksbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall Annex, 11 Town Hall Avenue, Tewksbury, MA 01876.

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 15,234,216	\$ 19,209,183	\$ 34,443,399
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	696,396	-	696,396
Tax liens.....	1,121,599	-	1,121,599
Motor vehicle excise taxes.....	174,184	-	174,184
Water fees.....	-	1,049,920	1,049,920
Sewer fees.....	-	4,267,812	4,267,812
Departmental and other.....	352,100	-	352,100
Intergovernmental.....	584,493	-	584,493
Working capital deposit.....	1,593,700	-	1,593,700
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	7,491,000	-	7,491,000
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	4,560,342	24,177,664	28,738,006
Depreciable.....	45,982,297	75,709,984	121,692,281
TOTAL ASSETS.....	77,790,327	124,414,563	202,204,890
LIABILITIES			
CURRENT:			
Warrants payable.....	1,909,020	3,062,206	4,971,226
Accrued payroll.....	1,729,202	-	1,729,202
Health claims payable.....	1,123,000	-	1,123,000
Tax refunds payable.....	581,000	-	581,000
Accrued interest.....	563,807	969,843	1,533,650
Other liabilities.....	106,183	-	106,183
Capital lease obligations.....	490,620	-	490,620
Compensated absences.....	1,279,600	-	1,279,600
Bonds and notes payable.....	4,033,085	26,568,703	30,601,788
NONCURRENT:			
Capital lease obligations.....	1,168,517	-	1,168,517
Compensated absences.....	1,150,400	-	1,150,400
Bonds and notes payable.....	21,383,059	34,795,716	56,178,775
TOTAL LIABILITIES.....	35,517,493	65,396,468	100,913,961
NET ASSETS			
Invested in capital assets, net of related debt.....	34,107,569	54,884,113	88,991,682
Restricted for:			
Permanent funds:			
Expendable.....	41,578	-	41,578
Other specific purposes.....	735,141	-	735,141
Unrestricted.....	7,388,546	4,133,982	11,522,528
TOTAL NET ASSETS.....	\$ 42,272,834	\$ 59,018,095	\$ 101,290,929

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
<i>Governmental Activities:</i>				
General government.....	\$ 3,282,486	\$ 1,154,684	\$ 1,473,486	\$ (654,316)
Public safety.....	12,217,172	1,556,071	537,609	(10,123,492)
Education.....	54,082,511	3,400,907	19,915,128	(30,766,476)
Public works.....	4,425,952	214,099	776,095	(3,435,758)
Human services.....	416,383	309,352	127,265	20,234
Health and Sanitation.....	3,272,842	8,475	-	(3,264,367)
Culture and recreation.....	1,994,923	317,461	47,716	(1,629,746)
Interest.....	1,584,584	-	398,732	(1,185,852)
Total Governmental Activities.....	81,763,797	6,961,049	23,276,031	(51,526,717)
<i>Business-Type Activities:</i>				
Sewer.....	2,774,415	6,159,404	173,572	3,558,561
Water.....	5,558,359	4,534,863	-	(1,023,496)
Total Business-Type Activities.....	8,332,774	10,694,267	173,572	2,535,065
Total Primary Government.....	\$ 90,096,571	\$ 17,655,316	\$ 23,449,603	\$ (48,991,652)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (51,526,717)	\$ 2,535,065	\$ (48,991,652)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	43,816,194	-	43,816,194
Tax liens.....	214,721	-	214,721
Motor vehicle excise taxes.....	3,748,128	-	3,748,128
Hotel/motel tax.....	501,922	-	501,922
Penalties and interest on taxes.....	189,708	-	189,708
Payments in lieu of taxes.....	46,031	-	46,031
Grants and contributions not restricted to specific programs.....	3,073,341	-	3,073,341
Unrestricted investment income.....	441,818	565,818	1,007,636
<i>Transfers, net</i>	<u>(352,647)</u>	<u>352,647</u>	<u>-</u>
Total general revenues and transfers.....	<u>51,679,216</u>	<u>918,465</u>	<u>52,597,681</u>
Change in net assets.....	152,499	3,453,530	3,606,029
<i>Net Assets:</i>			
Beginning of year (as restated).....	<u>42,120,335</u>	<u>55,564,565</u>	<u>97,684,900</u>
End of year.....	\$ <u><u>42,272,834</u></u>	\$ <u><u>59,018,095</u></u>	\$ <u><u>101,290,929</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2006

ASSETS	General	Wynn School Construction	Senior Center Expansion	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 7,997,784	\$ 1,161	\$ 2,585,211	\$ 3,405,084	\$ 13,989,240
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	696,396	-	-	-	696,396
Tax liens.....	1,121,599	-	-	-	1,121,599
Motor vehicle excise taxes.....	174,184	-	-	-	174,184
User fees.....	-	-	-	-	-
Departmental and other.....	351,566	-	-	534	352,100
Intergovernmental.....	8,055,000	-	-	20,493	8,075,493
Due from other funds.....	-	-	-	87,972	87,972
TOTAL ASSETS.....	\$ 18,396,529	\$ 1,161	\$ 2,585,211	\$ 3,514,083	\$ 24,496,984
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,513,018	\$ -	\$ 194,527	\$ 194,649	\$ 1,902,194
Accrued payroll.....	1,711,571	-	-	17,631	1,729,202
Tax refunds payable.....	581,000	-	-	-	581,000
Accrued interest on short-term debt.....	169,668	-	-	-	169,668
Other liabilities.....	77,597	-	-	28,586	106,183
Deferred revenues.....	10,075,845	-	-	534	10,076,379
Due to other funds.....	-	-	-	87,972	87,972
Notes payable.....	-	-	1,650,000	150,000	1,800,000
TOTAL LIABILITIES.....	14,128,699	-	1,844,527	479,372	16,452,598
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	326,438	-	-	-	326,438
Unreserved:					
Designated for subsequent year's expenditures.....	813,264	-	-	-	813,264
Undesignated, reported in:					
General fund.....	3,128,128	-	-	-	3,128,128
Special revenue funds.....	-	-	-	2,571,735	2,571,735
Capital projects funds.....	-	1,161	740,684	421,398	1,163,243
Permanent funds.....	-	-	-	41,578	41,578
TOTAL FUND BALANCES.....	4,267,830	1,161	740,684	3,034,711	8,044,386
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 18,396,529	\$ 1,161	\$ 2,585,211	\$ 3,514,083	\$ 24,496,984

See notes to basic financial statements.

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

JUNE 30, 2006

Total governmental fund balances.....	\$	8,044,386
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		50,542,639
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		10,076,379
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities:		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		1,708,850
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(394,139)
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.....	(23,616,144)	
Capital lease obligations.....	(1,659,137)	
Compensated absences.....	<u>(2,430,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(27,705,281)</u>
Net assets of governmental activities.....	\$	<u><u>42,272,834</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

	General	Wynn School Construction	Senior Center Expansion	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 43,611,338	\$ -	\$ -	\$ -	\$ 43,611,338
Tax liens.....	262,997	-	-	-	262,997
Motor vehicle excise taxes.....	3,813,215	-	-	-	3,813,215
Hotel/motel tax.....	501,922	-	-	-	501,922
Charges for services.....	612,823	-	-	965,774	1,578,597
Penalties and interest on taxes.....	189,708	-	-	-	189,708
Fees.....	259,481	-	-	1,790,963	2,050,444
Rentals.....	391,465	-	-	7,781	399,246
Payments in lieu of taxes.....	46,031	-	-	-	46,031
Licenses and permits.....	723,236	-	-	-	723,236
Fines and forfeitures.....	102,815	-	-	-	102,815
Intergovernmental.....	24,546,725	12,180,000	-	3,177,835	39,904,560
Other.....	101,113	-	-	1,106,804	1,207,917
Investment income.....	389,537	-	-	20,479	410,016
TOTAL REVENUES.....	75,552,406	12,180,000	-	7,069,636	94,802,042
EXPENDITURES:					
Current:					
General government.....	2,486,262	-	-	367,527	2,853,789
Public safety.....	9,870,949	-	-	388,629	10,259,578
Education.....	46,343,245	-	-	4,779,124	51,122,369
Public works.....	3,207,818	-	-	877,508	4,085,326
Human services.....	351,073	-	1,817,961	34,046	2,203,080
Health and sanitation.....	3,224,221	-	-	-	3,224,221
Culture and recreation.....	1,520,917	-	-	420,931	1,941,848
Pension benefits.....	1,892,813	-	-	-	1,892,813
Employee benefits.....	3,601,758	-	-	-	3,601,758
State and county charges.....	486,944	-	-	-	486,944
Debt service:					
Principal.....	2,100,237	-	-	-	2,100,237
Interest.....	1,576,283	-	-	-	1,576,283
TOTAL EXPENDITURES.....	76,662,520	-	1,817,961	6,867,765	85,348,246
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,110,114)	12,180,000	(1,817,961)	201,871	9,453,796
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	2,500,000	-	2,500,000
Premium from issuance of bonds.....	25,471	-	-	-	25,471
Capital lease financing.....	850,000	-	-	-	850,000
Transfers in.....	53,001	-	-	85,400	138,401
Transfers out.....	(438,047)	-	-	(53,001)	(491,048)
TOTAL OTHER FINANCING SOURCES (USES).....	490,425	-	2,500,000	32,399	3,022,824
NET CHANGE IN FUND BALANCES.....	(619,689)	12,180,000	682,039	234,270	12,476,620
FUND BALANCES AT BEGINNING OF YEAR (as restated).....	4,887,519	(12,178,839)	58,645	2,800,441	(4,432,234)
FUND BALANCES AT END OF YEAR.....	\$ 4,267,830	\$ 1,161	\$ 740,684	\$ 3,034,711	\$ 8,044,386

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds.....		\$ 12,476,620
<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.....	2,302,508	
Depreciation expense.....	<u>(2,511,180)</u>	
Net effect of reporting capital assets.....		(208,672)
<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>		
		(12,590,372)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds and notes.....	(2,500,000)	
Capital lease financing.....	(850,000)	
Debt service principal payments.....	2,100,237	
Principal payments on capital leases.....	<u>369,485</u>	
Net effect of reporting long-term debt.....		(880,278)
<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.....	21,000	
Net change in accrued interest on long-term debt.....	<u>(8,301)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		12,699
<p>Internal service funds are used by management to account for health insurance.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>1,342,502</u>
Change in net assets of governmental activities.....		<u>\$ 152,499</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2006

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 18,842,280	\$ 366,903	\$ 19,209,183	\$ 1,244,976
Water fees.....	-	1,049,920	1,049,920	-
Sewer fees.....	4,267,812	-	4,267,812	-
Working capital deposit.....	-	-	-	1,593,700
Total current assets.....	<u>23,110,092</u>	<u>1,416,823</u>	<u>24,526,915</u>	<u>2,838,676</u>
NONCURRENT:				
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	21,390,629	2,787,035	24,177,664	-
Depreciable.....	32,802,041	42,907,943	75,709,984	-
Total noncurrent assets.....	<u>54,192,670</u>	<u>45,694,978</u>	<u>99,887,648</u>	<u>-</u>
TOTAL ASSETS.....	<u>77,302,762</u>	<u>47,111,801</u>	<u>124,414,563</u>	<u>2,838,676</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	2,127,628	934,578	3,062,206	6,826
Health claims payable.....	-	-	-	1,123,000
Accrued interest.....	799,510	170,333	969,843	-
Bonds and notes payable.....	24,149,058	2,419,645	26,568,703	-
Total current liabilities.....	<u>27,076,196</u>	<u>3,524,556</u>	<u>30,600,752</u>	<u>1,129,826</u>
NONCURRENT:				
Bonds and notes payable.....	26,171,849	8,623,867	34,795,716	-
TOTAL LIABILITIES.....	<u>53,248,045</u>	<u>12,148,423</u>	<u>65,396,468</u>	<u>1,129,826</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	19,944,776	34,939,337	54,884,113	-
Unrestricted.....	4,109,941	24,041	4,133,982	1,708,850
TOTAL NET ASSETS.....	<u>\$ 24,054,717</u>	<u>\$ 34,963,378</u>	<u>\$ 59,018,095</u>	<u>\$ 1,708,850</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
<u>OPERATING REVENUES:</u>				
Employee contributions	\$ -	\$ -	\$ -	\$ 1,953,573
Employer contributions	-	-	-	8,709,610
Charges for services	6,159,404	4,534,863	10,694,267	-
Other.....	-	-	-	277,563
TOTAL OPERATING REVENUES	6,159,404	4,534,863	10,694,267	10,940,746
<u>OPERATING EXPENSES:</u>				
Cost of services and administration	1,488,775	3,027,628	4,516,403	-
Depreciation.....	891,092	2,033,943	2,925,035	-
Employee benefits	-	-	-	9,630,046
TOTAL OPERATING EXPENSES	2,379,867	5,061,571	7,441,438	9,630,046
OPERATING INCOME (LOSS).....	3,779,537	(526,708)	3,252,829	1,310,700
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment income.....	492,247	73,571	565,818	31,802
Interest expense.....	(394,548)	(496,788)	(891,336)	-
Intergovernmental.....	173,572	-	173,572	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	271,271	(423,217)	(151,946)	31,802
INCOME (LOSS) BEFORE TRANSFERS.....	4,050,808	(949,925)	3,100,883	1,342,502
<u>TRANSFERS:</u>				
Transfers in.....	352,647	-	352,647	-
CHANGE IN NET ASSETS.....	4,403,455	(949,925)	3,453,530	1,342,502
NET ASSETS AT BEGINNING OF YEAR.....	19,651,262	35,913,303	55,564,565	366,348
NET ASSETS AT END OF YEAR.....	\$ 24,054,717	\$ 34,963,378	\$ 59,018,095	\$ 1,708,850

