

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Photo by Donna Gill

**For the fiscal year ended
June 30, 2007**

On the cover:

One of the many original buildings located on State Hospital grounds. Tewksbury State Hospital is home to the Public Health Museum.



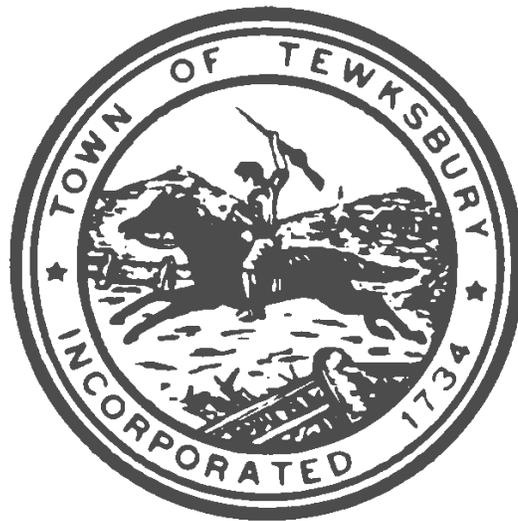
Photo by Jan Sutton

The Ella Fleming School, a two room school house, was still in use in the 1950's.
In the early 1900's, boys & girls had separate entrances.

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2007



Prepared by:

Finance Department

TOWN OF TEWKSBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2007

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Introductory Section



Photo by Jan Sutton

The North Tewksbury Baptist Church was constructed just before the Civil War. Today, almost 150 years later, it is still a center of activity in the Town.

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

December 14, 2007

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, 2007 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 Town'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, 2007, 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, 2007, 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, 2007 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 and natural gas are supplied by National Grid. 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). 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's 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 \$110.4 million in long and short-term debt. This indebtedness consists of \$89.8 million of general obligation bonds, of which \$65.9 million is self-supporting through enterprise fund revenues, and \$14.4 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 \$10.1 million.

The Town has authorized and unissued debt for school purposes, water and sewer improvements, departmental equipment, land acquisition, and other various projects totaling \$59.8 million as of June 30, 2007.

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, 2006. 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.

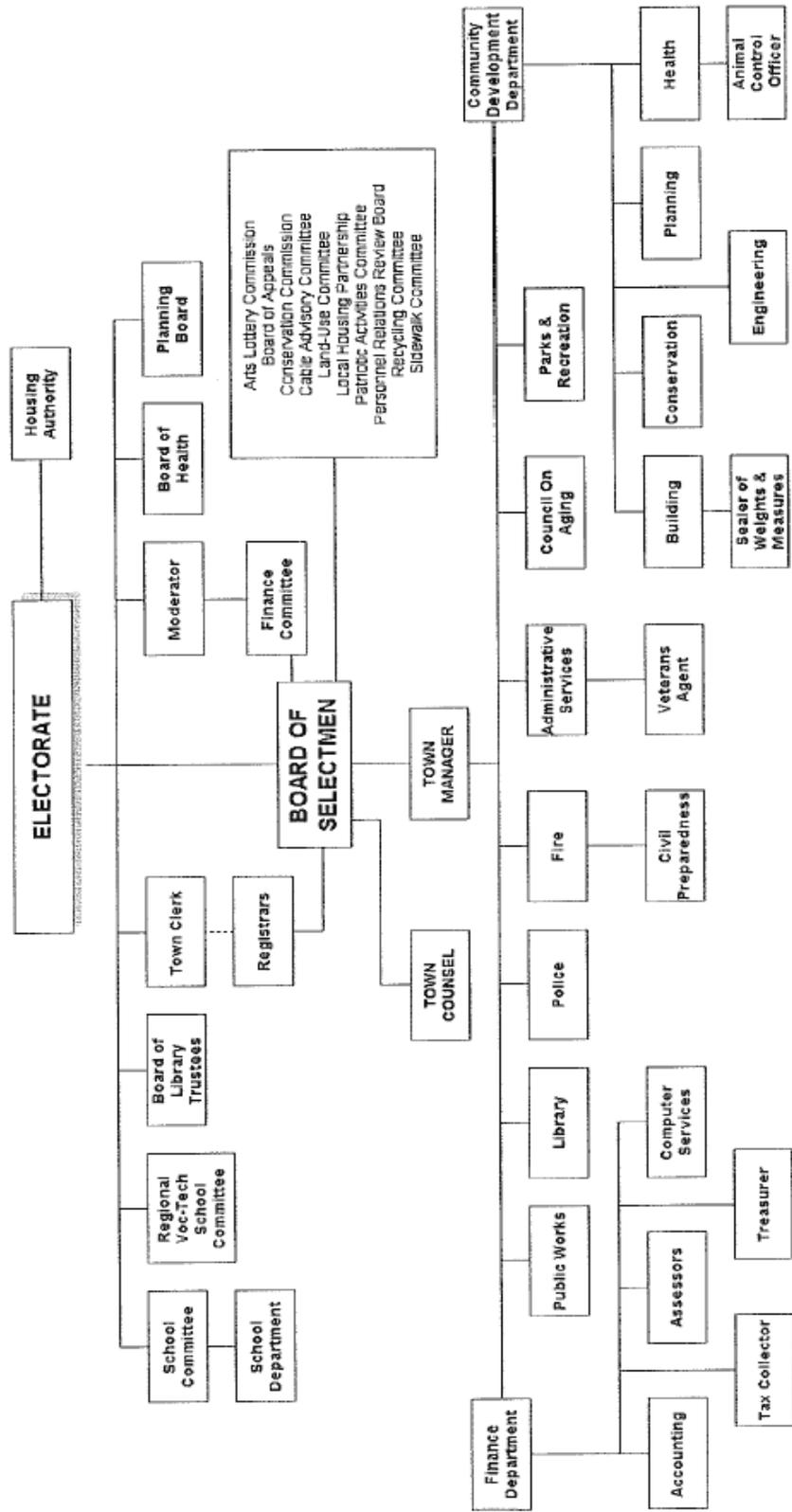
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department's staff. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also 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".