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2006

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 3,211,743	\$ 4,676,279	\$ 7,888,022	\$ 1,953,573
Receipts from interfund services provided.....	-	-	-	9,004,748
Payments to vendors.....	(1,867,578)	(142,145)	(2,009,723)	(10,654,366)
Payments to employees.....	(398,326)	(1,950,905)	(2,349,231)	-
NET CASH FROM OPERATING ACTIVITIES.....	945,839	2,583,229	3,529,068	303,955
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers in.....	352,647	-	352,647	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from the issuance of bonds and notes.....	18,000,000	920,000	18,920,000	-
Acquisition and construction of capital assets.....	(16,773,432)	(2,600,897)	(19,374,329)	-
Principal payments on bonds and notes.....	(1,298,973)	(1,182,574)	(2,481,547)	-
Interest expense.....	86,461	(466,102)	(379,641)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	14,056	(3,329,573)	(3,315,517)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment income.....	492,247	73,571	565,818	31,802
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,804,789	(672,773)	1,132,016	335,757
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	17,037,491	1,039,676	18,077,167	909,219
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 18,842,280	\$ 366,903	\$ 19,209,183	\$ 1,244,976
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ 3,779,537	\$ (526,708)	\$ 3,252,829	\$ 1,310,700
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	891,092	2,033,943	2,925,035	-
Changes in assets and liabilities:				
Water fees.....	-	141,416	141,416	-
Sewer fees.....	(2,947,661)	-	(2,947,661)	-
Departmental and other.....	-	-	-	17,575
Working capital deposit.....	-	-	-	(206,200)
Warrants payable.....	(622,142)	934,578	312,436	(864,120)
Health claims payable.....	-	-	-	46,000
Other liabilities.....	(154,987)	-	(154,987)	-
Total adjustments.....	(2,833,698)	3,109,937	276,239	(1,006,745)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 945,839	\$ 2,583,229	\$ 3,529,068	\$ 303,955
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>				
Intergovernmental subsidy of principal and interest payments.....	\$ 173,572			

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 3,056	\$ 1,022,014
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	357,226
TOTAL ASSETS.....	<u>3,056</u>	<u>1,379,240</u>
LIABILITIES		
Warrants payable.....	-	674
Accrued payroll.....	-	29,364
Liabilities due depositors.....	-	1,259,450
Other liabilities.....	-	89,752
TOTAL LIABILITIES.....	<u>-</u>	<u>1,379,240</u>
NET ASSETS		
Held in trust.....	<u>\$ 3,056</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2006

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income (loss):	
Interest.....	\$ <u>78</u>
NET ASSETS AT BEGINNING OF YEAR.....	<u>2,978</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>3,056</u></u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a Massachusetts municipal corporation that is governed by an elected Board of Selectmen and an appointed Town Manager.

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

Joint Venture – The Town was a member of the North East Solid Waste Committee (NESWC), a joint venture with 23 communities, organized to represent its members in all matters related to solid waste disposal at a regional waste-to-energy facility located in North Andover, Massachusetts. In accordance with a depository agreement NESWC was granted control over various funds received from contractual communities. As of June 2006, all of the remaining debt service was redeemed and no contingent liabilities related to the debt service exists for the member communities. NESWC ceased operations during fiscal year 2006 and distributed the residual equity balances to the respective member communities.

Joint Venture – The Town has entered into a joint venture for the Shawsheen Valley Technical High School along with other municipalities to pool resources and share the costs, risk and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified recipients. The Town has no equity interest in this joint venture. As of June 30, 2006 the Town's annual assessment was \$3,827,385. Complete financial statements for the Shawsheen Valley Technical High School can be obtained by contacting their administrative offices at 100 Cook Street, Billerica, MA 01821.

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

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 are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *Wynn school construction capital projects fund* is used to account for financial resources to renovate, expand and upgrade the school facilities.

The *senior center expansion capital projects fund* is used to account for financial resources to renovate, expand and upgrade the senior center facility.

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 Trust Funds).

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following proprietary fund types are reported:

The *sewer enterprise fund* accounts for the Town's sewer activities.

The *water enterprise fund* accounts for the Town's water activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the Town's health insurance.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity, such as deposits held by various boards and departments.

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed during the second and fourth quarter of every fiscal year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

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

Personal property taxes cannot be secured through the lien process. The allowance for 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.

Sewer

Sewer user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Sewer charges and 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.

Water

Water user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees 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 liens are recorded as receivables in the fiscal year of the levy.

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

Departmental and Other

Departmental and other receivables consist primarily of ambulance and Veteran's receivables which are recorded as receivables in the fiscal year accrued. The allowance of 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 recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

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

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	5-50
Buildings.....	5-50
Building improvements.....	5-50
Machinery and equipment.....	3-20
Library and school books.....	3-10
Computer software.....	5-10
Infrastructure.....	10-50

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

Governmental Fund Financial Statements

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

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 and internal service funds are eliminated from the governmental activities in the statement of net assets.

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 transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

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

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.

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

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

Net assets have been “restricted for” the following:

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Other specific purposes” represents restrictions placed on assets from outside parties and consists primarily of gifts and grants.

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2007 operating budget.

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.

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 Law (MGL).

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and other insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing this insurance is recognized by recording the employer's share of insurance premiums, which range from 80% to 100%, in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2006, this expense/expenditure totaled approximately \$3,009,000. There were 941 participants eligible to receive benefits at June 30, 2006.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Fund Deficits

There is one individual fund deficits within the Special Revenue Funds. This deficit will be funded by state grants.

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$29,365,108 and the bank balance totaled \$31,004,638. Of the bank balance, \$1,072,970 was covered by Federal Depository Insurance, \$16,573,751 was covered by the Depositors Insurance Fund, and \$13,357,917 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2006, the Town had the following investments:

MMDT.....	\$	<u>6,103,361</u>
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NOTE 3 – RECEIVABLES

At June 30, 2006, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 696,396	\$ -	\$ 696,396
Tax liens.....	1,121,599	-	1,121,599
Motor vehicle excise taxes.....	230,007	(55,823)	174,184
Departmental and other - governmental.....	475,100	(123,000)	352,100
Intergovernmental.....	<u>8,075,493</u>	<u>-</u>	<u>8,075,493</u>
Total.....	<u>\$ 10,598,595</u>	<u>\$ (178,823)</u>	<u>\$ 10,419,772</u>

At June 30, 2006, receivables for the sewer enterprise are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Sewer fees.....	\$ 4,267,812	\$ -	\$ 4,267,812
Water fees.....	1,049,920	-	1,049,920
Total.....	<u>\$ 5,317,732</u>	<u>\$ -</u>	<u>\$ 5,317,732</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 375,305	\$ -	\$ 375,305
Tax liens.....	1,121,599	-	1,121,599
Motor vehicle excise taxes.....	174,184	-	174,184
Departmental and other.....	349,757	534	350,291
Intergovernmental.....	8,055,000	-	8,055,000
Total.....	<u>\$ 10,075,845</u>	<u>\$ 534</u>	<u>\$ 10,076,379</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,845,881	\$ -	\$ -	\$ 1,845,881
Construction in progress.....	-	1,817,961	-	1,817,961
Artwork.....	896,500	-	-	896,500
	<u>2,742,381</u>	<u>1,817,961</u>	<u>-</u>	<u>4,560,342</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	547,237	-	-	547,237
Buildings.....	49,204,790	-	-	49,204,790
Buildings improvements.....	11,518,727	-	-	11,518,727
Machinery and equipment.....	4,497,499	382,190	(107,526)	4,772,163
Library and school books.....	2,527,810	102,357	-	2,630,167
Computer software.....	122,920	-	-	122,920
Infrastructure.....	348,595	-	-	348,595
	<u>68,767,578</u>	<u>484,547</u>	<u>(107,526)</u>	<u>69,144,599</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(263,238)	(19,895)	-	(283,133)
Buildings.....	(9,569,069)	(1,261,834)	-	(10,830,903)
Buildings improvements.....	(7,219,569)	(386,464)	-	(7,606,033)
Machinery and equipment.....	(2,065,936)	(558,570)	107,526	(2,516,980)
Library and school books.....	(1,527,152)	(242,403)	-	(1,769,555)
Computer software.....	(81,244)	(24,584)	-	(105,828)
Infrastructure.....	(32,440)	(17,430)	-	(49,870)
	<u>(20,758,648)</u>	<u>(2,511,180)</u>	<u>107,526</u>	<u>(23,162,302)</u>
Total capital assets being depreciated, net.....	<u>48,008,930</u>	<u>(2,026,633)</u>	<u>-</u>	<u>45,982,297</u>
Total governmental activities capital assets, net.....	<u>\$ 50,751,311</u>	<u>\$ (208,672)</u>	<u>\$ -</u>	<u>\$ 50,542,639</u>

Capital asset activity for the business type activities for the fiscal year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 13,089,761	\$ 16,773,432	\$ (8,472,564)	\$ 21,390,629
<u>Capital assets being depreciated:</u>				
Infrastructure.....	37,855,527	8,472,564	-	46,328,091
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(12,634,958)	(891,092)	-	(13,526,050)
Total sewer capital assets being depreciated, net.....	\$ 25,220,569	\$ 7,581,472	\$ -	\$ 32,802,041
Total sewer capital assets, net.....	\$ 38,310,330	\$ 24,354,904	\$ (8,472,564)	\$ 54,192,670
Water Activities				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 204,000	\$ -	\$ -	\$ 204,000
Construction in progress.....	949,002	2,032,853	(398,820)	2,583,035
Total capital assets not being depreciated.....	1,153,002	2,032,853	(398,820)	2,787,035
<u>Capital assets being depreciated:</u>				
Buildings.....	15,175,000	-	-	15,175,000
Building improvements.....	4,339,085	-	-	4,339,085
Infrastructure.....	66,630,297	966,864	-	67,597,161
Total capital assets being depreciated.....	86,144,382	966,864	-	87,111,246
<u>Less accumulated depreciation for:</u>				
Buildings.....	(8,139,687)	(505,591)	-	(8,645,278)
Building improvements.....	(714,525)	(186,077)	-	(900,602)
Infrastructure.....	(33,315,148)	(1,342,275)	-	(34,657,423)
Total accumulated depreciation.....	(42,169,360)	(2,033,943)	-	(44,203,303)
Total water capital assets being depreciated, net.....	\$ 43,975,022	\$ (1,067,079)	\$ -	\$ 42,907,943
Total water capital assets, net.....	\$ 45,128,024	\$ 965,774	\$ (398,820)	\$ 45,694,978

Approximately \$952,000 of interest related to the master sewer project was capitalized and included in construction in progress at June 30, 2006.

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

Governmental Activities:

General government.....	\$	51,039
Public safety.....		452,043
Education.....		1,727,323
Public works.....		263,695
Health and human services.....		6,350
Culture and recreation.....		<u>10,730</u>

Total depreciation expense - governmental activities..... \$ 2,511,180

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2006, are summarized as follows:

Transfers Out:	Transfers In:			Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	
General Fund.....	\$ -	\$ 85,400	\$ 352,647	\$ 438,047 (1)
Nonmajor Governmental Funds.....	<u>53,001</u>	<u>-</u>	<u>-</u>	<u>53,001 (2)</u>
Total.....	<u>\$ 53,001</u>	<u>\$ 85,400</u>	<u>\$ 352,647</u>	<u>\$ 491,048</u>

(1) Represents budgeted transfers from the general fund to the sewer enterprise fund and the special revenue nonmajor funds.

(2) Represents budgeted transfers of \$34,951 from special revenue nonmajor funds to the general fund, transfers of \$18,050 from special revenue nonmajor funds to the general fund and transfers between nonmajor funds for miscellaneous other projects.

An interfund receivable/payable of \$87,972 exists within the special revenue funds. Its purpose is to cover short-term cash needs that will be funded by future grant proceeds.

NOTE 6 – CAPITAL LEASES

The Town has entered into several lease agreements to finance the acquisition of machinery and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The Town has reported in governmental activities \$2,690,045 for machinery and equipment assets acquired through capital lease agreements.

The future minimum lease obligations and the net present value of these minimum lease payments at June 30, 2006, are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2007.....	\$ 555,922
2008.....	403,017
2009.....	390,644
2010.....	290,224
2011.....	<u>181,896</u>
 Total minimum lease payments.....	 1,821,703
 Less: amounts representing interest.....	 <u>(162,566)</u>
 Present value of minimum lease payments.....	 \$ <u><u>1,659,137</u></u>

NOTE 7 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund, Wynn School Construction, Senior Center Expansion, and Nonmajor funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2006, is as follows:

Governmental Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2005	Issued	Redeemed	June 30, 2006
BAN	School Buildings.....	3.30	02/17/06	\$ 12,180,000	\$ -	\$ (12,180,000)	\$ -
BAN	Senior Center.....	3.30	02/17/06	2,500,000	-	(2,500,000)	-
BAN	Senior Center.....	4.50	03/16/07	-	1,650,000	-	1,650,000
BAN	Sutton Brook.....	4.50	03/16/07	-	100,000	-	100,000
BAN	Central Fire Study.....	4.50	03/16/07	-	50,000	-	50,000
Total.....				<u>\$ 14,680,000</u>	<u>\$ 1,800,000</u>	<u>\$ (14,680,000)</u>	<u>\$ 1,800,000</u>

Enterprise Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2005	Issued	Redeemed	June 30, 2006
BAN	Sewer.....	3.30	2/17/06	\$ 15,700,000	\$ -	\$ (15,700,000)	\$ -
BAN	Water.....	3.30	2/17/06	1,870,000	-	(1,870,000)	-
BAN	Sewer.....	4.50	3/16/07	-	22,700,000	-	22,700,000
BAN	Water.....	4.50	3/16/07	-	1,567,000	-	1,567,000
Total.....				<u>\$ 17,570,000</u>	<u>\$ 24,267,000</u>	<u>\$ (17,570,000)</u>	<u>\$ 24,267,000</u>

NOTE 8 – LONG-TERM DEBT

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

During fiscal year 1999, certain general obligation bonds were defeased by placing the proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2006, approximately \$1,165,000 of bonds outstanding from the advance refunding is considered defeased.

Details related to the outstanding indebtedness at June 30, 2006, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Schools.....	3.25-9.60	\$ 16,535,801	\$ -	\$ 1,415,167	\$ 15,120,634
Fire.....	4.05-6.75	1,121,900	-	84,750	1,037,150
Library.....	4.10-6.00	1,902,400	-	156,800	1,745,600
Police.....	4.00-5.00	2,240,000	-	250,000	1,990,000
Town Hall/Annex.....	4.05-6.75	464,270	-	43,180	421,090
Public Works.....	4.20-5.00	112,860	-	8,690	104,170
Roofs.....	5.00-6.75	174,150	-	11,650	162,500
Recreation.....	4.05	60,000	-	10,000	50,000
Senior Center.....	3.00-4.25	375,000	2,500,000	95,000	2,780,000
Sidewalks.....	3.00-4.25	230,000	-	25,000	205,000
Total governmental bonds and notes payable.....		\$ 23,216,381	\$ 2,500,000	\$ 2,100,237	\$ 23,616,144

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2007.....	\$ 2,233,085	\$ 1,118,956	\$ 3,352,041
2008.....	2,120,595	1,024,305	3,144,900
2009.....	1,947,095	933,222	2,880,317
2010.....	1,846,095	847,564	2,693,659
2011.....	1,785,845	763,545	2,549,390
2012.....	1,720,095	679,397	2,399,492
2013.....	1,708,095	597,468	2,305,563
2014.....	1,708,095	514,743	2,222,838
2015.....	1,453,095	436,900	1,889,995
2016.....	1,428,095	361,460	1,789,555
2017.....	1,403,095	286,550	1,689,645
2018.....	1,317,404	214,346	1,531,750
2019.....	961,005	146,218	1,107,223
2020.....	814,450	95,956	910,406
2021.....	390,000	53,138	443,138
2022.....	390,000	34,775	424,775
2023.....	130,000	16,413	146,413
2024.....	130,000	11,050	141,050
2025.....	130,000	5,525	135,525
Total	\$ 23,616,144	\$ 8,141,531	\$ 31,757,675

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Sewer.....	3.25-8.70	\$ 14,947,533	\$ 11,000,000	\$ 1,135,189	\$ 24,812,344
MWPAT-Sewer.....	4.00-9.60	<u>3,021,026</u>	<u>-</u>	<u>212,463</u>	<u>2,808,563</u>
Total sewer enterprise bonds and notes payable.....		<u>\$ 17,968,559</u>	<u>\$ 11,000,000</u>	<u>\$ 1,347,652</u>	<u>\$ 27,620,907</u>

Debt service requirements for principal and interest for the sewer enterprise fund bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2007.....	\$ 1,449,058	\$ 1,178,490	\$ 2,627,548
2008.....	1,457,376	1,121,765	2,579,141
2009.....	1,453,092	1,064,995	2,518,087
2010.....	1,459,941	1,007,851	2,467,792
2011.....	1,464,232	947,899	2,412,131
2012.....	1,441,133	881,363	2,322,496
2013.....	1,441,614	821,246	2,262,860
2014.....	1,449,315	759,836	2,209,151
2015.....	1,457,512	697,671	2,155,183
2016.....	1,466,028	627,218	2,093,246
2017.....	1,474,806	556,017	2,030,823
2018.....	1,046,051	491,745	1,537,796
2019.....	1,037,450	449,094	1,486,544
2020.....	1,015,299	406,848	1,422,147
2021.....	995,500	365,412	1,360,912
2022.....	995,500	324,451	1,319,951
2023.....	978,500	282,993	1,261,493
2024.....	978,500	242,084	1,220,584
2025.....	780,000	200,400	980,400
2026.....	380,000	167,250	547,250
2027.....	380,000	151,100	531,100
2028.....	380,000	134,950	514,950
2029.....	380,000	118,325	498,325
2030.....	380,000	101,700	481,700
2031.....	380,000	84,600	464,600
2032.....	375,000	67,500	442,500
2033.....	375,000	50,625	425,625
2034.....	375,000	33,750	408,750
2035.....	<u>375,000</u>	<u>16,875</u>	<u>391,875</u>
Total	<u>\$ 27,620,907</u>	<u>\$ 13,354,053</u>	<u>\$ 40,974,960</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Water.....	3.25-8.70	\$ 9,739,086	\$ 920,000	\$ 1,182,574	\$ 9,476,512

Debt service requirements for principal and interest for the water enterprise fund bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2007.....	\$ 852,645	\$ 387,031	\$ 1,239,676
2008.....	849,395	356,302	1,205,697
2009.....	843,312	324,632	1,167,944
2010.....	828,879	293,057	1,121,936
2011.....	811,670	260,998	1,072,668
2012.....	672,545	227,119	899,664
2013.....	611,545	201,884	813,429
2014.....	451,545	177,252	628,797
2015.....	446,545	158,137	604,682
2016.....	446,545	137,761	584,306
2017.....	446,545	117,132	563,677
2018.....	421,545	97,036	518,581
2019.....	421,545	78,030	499,575
2020.....	290,251	58,939	349,190
2021.....	244,500	46,248	290,748
2022.....	239,500	35,953	275,453
2023.....	221,500	25,580	247,080
2024.....	221,500	16,136	237,636
2025.....	110,000	6,588	116,588
2026.....	45,000	1,913	46,913
Total	\$ 9,476,512	\$ 3,007,728	\$ 12,484,240

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$761,575 and interest costs for \$716,301. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$2,293,592. The interest subsidies are guaranteed. The principal subsidies are supported through future investment income and are expected to be made, although not guaranteed. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2006 principal and interest subsidies totaled \$48,679 and \$124,893, respectively.

The Commonwealth of Massachusetts has approved construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual state grant payments for the Ryan School. During fiscal year 2006 approximately \$911,000 of such assistance was received. Approximately \$12,800,000 will be received in future years. Of this amount, \$4,750,000 represents reimbursement of long-term interest costs and \$8,055,000 represents reimbursement of approved construction costs. Accordingly, an intergovernmental receivable and corresponding deferred revenue

have been reported in these basic financial statements for \$8,055,000 which represents the Commonwealth's share of construction and interest costs for the Ryan School project.

Under new legislation the Commonwealth will also provide cash grants for its share of approved projects that are to be used to pay down the Town's temporary borrowing. The Town was approved for a 70% reimbursement rate in relation to the renovation of the John Wynn Middle School and the cost of interest on qualifying borrowings to fund the project. During FY06, the Town received a lump-sum grant payment of \$12,180,000 for the Wynn School from the State. This payment fulfilled the State's obligation to the Town for this project.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2006, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer Line.....	\$ 58,878,000
Water	9,733,085
School Purposes.....	12,829,971
Senior Center.....	1,650,000
Fire Hydrants.....	240,000
Other.....	316,000
Total.....	\$ 83,647,056

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2006, the following changes occurred in long-term liabilities:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Current Portion
Governmental Activities:					
Long-Term Bonds and Notes.....	\$ 23,216,381	\$ 2,500,000	\$ (2,100,237)	\$ 23,616,144	\$ 2,233,085
Capital Leases.....	1,178,622	850,000	(369,485)	1,659,137	490,620
Compensated Absences.....	2,451,000	565,000	(586,000)	2,430,000	1,279,600
Total.....	\$ 26,846,003	\$ 3,915,000	\$ (3,055,722)	\$ 27,705,281	\$ 4,003,305
Business-Type Activities:					
Long-Term Bonds and Notes.....	\$ 27,707,645	\$ 11,920,000	\$ (2,530,226)	\$ 37,097,419	\$ 2,301,703

Compensated absence liability related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenses.

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. In addition, the Town is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for its health insurance and workers’ compensation activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Workers’ compensation activities are recorded in the General Fund where expenditures are recognized when the claims are expected to be paid with current expendable available resources. Incurred But Not Reported claims for workers’ compensation is immaterial and therefore not reported.

Health Insurance

The estimate of Incurred But Not Reported (IBNR) claims is based on a one and one half-month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim.

This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2004, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2005.....	\$ 1,245,000	\$ (10,018,867)	\$ 9,850,867	\$ 1,077,000
Fiscal Year 2006.....	\$ 1,077,000	\$ (9,584,046)	\$ 9,630,046	\$ 1,123,000

NOTE 10 – PENSION PLAN

Plan Description - The Town contributes to the Middlesex Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board (the Board). Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,341,000 for the fiscal year ended June 30, 2006, and, accordingly, are reported in the general fund as intergovernmental revenues and pension benefit expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth’s Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, MA 01821.

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the Town are governed by Chapter 32 of the MGL. The Town's contributions to the System for the fiscal years ended June 30, 2006, 2005, and 2004 were \$3,799,131, \$3,052,839, and \$2,566,931, respectively, which equaled its required contribution for each fiscal year.

NOTE 11 – COMMITMENTS

The Town continued its Master Sewer Project whose purpose is to provide sewer services to the remaining 60% of the Town. The total cost of the project is expected to be funded through the issuance of approximately \$80,600,000 in debt that will be self-supported through user fees. As of June 30, 2006 the Town has expended approximately \$36,700,000 for this project.

NOTE 12 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2006, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

The Town has been named a potentially responsible party in an environmental case associated with a landfill. Additionally, the Town has other various legal actions and claims pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2006, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2006.

NOTE 13 – RESTATEMENT AND RECLASSIFICATIONS

Entity-Wide Financial Statements

The following beginning net asset balances have been restated to reflect the establishment of the sewer enterprise fund and to record additional water fixed assets:

Description	Governmental Activities	Business-type Activities	Total
Net assets at June 30, 2005 as previously reported.....	\$ 44,718,489	\$ 19,651,262	\$ 64,369,751
To reclass nonmajor governmental funds to the water enterprise fund.....	100,265	(100,265)	-
To reclassify water user fees receivables to the water enterprise fund.....	(764,277)	764,277	-
To reclassify water long-term debt to the water enterprise fund.....	9,739,086	(9,739,086)	-
To reclassify water fixed assets to the water enterprise fund.....	(11,812,875)	11,812,875	-
To reclassify sewer accrued interest to the water enterprise fund.....	139,647	(139,647)	-
To report water infrastructure assets not previously required under GASB 34.....	-	33,315,149	33,315,149
Net assets at June 30, 2005 as restated.....	<u>\$ 42,120,335</u>	<u>\$ 55,564,565</u>	<u>\$ 97,684,900</u>

Fund Financial Statements

The following beginning net asset balances have been restated and reclassified to reflect the establishment of the sewer enterprise fund, record additional water fixed assets, and present the senior center expansion as a major fund:

Fund	June 30, 2005 Previously Reported Balances	Reclass Senior Center Expansion to Major Fund	Reclass to Establish the Water Enterprise Fund	June 30, 2005 Restated Balances
Senior Center Expansion.....	\$ -	\$ 58,645	\$ -	\$ 58,645
Nonmajor Governmental Funds.....	2,758,821	(58,645)	100,265	2,800,441
Water Enterprise Funds.....	-	-	(100,265)	(100,265)
Total.....	<u>\$ 2,758,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,758,821</u>

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2006, the following GASB pronouncements were implemented:

GASB Statement # 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

GASB Statement # 46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*.

GASB Statement # 47, *Accounting for Termination Benefits*.

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. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.