Donna M. Walsh
Finance Director

TOWN OF TEWKSBURY ORGANIZATIONAL CHART



Principal Town Officials

Elected Officials

Board of Selectmen

Edward K. Dick
David Gay
Todd Johnson, Vice Chairperson
Ann Marie Stronach, Clerk
Jerome E. Selissen, Chairperson

School Committee

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

Town Clerk

Elizabeth A. Carey

Principal Executive Officers

Town Manager
Finance Director/Town Auditor
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, 2006

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

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Financial Section



Photo by Jan Sutton

A colorful Autumn display at Mahoney's Garden Center along Main Street.

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, 2007, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tewksbury, Massachusetts, as of June 30, 2007, 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.

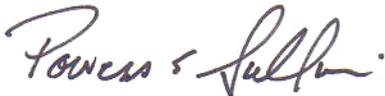
As more fully described in Note 4, the Town has reported all major general infrastructure assets acquired prior to June 30, 2002, as required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended and interpreted, as of June 30, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 cursive script, appearing to read "Powers & Sullivan".

December 14, 2007

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, 2007. 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 \$121.5 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 \$3.7 million. This increase is a result of better than expected governmental revenues and rate adjustments made in the water business activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$7.2 million, a decrease of \$812,000 in comparison with the prior year. This decrease was less than anticipated and was minimized by better than anticipated general fund receipts.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3 million, or 4% percent of total government expenditures.
- The Town issued long-term debt totaling \$8.2 million for various water projects, \$23 million for sewer projects and \$2.4 million for governmental activities during the fiscal year.
- The Town reported general infrastructure assets acquired prior to the implementation of GASB 34 for the first time in fiscal year 2007. This resulted in a beginning net asset adjustment of \$16.5 million.

Overview of the Financial Statements

This discussion and analysis is 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, human services, health and sanitation, culture and recreation, and interest.

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 \$121.5 million at the close of the FY2007. Key components of the Town's governmental and business type financial position follow.

For the Town's governmental activities, assets exceeded liabilities by \$60 million at the close of fiscal 2007.

Governmental Activities:	Fiscal 2007	Fiscal 2006
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 18,979,245	\$ 19,756,688
Noncurrent assets (excluding capital).....	7,280,000	7,491,000
Capital assets.....	68,887,468	67,001,839
Total assets.....	<u>95,146,713</u>	<u>94,249,527</u>
Liabilities:		
Current liabilities (excluding debt).....	8,716,865	7,782,432
Noncurrent liabilities (excluding debt).....	2,532,834	2,318,917
Current debt.....	2,438,595	4,033,085
Noncurrent debt.....	<u>21,468,464</u>	<u>21,383,059</u>
Total liabilities.....	<u>35,156,758</u>	<u>35,517,493</u>
Net Assets:		
Capital assets net of related debt.....	51,155,892	47,981,558
Restricted.....	878,752	483,906
Unrestricted.....	<u>7,955,311</u>	<u>10,266,570</u>
Total net assets.....	<u>\$ 59,989,955</u>	<u>\$ 58,732,034</u>

A significant portion of the Town's net assets, \$51.2 million (85%), 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 \$879,000 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8 million (13%) 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 \$61.5 million at the close of fiscal 2007.