Other 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 2007. 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.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 44,991,960	\$ 44,991,960	\$ 44,974,058
Tax liens.....	-	-	-	-
Motor vehicle excise taxes.....	-	3,700,000	3,700,000	3,700,000
Hotel/motel tax.....	-	400,000	400,000	400,000
Charges for services.....	-	500,000	500,000	500,000
Penalties and interest on taxes.....	-	210,000	210,000	210,000
Fees.....	-	164,000	164,000	164,000
Rentals.....	-	380,000	380,000	380,000
Payments in lieu of taxes.....	-	36,000	36,000	36,000
Licenses and permits.....	-	604,000	604,000	604,000
Fines and forfeitures.....	-	125,000	125,000	125,000
Intergovernmental.....	-	16,448,475	16,448,475	16,448,475
Departmental and other.....	-	70,649	70,649	70,649
Investment income.....	-	156,000	156,000	156,000
TOTAL REVENUES.....	-	67,786,084	67,786,084	67,768,182
EXPENDITURES:				
Current:				
General Government				
Moderator				
Salaries.....	-	500	500	500
Operating.....	-	100	100	100
Total.....	-	600	600	600
Selectmen				
Salaries.....	-	27,877	27,877	1,488
Operating.....	119	132,673	132,792	162,582
Total.....	119	160,550	160,669	164,070
Town Manager				
Salaries.....	-	297,079	297,079	328,902
Operating.....	2,585	4,086	6,671	6,671
Total.....	2,585	301,165	303,750	335,573
Finance Committee				
Salaries.....	-	2,500	2,500	2,570
Operating.....	-	795	795	1,320
Total.....	-	3,295	3,295	3,890
Reserve Fund.....				
	-	100,000	100,000	44,984
Accounting				
Salaries.....	-	166,166	166,166	180,543
Operating.....	-	8,350	8,350	8,350
Total.....	-	174,516	174,516	188,893
Computer Services				
Salaries.....	-	134,210	134,210	146,578
Operating.....	3,600	105,991	109,591	109,592
Capital.....	7,295	29,500	36,795	36,795
Total.....	10,895	269,701	280,596	292,965
Assessor				
Salaries.....	-	203,886	203,886	205,605
Operating.....	-	25,802	25,802	25,802
Total.....	-	229,688	229,688	231,407

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	43,474,913	\$ -	\$ (1,499,145)
	262,997		262,997
	3,813,215	-	113,215
	501,922	-	101,922
	612,823	-	112,823
	189,708	-	(20,292)
	259,481	-	95,481
	391,465	-	11,465
	46,031	-	10,031
	723,236	-	119,236
	102,815	-	(22,185)
	19,205,502	-	2,757,027
	101,113	-	30,464
	<u>389,537</u>	<u>-</u>	<u>233,537</u>
	<u>70,074,758</u>	<u>-</u>	<u>2,306,576</u>
	494	-	6
	-	-	100
	<u>494</u>	<u>-</u>	<u>106</u>
	1,030	-	458
	<u>149,142</u>	<u>769</u>	<u>12,671</u>
	150,172	769	13,129
	328,774	-	128
	<u>3,570</u>	<u>2,765</u>	<u>336</u>
	332,344	2,765	464
	2,052	-	518
	<u>1,320</u>	<u>-</u>	<u>-</u>
	3,372	-	518
	<u>-</u>	<u>-</u>	<u>44,984</u>
	179,761	-	782
	<u>7,547</u>	<u>-</u>	<u>803</u>
	187,308	-	1,585
	144,577	2,000	1
	101,973	3,720	3,899
	<u>36,643</u>	<u>-</u>	<u>152</u>
	283,193	5,720	4,052
	199,987	210	5,408
	<u>20,932</u>	<u>-</u>	<u>4,870</u>
	220,919	210	10,278

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Treasurer/Collector				
Salaries.....	-	248,567	248,567	256,355
Operating.....	-	146,216	146,216	151,868
Total.....	-	394,783	394,783	408,223
Town Council				
Operating.....	-	156,750	156,750	168,138
Personnel Relations Review Board				
Salaries.....	-	168,000	168,000	-
Operating.....	-	200	200	200
Total.....	-	168,200	168,200	200
Administration Services				
Salaries.....	-	90,104	90,104	90,107
Operating.....	-	18,914	18,914	18,914
Total.....	-	109,018	109,018	109,021
Town Clerk				
Salaries.....	-	221,072	221,072	221,072
Operating.....	-	14,323	14,323	14,323
Total.....	-	235,395	235,395	235,395
Election				
Salaries.....	-	13,600	13,600	18,100
Operating.....	-	4,400	4,400	7,800
Total.....	-	18,000	18,000	25,900
Registrar				
Salaries.....	-	2,850	2,850	2,850
Operating.....	-	1,600	1,600	1,600
Total.....	-	4,450	4,450	4,450
Planning Board				
Salaries.....	-	224,073	224,073	241,657
Operating.....	9,280	27,428	36,708	40,208
Total.....	9,280	251,501	260,781	281,865
Cable Television				
Salaries.....	-	2,500	2,500	2,500
Operating.....	-	10,460	10,460	1,592
Total.....	-	12,960	12,960	4,092
Town Hall				
Salaries.....	-	16,082	16,082	16,044
Operating.....	-	48,167	48,167	54,849
Total.....	-	64,249	64,249	70,893
Auxiliary Building				
Operating.....	-	32,057	32,057	34,494
Total General Government.....	22,879	2,686,878	2,709,757	2,605,053
Public Safety				
Police				
Salaries.....	600	4,930,038	4,930,638	4,884,858
Operating.....	174	342,511	342,685	433,116
Capital.....	-	130,352	130,352	136,552
Total.....	774	5,402,901	5,403,675	5,454,526
Auxiliary Police				
Operating.....	-	1,800	1,800	1,800

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
256,298	-	57
148,798	-	3,070
405,096	-	3,127
167,928	210	-
-	-	-
-	-	200
-	-	200
90,104	-	3
18,045	-	869
108,149	-	872
216,993	-	4,079
9,990	1,366	2,967
226,983	1,366	7,046
17,372	-	728
6,640	-	1,160
24,012	-	1,888
2,850	-	-
1,595	-	5
4,445	-	5
239,875	-	1,782
30,793	2,880	6,535
270,668	2,880	8,317
1,797	-	703
1,257	-	335
3,054	-	1,038
14,778	-	1,266
49,945	4,700	204
64,723	4,700	1,470
33,402	1,075	17
2,486,262	19,695	99,096
4,846,432	39,565	(1,139)
402,276	25,542	5,298
129,819	6,733	-
5,378,527	71,840	4,159
1,800	-	-

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Fire				
Salaries.....	-	3,873,750	3,873,750	3,855,150
Operating.....	-	219,460	219,460	244,866
Capital.....	-	177,034	177,034	179,534
Total.....	-	4,270,244	4,270,244	4,279,550
Building Department				
Salaries.....	-	193,660	193,660	199,582
Operating.....	-	5,480	5,480	5,505
Total.....	-	199,140	199,140	205,087
Emergency Management				
Salaries.....	-	4,464	4,464	4,592
Operating.....	-	15,765	15,765	15,765
Total.....	-	20,229	20,229	20,357
Parking Clerk				
Salaries.....	-	4,000	4,000	4,000
Operating.....	-	2,700	2,700	2,700
Total.....	-	6,700	6,700	6,700
Total Public Safety.....	774	9,901,014	9,901,788	9,968,020
Education				
School				
Salaries.....	34,276	22,545,319	22,579,595	24,587,963
Operating.....	248,385	17,154,759	17,403,144	16,735,046
Total.....	282,661	39,700,078	39,982,739	41,323,009
Regional Vocational School.....	-	3,827,375	3,827,375	3,827,375
Total Education.....	282,661	43,527,453	43,810,114	45,150,384
Public Works				
Public Works Administration				
Salaries.....	-	1,082,679	1,082,679	1,041,244
Operating.....	116	194,747	194,863	249,787
Capital.....	-	260,219	260,219	250,869
Total.....	116	1,537,645	1,537,761	1,541,900
Highway				
Operating.....	-	123,000	123,000	148,343
Water and Sewer				
Operating.....	-	-	-	20,381
Forestry				
Operating.....	-	41,000	41,000	29,060
Machinery				
Operating.....	-	87,500	87,500	92,000
Water Treatment				
Operating.....	-	-	-	(20,081)
Electrician				
Operating.....	-	2,700	2,700	2,700

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
3,843,711	-	11,439
241,717	1,453	1,696
<u>174,679</u>	<u>-</u>	<u>4,855</u>
4,260,107	1,453	17,990
198,516	-	1,066
<u>5,474</u>	<u>-</u>	<u>31</u>
203,990	-	1,097
4,589	-	3
<u>15,288</u>	<u>-</u>	<u>477</u>
19,877	-	480
4,000	-	-
<u>2,648</u>	<u>-</u>	<u>52</u>
6,648	-	52
<u>9,870,949</u>	<u>73,293</u>	<u>23,778</u>
24,571,858	1,350	14,755
<u>16,550,215</u>	<u>171,087</u>	<u>13,744</u>
41,122,073	172,437	28,499
<u>3,827,375</u>	<u>-</u>	<u>-</u>
44,949,448	172,437	28,499
1,017,333	8,200	15,711
234,083	-	15,704
<u>247,784</u>	<u>-</u>	<u>3,085</u>
1,499,200	8,200	34,500
<u>137,871</u>	<u>7,845</u>	<u>2,627</u>
<u>4,545</u>	<u>5,250</u>	<u>10,586</u>
<u>28,373</u>	<u>-</u>	<u>687</u>
<u>89,958</u>	<u>-</u>	<u>2,042</u>
<u>(68,184)</u>	<u>15,230</u>	<u>32,873</u>
<u>2,546</u>	<u>-</u>	<u>154</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Fire				
Salaries.....	-	3,873,750	3,873,750	3,855,150
Operating.....	-	219,460	219,460	244,866
Capital.....	-	177,034	177,034	179,534
Total.....	-	4,270,244	4,270,244	4,279,550
Building Department				
Salaries.....	-	193,660	193,660	199,582
Operating.....	-	5,480	5,480	5,505
Total.....	-	199,140	199,140	205,087
Emergency Management				
Salaries.....	-	4,464	4,464	4,592
Operating.....	-	15,765	15,765	15,765
Total.....	-	20,229	20,229	20,357
Parking Clerk				
Salaries.....	-	4,000	4,000	4,000
Operating.....	-	2,700	2,700	2,700
Total.....	-	6,700	6,700	6,700
Total Public Safety.....	774	9,901,014	9,901,788	9,968,020
Education				
School				
Salaries.....	34,276	22,545,319	22,579,595	24,587,963
Operating.....	248,385	17,154,759	17,403,144	16,735,046
Total.....	282,661	39,700,078	39,982,739	41,323,009
Regional Vocational School.....	-	3,827,375	3,827,375	3,827,375
Total Education.....	282,661	43,527,453	43,810,114	45,150,384
Public Works				
Public Works Administration				
Salaries.....	-	1,082,679	1,082,679	1,041,244
Operating.....	116	194,747	194,863	249,787
Capital.....	-	260,219	260,219	250,869
Total.....	116	1,537,645	1,537,761	1,541,900
Highway				
Operating.....	-	123,000	123,000	148,343
Water and Sewer				
Operating.....	-	-	-	20,381
Forestry				
Operating.....	-	41,000	41,000	29,060
Machinery				
Operating.....	-	87,500	87,500	92,000
Water Treatment				
Operating.....	-	-	-	(20,081)
Electrician				
Operating.....	-	2,700	2,700	2,700

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
3,843,711	-	11,439
241,717	1,453	1,696
<u>174,679</u>	<u>-</u>	<u>4,855</u>
4,260,107	1,453	17,990
198,516	-	1,066
<u>5,474</u>	<u>-</u>	<u>31</u>
203,990	-	1,097
4,589	-	3
<u>15,288</u>	<u>-</u>	<u>477</u>
19,877	-	480
4,000	-	-
<u>2,648</u>	<u>-</u>	<u>52</u>
6,648	-	52
<u>9,870,949</u>	<u>73,293</u>	<u>23,778</u>
24,571,858	1,350	14,755
<u>16,550,215</u>	<u>171,087</u>	<u>13,744</u>
41,122,073	172,437	28,499
<u>3,827,375</u>	<u>-</u>	<u>-</u>
44,949,448	172,437	28,499
1,017,333	8,200	15,711
234,083	-	15,704
<u>247,784</u>	<u>-</u>	<u>3,085</u>
1,499,200	8,200	34,500
<u>137,871</u>	<u>7,845</u>	<u>2,627</u>
<u>4,545</u>	<u>5,250</u>	<u>10,586</u>
<u>28,373</u>	<u>-</u>	<u>687</u>
<u>89,958</u>	<u>-</u>	<u>2,042</u>
<u>(68,184)</u>	<u>15,230</u>	<u>32,873</u>
<u>2,546</u>	<u>-</u>	<u>154</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Snow and Ice				
Salaries.....	-	76,010	76,010	76,010
Operating.....	-	124,000	124,000	124,000
Total.....	-	200,010	200,010	200,010
Street Lighting				
Operating.....	-	147,080	147,080	147,080
Cemetery				
Operating.....	-	3,000	3,000	3,000
Total Public Works.....	116	2,141,935	2,142,051	2,164,393
Health and Sanitation				
Rubbish				
Operating.....	890	2,050,348	2,051,238	2,036,238
Health				
Salaries.....	-	253,997	253,997	248,749
Operating.....	-	45,315	45,315	30,015
Total.....	-	299,312	299,312	278,764
Total Health and Sanitation.....	890	2,349,660	2,350,550	2,315,002
Human Services				
Council on Aging				
Salaries.....	-	158,538	158,538	164,505
Operating.....	-	62,192	62,192	63,594
Total.....	-	220,730	220,730	228,099
Veterans				
Salaries.....	-	34,964	34,964	38,004
Operating.....	-	113,550	113,550	113,509
Total.....	-	148,514	148,514	151,513
Total Human Services.....	-	369,244	369,244	379,612
Culture and Recreation				
Exceptional Children				
Salaries.....	-	23,950	23,950	24,084
Operating.....	-	16,576	16,576	16,576
Total.....	-	40,526	40,526	40,660
Patriotic Activities				
Operating.....	-	32,750	32,750	32,751
Library				
Salaries.....	-	799,815	799,815	798,040
Operating.....	-	346,231	346,231	353,731
Total.....	-	1,146,046	1,146,046	1,151,771
Parks and Recreation				
Salaries.....	-	256,556	256,556	262,748
Operating.....	7,032	94,060	101,092	104,093
Capital.....	-	3,721	3,721	3,721
Total.....	7,032	354,337	361,369	370,562
Total Culture and Recreation.....	7,032	1,573,659	1,580,691	1,595,744

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
-	-	-
1,892,813	-	-
56,129	-	-
26,091	-	-
3,021,299	-	-
149,073	-	-
349,166	-	525
3,601,758	-	525
486,944	-	29,023
685,070	-	-
246,924	-	2
158,060	-	-
404,984	-	2
<u>70,842,801</u>	<u>326,438</u>	<u>110,088</u>
<u>(768,043)</u>	<u>(326,438)</u>	<u>2,416,664</u>
25,471	-	25,471
53,001	-	18,050
<u>(438,047)</u>	<u>-</u>	<u>-</u>
<u>(359,575)</u>	<u>-</u>	<u>43,521</u>
(1,127,618)	(326,438)	2,460,185
<u>5,825,025</u>	<u>-</u>	<u>-</u>
\$ <u>4,697,407</u>	\$ <u>(326,438)</u>	\$ <u>2,460,185</u>

(Concluded)

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**1. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is reviewed by the Finance Committee (Committee). The Committee presents the annual budget to the open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers less than \$1,500 within budget classifications require department andr Town Manager approval while changes greater than \$1,500 require the additional approval of the Finance Committee. Increases or decreases between budget classifications subsequent to the approval of the annual budget requires majority vote at a Special Town Meeting.

The majority of appropriations are non-continuing and 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. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2006 approved budget, including amounts carried forward from the prior fiscal years authorized approximately \$70,400,000 in appropriations and other amounts to be raised. Changes to the original budget totaled approximately \$1,300,000 and were primarily for education.

The Town Auditor's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. 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, 2006, is as follows:

Excess of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ (1,127,618)
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	(4,575)
Net change in revenues in recording tax refunds payable.....	141,000
Increase in revenues due to on-behalf payments.....	5,341,223
Net difference in recognition of expenditures.....	1,356,707
Net change in expenditures due to accrued interest on short term debt.....	27,844
Net change in recording the investment in joint venture.....	(1,013,047)
Increase in expenditures due to on-behalf payments.....	<u>(5,341,223)</u>
Excess of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ (619,689)</u>

3. Appropriation Deficits

During fiscal year 2006, actual expenditures and encumbrances exceeded appropriations for Public Works Snow and Ice and Police. These over expenditures will be funded by available funds and grants during fiscal year 2007.

Combining Statements

Combining and Individual Fund Statements and Schedules

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town Grant Funds – accounts for non-school related grant funds received from state and federal governments which are designated for specific purposes.

Town Revolving Funds – accounts for non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

Town Gift Funds – accounts for gifts received from various sources to be used for the benefit of the Town.

Town Receipts Reserved – accounts for sale of real estate.

Town Other Funds – accounts for the Town's miscellaneous funds.

Town Special Article Funds – accounts for funds related to the Town's tri-annual revaluation.

School Grant Funds – accounts for educational programs specifically financed by grants and other restricted revenues.

School Revolving Funds – accounts for school department's revolving funds established in accordance with MGL Chapter 40, Section 53E ½ and Chapter 71.

School Gift Funds – accounts for gift received from various sources to be used for the benefit of the Schools.

School Receipts Reserved – accounts for telecommunication funds.

School Other Funds – accounts for the School's miscellaneous funds.

Restricted Funds – accounts for contributions where both principal and investment earnings may be spent to support the government.

Street Projects – accounts for the Town's street projects.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Other Capital Project Funds – accounts for the Town's miscellaneous capital projects.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Foster Trust Fund – accounts for the beautification of the Foster School grounds.

Cemetery Perpetual Care Trust Fund –accounts for funds received to maintain the cemetery.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2006

	Special Revenue Funds					
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other	Town Special Articles
ASSETS						
Cash and cash equivalents.....	\$ 117,949	\$ 211,244	\$ 456,153	\$ 45,164	\$ 228,951	\$ 3,881
Receivables, net of uncollectibles:						
Intergovernmental.....	-	-	8,687	-	9,953	-
Due from other funds.....	-	87,972	-	-	-	-
TOTAL ASSETS.....	\$ 117,949	\$ 299,216	\$ 464,840	\$ 45,164	\$ 239,438	\$ 3,881
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 17,193	\$ 8,405	\$ 1,741	\$ 4,436	\$ 6,500	\$ -
Accrued payroll.....	-	10,134	-	7,497	-	-
Other liabilities.....	-	422	-	-	-	-
Deferred revenues.....	-	-	-	-	534	-
Due to other funds.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	17,193	18,961	1,741	11,933	7,034	-
FUND BALANCES:						
Unreserved:						
Undesignated, reported in:						
Special revenue funds.....	100,756	280,255	463,099	33,231	232,404	3,881
Capital projects funds.....	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	100,756	280,255	463,099	33,231	232,404	3,881
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 117,949	\$ 299,216	\$ 464,840	\$ 45,164	\$ 239,438	\$ 3,881

School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds	Street Projects	Subtotal
\$ 178,901	\$ 707,125	\$ 13,508	\$ 32,519	\$ 18,463	\$ 748,236	\$ -	\$ 2,762,094
1,853	-	-	-	-	-	-	20,493
-	-	-	-	-	-	-	87,972
<u>\$ 180,754</u>	<u>\$ 707,125</u>	<u>\$ 13,508</u>	<u>\$ 32,519</u>	<u>\$ 18,463</u>	<u>\$ 748,236</u>	<u>\$ -</u>	<u>\$ 2,871,093</u>
\$ 22,976	\$ 128,048	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ 192,799
-	-	-	-	-	-	-	17,631
-	-	-	-	-	-	-	422
-	-	-	-	-	-	-	534
-	-	-	-	-	-	87,972	87,972
-	-	-	-	-	-	-	-
<u>22,976</u>	<u>128,048</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>87,972</u>	<u>299,358</u>
157,778	579,077	13,508	32,519	14,963	748,236	(87,972)	2,571,735
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>157,778</u>	<u>579,077</u>	<u>13,508</u>	<u>32,519</u>	<u>14,963</u>	<u>748,236</u>	<u>(87,972)</u>	<u>2,571,735</u>
<u>\$ 180,754</u>	<u>\$ 707,125</u>	<u>\$ 13,508</u>	<u>\$ 32,519</u>	<u>\$ 18,463</u>	<u>\$ 748,236</u>	<u>\$ -</u>	<u>\$ 2,871,093</u>

(Continued)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2006

	Permanent Funds				Total Nonmajor Governmental Funds
	Capital Projects	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ 601,412	\$ 21,541	\$ 20,037	\$ 41,578	\$ 3,405,084
Receivables, net of uncollectibles:					
Intergovernmental.....	-	-	-	-	20,493
Due from other funds.....	-	-	-	-	87,972
TOTAL ASSETS.....	\$ 601,412	\$ 21,541	\$ 20,037	\$ 41,578	\$ 3,514,083
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,850	\$ -	\$ -	\$ -	\$ 194,649
Accrued payroll.....	-	-	-	-	17,631
Other liabilities.....	28,164	-	-	-	28,586
Deferred revenues.....	-	-	-	-	534
Due to other funds.....	-	-	-	-	87,972
Notes payable.....	150,000	-	-	-	150,000
TOTAL LIABILITIES.....	180,014	-	-	-	479,372
FUND BALANCES:					
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	2,571,735
Capital projects funds.....	421,398	-	-	-	421,398
Permanent funds.....	-	21,541	20,037	41,578	41,578
TOTAL FUND BALANCES.....	421,398	21,541	20,037	41,578	3,034,711
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 601,412	\$ 21,541	\$ 20,037	\$ 41,578	\$ 3,514,083

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

FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds					
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other	Town Special Articles
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees.....	-	204,149	-	-	97,872	-
Rentals.....	-	-	-	-	-	-
Intergovernmental.....	397,575	6,180	-	-	21,094	-
Other.....	-	203,415	497,439	39,634	121,864	-
Investment income.....	-	360	1,225	-	-	-
TOTAL REVENUES.....	397,575	414,104	498,664	39,634	240,830	-
EXPENDITURES:						
Current:						
General government.....	5,735	92,803	165,634	-	3,130	225
Public safety.....	286,454	29,470	8,837	-	58,358	-
Education.....	-	-	-	-	-	-
Public works.....	-	18,485	-	-	108,970	-
Human services.....	26,362	-	1,200	-	6,484	-
Culture and recreation.....	1,442	221,574	79,052	30,223	39,279	-
TOTAL EXPENDITURES.....	319,993	362,332	254,723	30,223	216,221	225
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	77,582	51,772	243,941	9,411	24,609	(225)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds and notes.....	-	-	-	-	-	-
Transfers in.....	-	-	10,000	-	-	-
Transfers out.....	(34,102)	-	-	-	(18,899)	-
TOTAL OTHER FINANCING SOURCES (USES)....	(34,102)	-	10,000	-	(18,899)	-
NET CHANGE IN FUND BALANCES.....	43,480	51,772	253,941	9,411	5,710	(225)
FUND BALANCES AT BEGINNING OF YEAR.....	57,276	228,483	209,158	23,820	226,694	4,106
FUND BALANCES AT END OF YEAR.....	\$ 100,756	\$ 280,255	\$ 463,099	\$ 33,231	\$ 232,404	\$ 3,881

School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds	Street Projects	Subtotal
\$ -	\$ 965,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 965,774
-	1,488,942	-	-	-	-	-	1,790,963
-	7,781	-	-	-	-	-	7,781
1,107,741	868,150	1,000	-	-	-	776,095	3,177,835
3,500	78,022	11,700	12,288	487	138,455	-	1,106,804
-	1,666	70	-	-	16,113	-	19,434
<u>1,111,241</u>	<u>3,410,335</u>	<u>12,770</u>	<u>12,288</u>	<u>487</u>	<u>154,568</u>	<u>776,095</u>	<u>7,068,591</u>
-	-	-	-	-	-	-	267,527
-	-	-	-	-	-	-	383,119
1,109,229	3,571,546	19,969	14,898	60,379	-	-	4,776,021
-	-	-	-	-	-	639,411	766,866
-	-	-	-	-	-	-	34,046
-	-	-	-	-	49,361	-	420,931
<u>1,109,229</u>	<u>3,571,546</u>	<u>19,969</u>	<u>14,898</u>	<u>60,379</u>	<u>49,361</u>	<u>639,411</u>	<u>6,648,510</u>
<u>2,012</u>	<u>(161,211)</u>	<u>(7,199)</u>	<u>(2,610)</u>	<u>(59,892)</u>	<u>105,207</u>	<u>136,684</u>	<u>420,081</u>
-	-	-	-	-	-	-	-
-	-	400	-	75,000	-	-	85,400
-	-	-	-	-	-	-	(53,001)
-	-	400	-	75,000	-	-	32,399
2,012	(161,211)	(6,799)	(2,610)	15,108	105,207	136,684	452,480
<u>155,766</u>	<u>740,288</u>	<u>20,307</u>	<u>35,129</u>	<u>(145)</u>	<u>643,029</u>	<u>(224,656)</u>	<u>2,119,255</u>
<u>\$ 157,778</u>	<u>\$ 579,077</u>	<u>\$ 13,508</u>	<u>\$ 32,519</u>	<u>\$ 14,963</u>	<u>\$ 748,236</u>	<u>\$ (87,972)</u>	<u>\$ 2,571,735</u>

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

FISCAL YEAR ENDED JUNE 30, 2006

	Permanent Funds				Total Nonmajor Governmental Funds
	Capital Project Funds	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal	
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ 965,774
Fees.....	-	-	-	-	1,790,963
Rentals.....	-	-	-	-	7,781
Intergovernmental.....	-	-	-	-	3,177,835
Other.....	-	-	-	-	1,106,804
Investment income.....	-	541	504	1,045	20,479
TOTAL REVENUES.....	-	541	504	1,045	7,069,636
EXPENDITURES:					
Current:					
General government.....	100,000	-	-	-	367,527
Public safety.....	5,510	-	-	-	388,629
Education.....	3,103	-	-	-	4,779,124
Public works.....	110,642	-	-	-	877,508
Human services.....	-	-	-	-	34,046
Culture and recreation.....	-	-	-	-	420,931
TOTAL EXPENDITURES.....	219,255	-	-	-	6,867,765
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(219,255)	541	504	1,045	201,871
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	-	-	-
Transfers in.....	-	-	-	-	85,400
Transfers out.....	-	-	-	-	(53,001)
TOTAL OTHER FINANCING SOURCES (USES)...	-	-	-	-	32,399
NET CHANGE IN FUND BALANCES.....	(219,255)	541	504	1,045	234,270
FUND BALANCES AT BEGINNING OF YEAR.....	640,653	21,000	19,533	40,533	2,800,441
FUND BALANCES AT END OF YEAR.....	\$ 421,398	\$ 21,541	\$ 20,037	\$ 41,578	\$ 3,034,711

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Agency Fund

The Agency Fund is used to account for the collection and payment of charges for special details, escrow accounts, deposits and deputy collector accounts.

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2006

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 886,411	\$ 2,584,564	\$ (2,448,961)	\$ 1,022,014
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>179,242</u>	<u>2,081,015</u>	<u>(1,903,031)</u>	<u>357,226</u>
TOTAL ASSETS.....	\$ <u>1,065,653</u>	\$ <u>4,665,579</u>	\$ <u>(4,351,992)</u>	\$ <u>1,379,240</u>
LIABILITIES				
Warrants payable.....	\$ 475	\$ 310,968	\$ (310,769)	\$ 674
Accrued payroll.....	-	29,364	-	29,364
Liabilities due depositors:				
Special details.....	130,401	2,768,386	(2,738,981)	159,806
Escrow accounts.....	225,000	-	-	225,000
Deposits.....	656,838	444,931	(229,784)	871,985
Deputy collector.....	2,659	-	-	2,659
Student activity.....	-	380,621	(380,621)	-
Other liabilities.....	<u>50,280</u>	<u>256,088</u>	<u>(216,616)</u>	<u>89,752</u>
TOTAL LIABILITIES.....	\$ <u>1,065,653</u>	\$ <u>4,190,358</u>	\$ <u>(3,876,771)</u>	\$ <u>1,379,240</u>

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Statistical Section



Photo by Jan Sutton

Many Tewksbury residents and organizations frequent the Tewksbury Country Club built on the former site of the Tew-Mac Airport.

Statistical Section

This part of the Town of Tewksbury's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Four Fiscal Years

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt.....	25,905,322	\$ 23,988,606	\$ 32,653,097	34,107,569
Restricted.....	671,941	586,320	482,861	776,719
Unrestricted.....	23,633,687	6,812,048	11,582,531	7,388,546
Total governmental activities net assets.....	<u>50,210,950</u>	<u>\$ 31,386,974</u>	<u>\$ 44,718,489</u>	<u>42,272,834</u>
Business-type activities				
Invested in capital assets, net of related debt.....	-	16,582,939	19,353,410	54,884,113
Unrestricted.....	-	611,723	297,852	4,133,982
Total business-type activities net assets.....	<u>-</u>	<u>\$ 17,194,662</u>	<u>\$ 19,651,262</u>	<u>59,018,095</u>
Primary government				
Invested in capital assets, net of related debt.....	25,905,322	40,571,545	52,006,507	88,991,682
Restricted.....	671,941	586,320	482,861	776,719
Unrestricted.....	23,633,687	7,423,771	11,880,383	11,522,528
Total primary government net assets.....	<u>50,210,950</u>	<u>\$ 48,581,636</u>	<u>\$ 64,369,751</u>	<u>101,290,929</u>

Source: Audited Financial Statements

Note: Town Meeting voted to establish a sewer enterprise fund (effective FY04) to account for the activity of the Master Sewer Project. Previously the activities of the sewer department and Master Sewer Project were reported as governmental funds.

Town Meeting voted to establish a water enterprise fund (effective FY06)
Previously the activities of the water department were reported in the governmental funds

**Changes in Net Assets
Last Four Fiscal Years
Fiscal Year**

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government.....	\$ 3,814,056	\$ 4,048,144	\$ 3,438,876	\$ 3,282,486
Public safety.....	14,633,118	15,399,741	12,274,105	12,217,172
Education.....	42,638,440	44,747,510	50,920,818	54,082,511
Public works.....	7,966,271	6,047,037	4,199,305	4,425,952
Sewer.....	1,858,945	-	-	-
Human services.....	668,920	651,344	627,043	416,383
Health and sanitation.....	3,029,102	2,882,528	3,604,493	3,272,842
Culture and recreation.....	2,440,159	2,577,406	2,011,778	1,994,923
Claims and judgments.....	-	6,000	-	-
Interest.....	2,458,561	1,951,475	1,665,846	1,584,584
Total governmental activities expenses.....	79,507,572	78,311,185	78,742,264	81,763,797
Business-type activities:				
Sewer.....	-	2,722,624	1,975,994	2,774,415
Water.....	-	-	-	5,558,359
Total primary government expenses.....	\$ 79,507,572	\$ 81,033,809	\$ 80,718,258	\$ 84,538,212
Program Revenues				
Governmental activities:				
Education charges for services.....	\$ 2,513,999	\$ 2,800,310	\$ 3,009,477	\$ 3,400,907
Public Safety charges for services.....	940,401	1,247,467	1,355,772	1,556,071
Other charges for services.....	7,753,026	3,217,731	2,419,673	2,004,071
Operating grants and contributions.....	18,494,984	18,100,918	22,245,887	23,276,031
Capital grant and contributions.....	14,004	902,148	11,412,169	-
Total governmental activities program revenues.....	29,716,414	26,268,574	40,442,978	30,237,080
Business-type activities:				
Charges for services - sewer.....	-	3,015,810	3,886,270	6,159,404
Charges for services - water.....	-	3,103,006	3,167,975	4,534,863
Nonoperating revenues.....	-	187,517	179,245	739,390
Total business-type activities program revenues.....	-	6,306,333	7,233,490	11,433,657
Total primary government program revenues.....	\$ 29,716,414	\$ 32,574,907	\$ 47,676,468	\$ 41,670,737
Net (Expense)/Revenue				
Governmental activities.....	\$ (49,791,158)	(52,042,611)	\$ (38,299,286)	\$ (51,526,717)
Business-type activities.....	-	480,703	5,257,496	3,100,883
Total primary government net expense.....	\$ (49,791,158)	\$ (51,561,908)	\$ (33,041,790)	\$ (48,425,834)
General Revenues and other Changes in Net Assets				
Governmental activities:				
Real estate and personal property taxes, net of tax refunds payable.....	\$ 39,071,407	\$ 40,942,805	\$ 43,214,802	43,816,194
Tax liens.....	378,540	242,418	332,008	214,721
Motor vehicle and other excise taxes.....	3,727,259	3,766,073	3,974,668	3,748,128
Hotel/motel tax.....	346,128	306,612	408,803	501,922
Penalties and interest on taxes.....	211,680	229,154	239,322	189,708
Payments in lieu of taxes.....	-	-	-	46,031
Grants and contributions not restricted to specific programs.....	2,876,582	2,660,707	2,977,289	3,073,341
Unrestricted investment income.....	344,747	181,534	221,848	441,818
Miscellaneous.....	91,681	15,698	18,039	-
Transfers.....	-	(367,472)	(360,100)	(352,647)
Total governmental activities	47,048,024	47,977,529	51,026,679	51,679,216
Business-type activities:				
Transfers.....	-	367,472	360,100	352,647
Total primary government	\$ 47,048,024	\$ 48,345,001	\$ 51,386,779	\$ 52,031,863
Changes in Net Assets				
Governmental activities.....	\$ (2,743,134)	(4,065,082)	12,727,393	152,499
Business-type activities.....	-	848,175	5,617,596	3,453,530
Total primary government.....	\$ (2,743,134)	\$ (3,216,907)	\$ 18,344,989	\$ 3,606,029

Source: Audited Financial Statements

Note: Town Meeting voted to establish a water enterprise fund (effective FY06)
Previously the activities of the water department were reported in the governmental funds
Town meeting voted to establish a sewer enterprise fund in Fiscal 2004.

**Town of Tewksbury, Massachusetts
Fund Balances, Governmental Funds**

Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved.....	\$ 372,168	\$ 313,541	\$ 1,269,591	\$ 164,810	\$ 417,792	\$ 345,214	\$ 436,752	\$ 385,794	\$ 314,351	\$ 326,438
Unreserved.....	<u>1,653,900</u>	<u>3,705,432</u>	<u>3,949,835</u>	<u>4,325,636</u>	<u>6,792,747</u>	<u>5,906,222</u>	<u>5,098,831</u>	<u>3,945,451</u>	<u>4,573,168</u>	<u>3,941,392</u>
Total general fund.....	<u>\$ 2,026,068</u>	<u>\$ 4,018,973</u>	<u>\$ 5,219,426</u>	<u>\$ 4,490,446</u>	<u>\$ 7,210,539</u>	<u>\$ 6,251,436</u>	<u>\$ 5,535,583</u>	<u>\$ 4,331,245</u>	<u>\$ 4,887,519</u>	<u>\$ 4,267,830</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds.....	\$ 862,415	\$ 1,053,871	\$ 1,488,448	\$ 1,698,550	\$ 2,542,917	\$ 4,900,093	\$ 2,696,863	\$ 2,584,615	\$ 2,119,255	\$ 2,571,735
Capital projects funds.....	4,265,739	3,863,450	(824,516)	1,458,265	(2,530,390)	(7,818,737)	(12,506,972)	(12,730,396)	(11,579,806)	1,163,243
Permanent funds.....	-	-	-	-	-	-	39,410	39,940	40,533	41,578
Total all other governmental funds...	<u>\$ 5,128,154</u>	<u>\$ 4,917,321</u>	<u>\$ 663,932</u>	<u>\$ 3,156,815</u>	<u>\$ 12,527</u>	<u>\$ (2,918,644)</u>	<u>\$ (9,770,699)</u>	<u>\$ (10,105,841)</u>	<u>\$ (9,420,018)</u>	<u>\$ 3,776,556</u>

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Source: Audited Financial Statements

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 28,705,732	\$ 29,734,296	\$ 31,043,286	\$ 33,433,785	\$ 35,214,431	\$ 37,820,568	\$ 40,413,746	\$ 41,183,476	\$ 43,361,398	\$ 43,611,338
Tax liens.....	-	-	-	-	-	-	-	-	-	262,997
Motor vehicle and other excise taxes.....	2,333,179	2,576,872	2,782,972	3,222,265	4,188,853	4,000,072	4,082,840	4,127,482	5,114,625	3,813,215
Hotel/motel tax.....	-	-	-	-	-	-	-	-	-	501,922
Charges for services.....	-	-	1,620,394	1,318,688	1,532,028	1,519,220	1,527,936	1,494,438	1,563,245	1,578,597
Water and sewer user charges.....	3,901,308	4,189,069	3,946,510	4,487,138	4,253,810	4,763,359	4,573,092	3,103,006	3,167,975	-
Penalties and interest on taxes.....	702,675	914,651	246,385	179,365	184,777	208,125	211,680	229,154	239,322	189,708
Fees.....	-	-	893,994	1,208,119	1,465,606	1,397,182	1,511,475	1,680,958	1,704,507	2,050,444
Rentals.....	-	-	173,928	218,527	389,077	378,349	367,949	388,730	402,774	399,246
Payment in lieu of taxes.....	-	-	33,672	30,192	36,758	36,523	33,688	27,720	20,328	46,031
Licenses and permits.....	-	-	519,806	510,357	525,814	338,598	387,816	547,106	614,085	723,236
Fines and forfeitures.....	-	-	104,613	111,732	137,217	125,404	115,346	142,139	138,544	102,815
Intergovernmental.....	12,151,616	14,181,251	17,933,084	19,798,293	19,149,389	22,068,592	22,415,290	21,794,338	25,752,246	39,904,560
Departmental and other.....	2,486,647	3,246,987	786,896	951,669	900,542	492,581	653,375	699,157	801,572	1,207,917
Sale of land.....	-	-	-	-	-	2,806,824	-	-	-	-
Investment income.....	-	-	681,283	723,284	808,654	509,652	315,175	162,054	204,679	410,016
Total Revenue.....	50,281,157	54,843,126	60,766,823	66,193,414	68,786,956	76,465,049	76,609,408	75,579,758	83,085,300	94,802,042
Expenditures:										
General government.....	3,950,956	4,154,611	2,034,000	2,324,588	2,634,349	2,781,296	2,660,161	2,686,850	2,704,507	2,853,789
Public safety.....	7,152,143	7,712,921	8,212,109	8,733,414	9,123,710	9,801,269	9,948,405	9,859,617	9,892,398	10,259,578
Education.....	24,564,227	26,173,811	27,437,920	30,273,600	31,876,261	34,088,231	39,154,583	39,482,802	46,157,017	51,122,369
Public works.....	4,600,640	4,002,407	7,282,661	5,122,227	4,827,870	5,679,466	5,430,857	4,695,713	6,320,982	4,085,326
Human services.....	267,100	276,752	329,334	366,890	325,715	381,458	390,007	401,757	380,130	305,119
Health and sanitation.....	1,794,833	1,856,881	1,838,935	2,138,513	1,519,757	2,694,246	2,889,561	2,711,406	3,481,795	3,224,221
Culture and recreation.....	527,451	573,115	913,787	1,068,264	1,362,444	1,458,939	1,599,935	1,539,739	1,774,176	1,941,848
Pension benefits.....	-	-	1,602,987	4,466,852	1,687,740	4,675,097	5,553,874	6,731,924	2,961,251	1,892,813
Employee benefits.....	-	-	3,613,501	5,151,339	5,691,967	6,778,135	3,278,360	3,311,189	4,347,238	3,601,758
Claims and judgments.....	-	-	-	-	-	-	-	6,000	-	-
State and county charges.....	-	-	259,898	250,185	227,514	381,434	401,548	353,683	416,159	486,944
Capital outlay.....	4,856,809	10,354,095	13,510,742	8,340,291	5,627,455	11,585,878	7,626,489	2,673,607	2,302,410	1,817,961
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,570,000	2,881,734	3,248,080	3,266,210	3,394,837	3,553,724	3,898,982	2,944,669	3,041,740	2,100,237
Interest.....	1,581,816	1,609,286	1,844,529	2,163,610	2,476,532	2,394,527	2,518,970	1,925,731	1,661,300	1,576,283
Total Expenditures.....	51,865,975	59,595,613	72,128,483	73,665,983	70,776,151	86,253,700	85,351,732	79,324,687	85,441,103	85,268,246
Excess of revenues over (under) expenditures.....	(1,584,818)	(4,752,487)	(11,361,660)	(7,472,569)	(1,989,195)	(9,788,651)	(8,742,324)	(3,744,929)	(2,355,803)	9,533,796
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	6,895,002	9,150,000	6,315,000	9,995,000	1,565,000	6,106,000	-	2,246,000	3,453,000	2,500,000
Premium from issuance of bonds.....	-	-	-	-	-	-	-	122,738	-	25,471
Issuance of refunding bonds.....	-	-	2,535,000	-	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	(2,522,935)	-	-	-	-	-	-	-
Issuance cost of refunding bonds.....	-	-	(12,065)	-	-	-	-	-	-	-
Capital lease financing.....	-	-	-	-	-	-	-	-	505,000	850,000
Transfers in.....	417,187	581,478	90,477	686,211	105,855	236,834	3,434,523	175,232	67,770	138,401
Transfers out.....	(3,673,815)	(3,196,919)	(90,477)	(1,040,964)	(105,855)	(444,457)	(3,434,523)	(542,704)	(427,870)	(491,048)
Total other financing sources (uses).....	3,638,374	6,534,559	6,315,000	9,640,247	1,565,000	5,898,377	-	2,001,266	3,597,900	3,022,824
Net change in fund balance.....	\$ 2,053,556	\$ 1,782,072	\$ (5,046,660)	\$ 2,167,678	\$ (424,195)	\$ (3,890,274)	\$ (8,742,324)	\$ (1,743,663)	\$ 1,242,097	\$ 12,556,620
Debt service as a percentage of noncapital expenditures.....	8.83%	9.12%	8.69%	8.31%	9.01%	7.97%	8.26%	6.40%	5.70%	4.43%

Notes:

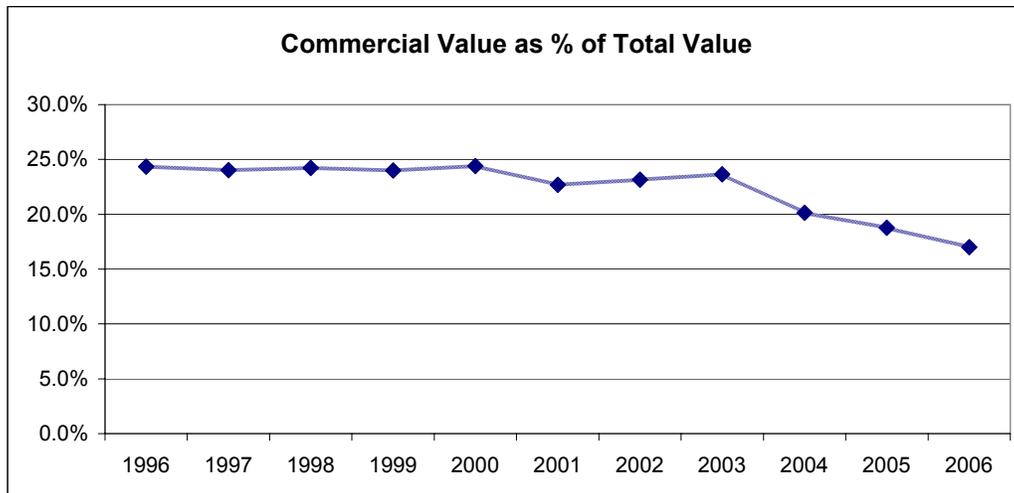
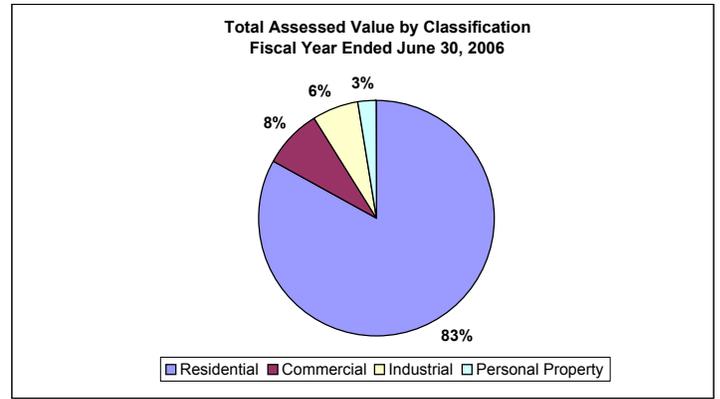
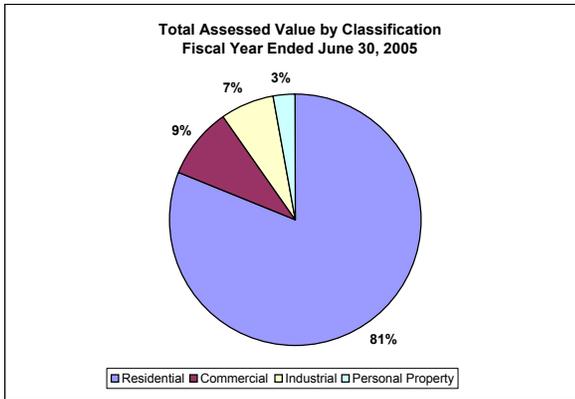
Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.
 In fiscal year 2000, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.
 In fiscal year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.
 In fiscal years 1996-2003, public works included sewer
 In fiscal year 1996-1997, real estate & personal property taxes were net of the provision for abatements and exemptions of \$583,083 and \$648,786, respectively.
 In fiscal year 1996 debt service interest included temporary loans
 In fiscal year 1997, interest was on both taxes and investments

Source: Audited Financial Statements

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates							
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value
1997	\$ 1,305,200,800	\$ 14.42	\$ 192,114,600	\$ 162,387,000	\$ 58,509,305	\$ 413,010,905	\$ 23.65	\$ 1,718,211,705
1998 (1)	\$ 1,412,466,400	\$ 13.98	\$ 208,805,400	\$ 183,230,500	\$ 59,300,110	\$ 451,336,010	\$ 22.78	\$ 1,863,802,410
1999	\$ 1,429,883,900	\$ 14.61	\$ 206,273,500	\$ 180,610,700	\$ 64,226,270	\$ 451,110,470	\$ 23.89	\$ 1,880,994,370
2000	\$ 1,456,772,100	\$ 15.00	\$ 211,126,600	\$ 186,100,300	\$ 73,275,410	\$ 470,502,310	\$ 24.47	\$ 1,927,274,410
2001 (1)	\$ 1,901,809,100	\$ 12.65	\$ 250,734,900	\$ 224,132,200	\$ 83,422,345	\$ 558,289,445	\$ 21.23	\$ 2,460,098,545
2002	\$ 1,947,332,000	\$ 13.00	\$ 258,935,700	\$ 242,208,200	\$ 85,787,785	\$ 586,931,685	\$ 21.65	\$ 2,534,263,685
2003	\$ 1,972,715,200	\$ 13.60	\$ 263,377,400	\$ 250,510,800	\$ 97,098,230	\$ 610,986,430	\$ 22.47	\$ 2,583,701,630
2004 (1)	\$ 2,788,132,061	\$ 10.39	\$ 308,044,639	\$ 287,900,100	\$ 106,443,240	\$ 702,387,979	\$ 18.87	\$ 3,490,520,040
2005	\$ 3,076,067,654	\$ 10.10	\$ 344,037,646	\$ 261,642,000	\$ 104,535,430	\$ 710,215,076	\$ 18.08	\$ 3,786,282,730
2006	\$ 3,325,236,688	\$ 10.07	\$ 329,072,812	\$ 246,793,400	\$ 105,103,390	\$ 680,969,602	\$ 17.74	\$ 4,006,206,290



Source: Official Statements, Town of Tewksbury
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.
 (1) Revaluation Year

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Town of Tewksbury, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

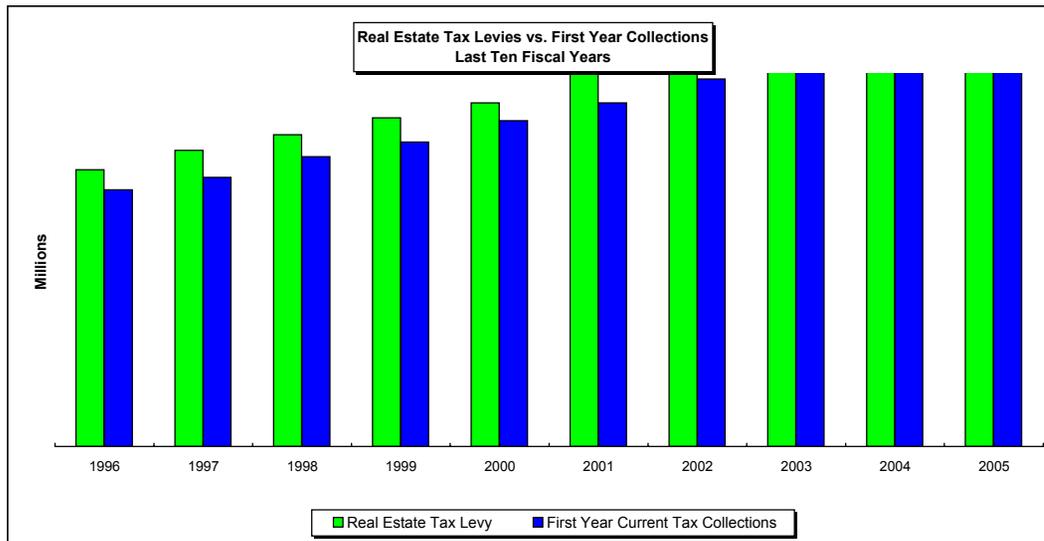
Name	Nature of Business	2006			1997		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
New England Power Company	Utility	\$ 45,999,260	1	2%	\$ 21,828,990	4	2%
Raytheon Manufacturing Corp.	Electronics/Research	\$ 42,904,700	2	2%	\$ 39,046,860	1	3%
836 North Street LLC	Electronics	\$ 29,461,500	3	1%	N/A	N/A	N/A
BCIA 1925 Andover Street	Computer Systems (AVID)	\$ 26,120,000	4	1%	N/A	N/A	N/A
Demoulas Supermarkets, Inc.	Food Warehouse	\$ 23,803,680	5	1%	N/A	N/A	N/A
Lowell Gas	Utility	\$ 30,655,620	6	1%	\$ 19,813,952	5	2%
DSM Realty/Valley Prop.	Shopping Center & Warehouse	\$ 18,898,400	7	1%	\$ 30,924,410	2	3%
Ames Pond LLC	Corporate Office Park	\$ 18,567,800	8	1%	N/A	N/A	N/A
Highwood Holdings	Office Buildings	\$ 15,697,234	9	1%	N/A	N/A	N/A
Tewksbury Apartments	Apartments	\$ 25,918,650	10	1%	N/A	N/A	N/A
Metropolitan Life Insurance	Insurance	N/A	N/A	N/A	\$ 24,186,300	3	2%
RJR Vent LTD	Electronics	N/A	N/A	N/A	\$ 11,432,600	6	1%
Massachusetts Electric Company	Utility	N/A	N/A	N/A	\$ 9,527,650	7	1%
Digital Equipment Corp.	Electronics	N/A	N/A	N/A	\$ 7,073,000	8	1%
Linda & Marianne Matarazzo Trustees	Shopping Center	N/A	N/A	N/A	\$ 6,563,600	9	1%
Walmart	Shopping Center	N/A	N/A	N/A	\$ 6,287,600	10	1%
	Totals	<u>\$ 278,026,844</u>		<u>10%</u>	<u>\$ 176,684,962</u>		<u>15%</u>

Source: Official Statements, Town of Tewksbury

Town of Tewksbury, Massachusetts

Property Tax Levies and Collections

Fiscal Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	(3) First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1997	\$ 28,656,940	\$ 648,787	\$ 28,008,153	\$ 27,423,400	97.9%	\$ 555,431	\$ 27,978,831	100%
1998	(1) \$ 30,092,387	\$ 616,699	\$ 29,475,688	\$ 28,808,249	97.7%	\$ 618,212	\$ 29,426,461	100%
1999	\$ 31,737,152	\$ 659,969	\$ 31,077,183	\$ 30,814,206	99.2%	\$ 491,424	\$ 31,305,630	101%
2000	\$ 33,434,468	\$ 919,696	\$ 32,514,772	\$ 32,509,712	100.0%	\$ 557,831	\$ 33,067,543	102%
2001	(1) \$ 35,975,838	\$ 699,875	\$ 35,275,963	\$ 34,766,975	98.6%	\$ 472,661	\$ 35,239,636	100%
2002	\$ 38,080,992	\$ 492,324	\$ 37,588,668	\$ 37,038,886	98.5%	\$ 554,640	\$ 37,593,526	100%
2003	\$ 40,619,921	\$ 684,229	\$ 39,935,692	\$ 37,525,966	94.0%	\$ 298,371	\$ 37,824,337	95%
2004	(1) \$ 42,274,260	\$ 1,090,811	\$ 41,183,449	\$ 39,332,690	95.5%	\$ 177,097	\$ 39,509,787	96%
2005	\$ 43,953,567	\$ 720,755	\$ 43,232,812	\$ 42,994,346	99.4%	\$ 231,064	\$ 43,225,410	100%
2006	\$ 45,612,442	\$ 604,960	\$ 45,007,482	\$ 44,226,292	98.3%	\$ -	\$ 44,226,292	98%



(1) Revaluation year

(2) Includes tax liens

(3) Actual collections of levy less refunds and amounts refundable but not including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Source: Official Statements, Town of Tewksbury
Annual Reports, Town of Tewksbury

Town of Tewksbury, Massachusetts

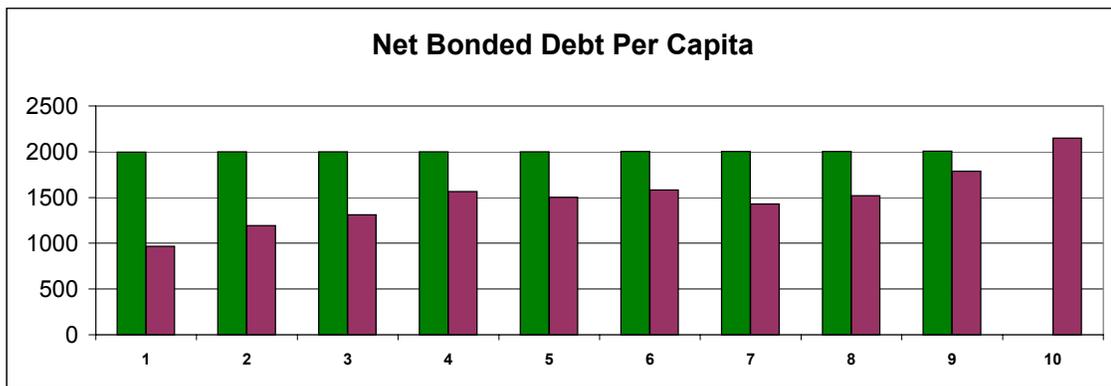
Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt					
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value	
1997	28,320	\$ 743,145,120	\$ 1,664,434,500	\$ 27,130,002	\$ 223,087	\$ 966	3.68%	1.64%	
1998	28,135	\$ 738,290,535	\$ 1,809,617,200	\$ 33,398,268	\$ 187,695	\$ 1,194	4.55%	1.86%	
1999	29,074	\$ 762,930,834	\$ 1,821,526,400	\$ 37,368,596	\$ 749,758	\$ 1,311	5.00%	2.09%	
2000	28,851	\$ 757,079,091	\$ 1,858,645,300	\$ 44,097,386	\$ 1,014,150	\$ 1,564	5.96%	2.43%	
2001	28,935	\$ 1,202,336,055	\$ 2,381,851,500	\$ 42,267,549	\$ 1,145,068	\$ 1,500	3.61%	1.82%	
2002	29,199	\$ 1,213,306,047	\$ 2,452,984,000	\$ 44,819,825	\$ 1,365,695	\$ 1,582	3.81%	1.88%	
2003	29,310	\$ 1,217,918,430	\$ 2,491,171,700	\$ 40,920,843	\$ 971,448	\$ 1,429	3.44%	1.68%	
2004	29,288	\$ 1,217,004,264	\$ 3,389,034,100	\$ 32,544,207	\$ 1,027,918	\$ 1,146	2.76%	0.99%	
2005	29,130	\$ 1,210,438,890	\$ 3,686,162,700	\$ 32,955,467	\$ 1,178,622	\$ 1,172	2.82%	0.93%	
2006	29,043	\$ 1,206,823,779	\$ 3,905,761,100	\$ 23,616,144	\$ 1,659,137	\$ 870	2.09%	0.65%	

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1997	\$ -	\$ -	\$ 27,353,089	\$ 966	3.68%	1.64%
1998	\$ -	\$ -	\$ 33,585,963	\$ 1,194	4.55%	1.86%
1999	\$ -	\$ -	\$ 38,118,354	\$ 1,311	5.00%	2.09%
2000	\$ -	\$ -	\$ 45,111,536	\$ 1,564	5.96%	2.43%
2001	\$ -	\$ -	\$ 43,412,617	\$ 1,500	3.61%	1.82%
2002	\$ -	\$ -	\$ 46,185,520	\$ 1,582	3.81%	1.88%
2003	\$ -	\$ -	\$ 41,892,291	\$ 1,429	3.44%	1.68%
2004	\$ 10,913,205	\$ -	\$ 44,485,330	\$ 1,519	3.66%	1.31%
2005	\$ 17,968,559	\$ -	\$ 52,102,648	\$ 1,789	4.30%	1.41%
2006	\$ 37,097,419	\$ -	\$ 62,372,700	\$ 2,148	5.17%	1.60%

(1) Sewer Fund established in 2004.
Source: Audited Financial Statements, U. S. Census



Town of Tewksbury, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2006

<u>Town of Tewksbury, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Shawsheen Valley Regional Vocational Technical School..... \$	3,770,949	28.64%	\$ 1,080,000 (1)
Town direct debt.....			<u>23,616,144</u>
Total direct and overlapping debt.....			<u>\$ 24,696,144</u>

(1) Note: Debt is as of June 2006.
Source: Shawsheen Valley Regional Technical Vocational High School.

Town of Tewksbury, Massachusetts

Computation of Legal Debt Margin

Last Ten Fiscal Years

	1997	(1) 1998	1999	2000	(1) 2001	2002	2003	(1) 2004	2005	2006
Equalized Valuation	\$ 1,830,605,100	\$ 1,830,605,100	\$ 1,992,894,400	\$ 1,992,894,400	\$ 2,314,582,000	\$ 2,314,582,000	\$ 3,003,930,000	\$ 3,003,930,000	\$ 3,772,192,300	\$ 4,365,175,800
Debt Limit -5% of Equalized Valuation	\$ 91,530,255	\$ 91,530,255	\$ 99,644,720	\$ 99,644,720	\$ 115,729,100	\$ 115,729,100	\$ 150,196,500	\$ 150,196,500	\$ 188,609,615	\$ 218,258,790
Less:										
Outstanding debt applicable to limit	\$ 14,497,500	\$ 25,188,268	\$ 29,166,791	\$ 28,878,310	\$ 27,761,068	\$ 31,388,788	\$ 28,663,321	\$ 26,555,806	\$ 50,924,026	\$ 60,713,563
Authorized and unissued debt	\$ 4,970,998	\$ 16,059,689	\$ 13,120,925	\$ 19,665,925	\$ 20,940,925	\$ 18,690,925	\$ 99,536,925	\$ 92,198,085	\$ 94,812,085	\$ 83,647,056
Legal debt margin	\$ 72,061,757	\$ 50,282,298	\$ 57,357,004	\$ 51,100,485	\$ 67,027,107	\$ 65,649,387	\$ 21,996,254	\$ 31,442,609	\$ 42,873,504	\$ 73,898,171
Total debt applicable to the limit as a percentage of debt limit	21.27%	45.06%	42.44%	48.72%	42.08%	43.27%	85.36%	79.07%	77.27%	66.14%

(1) Revaluation year

Source: Official Statements, Town of Tewksbury and State Records

Town of Tewksbury, Massachusetts
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	(1) School Enrollment	Unemployment Rate
1997	28,320	\$ 1,085,425,289	\$ 38,327	32.9	4,408	3.5%
1998	28,135	\$ 1,100,341,595	\$ 39,109	32.9	4,479	2.8%
1999	29,074	\$ 1,160,270,690	\$ 39,908	32.9	4,577	3.0%
2000	28,851	\$ 1,174,868,691	\$ 40,722	32.9	4,706	2.3%
2001	28,935	\$ 1,202,336,055	\$ 41,553	37.6	4,780	3.4%
2002	29,199	\$ 1,237,572,168	\$ 42,384	37.6	4,941	5.3%
2003	29,310	\$ 1,267,122,335	\$ 43,232	37.6	5,012	6.1%
2004	29,288	\$ 1,291,494,661	\$ 44,096	37.6	5,055	4.9%
2005	29,130	\$ 1,310,217,982	\$ 44,978	37.6	5,077	4.3%
2006	29,043	\$ 1,332,430,967	\$ 45,878	37.6	5,136	4.0%

(1) Includes Shawsheen Valley Regional Vocational/Technical HS, Tewksbury students only
As of October 1 of each year

Source: Tewksbury Town Report, respective year
Official Statements, Town of Tewksbury
Massachusetts Department of Employment & Training (www.detma.org)

Town of Tewksbury, Massachusetts

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2006			1997		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon Manufacturing Co.	Electronics & Research	2,187	1	13.8%	2,429	1	15.1%
Tewksbury State Hospital	Hospital	1,018	2	6.4%	735	4	4.6%
Demoulas Warehouse/Stores	Grocery Store Warehouse	900	3	5.7%	800	3	5.0%
Avid Technology, Inc.	Computer Systems	640	4	4.0%	850	2	5.3%
Getronics	Electronics	366	5	2.3%	N/A	N/A	N/A
Verizon	Communication	250	6	1.6%	N/A	N/A	N/A
Home Depot	Building/Hardware	170	7	1.1%	220	7	1.4%
Walmart	Deparment Store	145	8	0.9%	N/A	N/A	N/A
ECRM	Manufacturing Printers	100	9	0.6%	N/A	N/A	N/A
Holiday Inn	Motel	65	10	0.4%	117	8	0.7%
Metropolitan Life Insurance	Insurance	N/A	N/A	N/A	330	6	2.0%
Wang Laboratories	Electronics	N/A	N/A	N/A	522	5	3.2%
Muro Pharmaceutical, Inc.	Manufacturing Pharmaceuticals	N/A	N/A	N/A	110	9	0.7%
		5,841		37%	6,113		38%

N/A - Information not available

Source: Each company, December, 2005 and 1997 respectively

Town of Tewksbury, Massachusetts
Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government.....	32	32	34	35	36	35	32	33	33	33
Public safety.....	137	139	142	138	132	127	127	133	133	133
Education.....	376	380	377	368	397	423	420	428	411	411
Public works.....	37	38	38	45	43	45	44	45	38	38
Human services.....	3	4	4	4	4	4	4	4	4	4
Health and sanitation.....	3	3	3	4	4	4	5	5	5	5
Culture and recreation.....	16	16	16	14	21	22	22	21	22	22
Total	604	612	614	608	637	660	654	669	646	646

Note: The Town began accumulating data effective FY2005. The Town will accumulate for all fiscal years going forward.

Town of Tewksbury, Massachusetts

Operating Indicators/Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Number of Buildings.....	6	6	6	7	7	7	7	7	7	7
Police										
Motor vehicle citation.....	2,905	2,741	2,674	4,256	4,130	N/A	N/A	3,076	N/A	N/A
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Police personnel and officers.....	83	85	88	76	75	71	68	72	72	72
Fire										
Inspections.....	1,187	1,214	1,215	1,063	961	935	633	N/A	N/A	N/A
Fire stations.....	3	3	3	3	3	3	3	3	3	3
Fire personnel and officers.....	51	51	51	53	53	52	51	51	51	51
Education										
Number of elementary schools.....	4	4	5	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	245	245	250	257	278	292	294	297	280	286
Number of administrators.....	17	17	17	17	18	18	18	18	18	18
Number of students.....	4,041	4,159	4,272	4,395	4,456	4,629	4,664	4,730	4,731	4,643
Public works										
Water mains (miles).....	158	158	158	158	158	158	158	158	158	158
Fire hydrants.....	1,442	1,457	1,472	1,486	1,501	1,517	1,532	1,547	1,563	1,564
Sanitary sewers (miles).....	37	40	44	49	49	54	54	54	59	73
Storm drains.....	2,518	2,544	2,569	2,595	2,621	2,648	2,675	2,702	2,729	2,729
Culture and Recreation										
Parks and playgrounds.....	1	1	1	1	1	1	1	1	1	1
Park and playground (acreage).....	27	27	27	27	27	27	27	27	27	27
Fields - baseball.....	10	10	10	10	10	10	10	10	10	10
Fields - football.....	2	2	2	2	2	2	2	2	2	2
Fields - soccer.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	2	2	2	2	2	2	2	2	2	2

Source: Various Town Departments
Tewksbury Town Report, respective year