Business-type Activities:	Fiscal 2007	Fiscal 2006
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 33,509,324	\$ 24,526,915
Capital assets.....	121,139,805	99,887,648
Total assets.....	<u>154,649,129</u>	<u>124,414,563</u>
Liabilities:		
Current liabilities (excluding debt).....	6,564,660	4,032,049
Noncurrent liabilities (excluding debt).....	84,000	-
Current debt.....	23,703,302	26,568,703
Noncurrent debt.....	<u>62,819,969</u>	<u>34,795,716</u>
Total liabilities.....	<u>93,171,931</u>	<u>65,396,468</u>
Net Assets:		
Capital assets net of related debt.....	57,908,772	54,963,145
Unrestricted.....	<u>3,568,426</u>	<u>4,054,950</u>
Total net assets.....	<u>\$ 61,477,198</u>	<u>\$ 59,018,095</u>

Business type net assets of \$57.9 million (94%) represent investments in capital assets net of related debt. The remaining \$3.6 million (6%) 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 \$1.3 million during the current fiscal year. The key elements of governmental activities are as follows:

Governmental Activities:	Fiscal 2007	Fiscal 2006
	<u> </u>	<u> </u>
Program revenues:		
Charges for services.....	\$ 6,874,072	\$ 6,962,049
Operating grants and contributions.....	23,771,003	23,275,031
General Revenues:		
Real estate and personal property taxes.....	46,990,762	43,816,194
Motor vehicle and other excise taxes.....	3,617,989	3,748,128
Nonrestricted grants.....	3,689,997	3,073,341
Unrestricted investment income.....	665,725	441,818
Other revenues.....	<u>1,428,477</u>	<u>952,382</u>
Total revenues.....	<u>\$ 87,038,025</u>	<u>\$ 82,268,943</u>

Governmental Activities:	Fiscal	Fiscal
	2007	2006
	<u> </u>	<u> </u>
Expenses:		
General government.....	\$ 3,922,631	\$ 3,635,876
Public safety.....	13,797,878	13,022,549
Education.....	56,963,315	53,136,035
Public works.....	4,208,529	4,503,493
Human services.....	393,696	421,763
Health and sanitation.....	2,641,590	3,357,013
Culture and recreation.....	2,452,453	2,102,484
Interest.....	1,038,814	1,584,584
Total expenses.....	85,418,906	81,763,797
Excess before transfers.....	1,619,119	505,146
Transfers.....	(361,198)	(2,950,801)
Change in net assets.....	\$ 1,257,921	\$ (2,445,655)

Governmental expenses totaled \$85.4 million of which \$30.6 million (36%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$56.4 million, primarily from property taxes, motor vehicle excise, lottery and other revenues.

Charges for services represent about 8% 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 27% 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 54% of all resources.

Other taxes comprise 11% of the governmental activity's resources.

Education is by far the largest governmental activity of the Town. A total of \$57 million was expended for education, of which \$23.5 million was funded by program revenues. The remaining \$33.4 million was funded by taxes and other revenue.

Public safety is the second largest activity of the Town. \$12.1 million of general revenues were needed to cover FY07 operating expenses.

Business-type activities net assets increased by \$2.5 million during the current fiscal year. The primary reasons for the increase were rate adjustments made in for water activities and the fact that the rates charged are designed to support principle payments on long-term debt, which in fiscal 2007 totaled \$2.3 million.

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

Business-type Activities:	Fiscal 2007	Fiscal 2006
Program revenues:		
Charges for services.....	\$ 9,707,222	\$ 10,694,267
Nonoperating grants and contributions.....	167,732	173,572
General revenues:		
Unrestricted investment income.....	912,647	565,818
Total revenues.....	10,787,601	11,433,657
Expenses.....	8,689,696	8,332,774
Excess before transfers.....	2,097,905	3,100,883
Transfers.....	361,198	2,950,801
Change in net assets.....	\$ 2,459,103	\$ 6,051,684

Financial Analysis of the Government's Funds

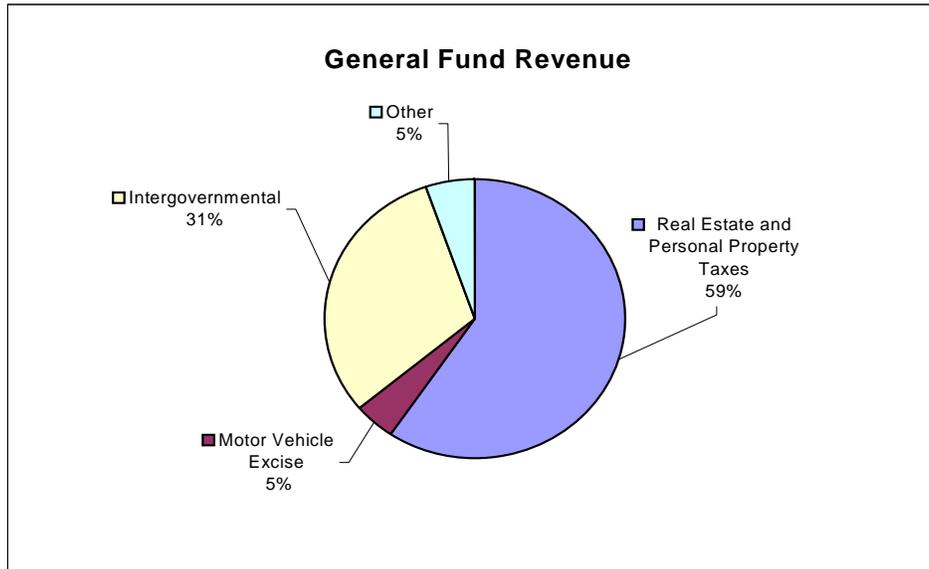
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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.

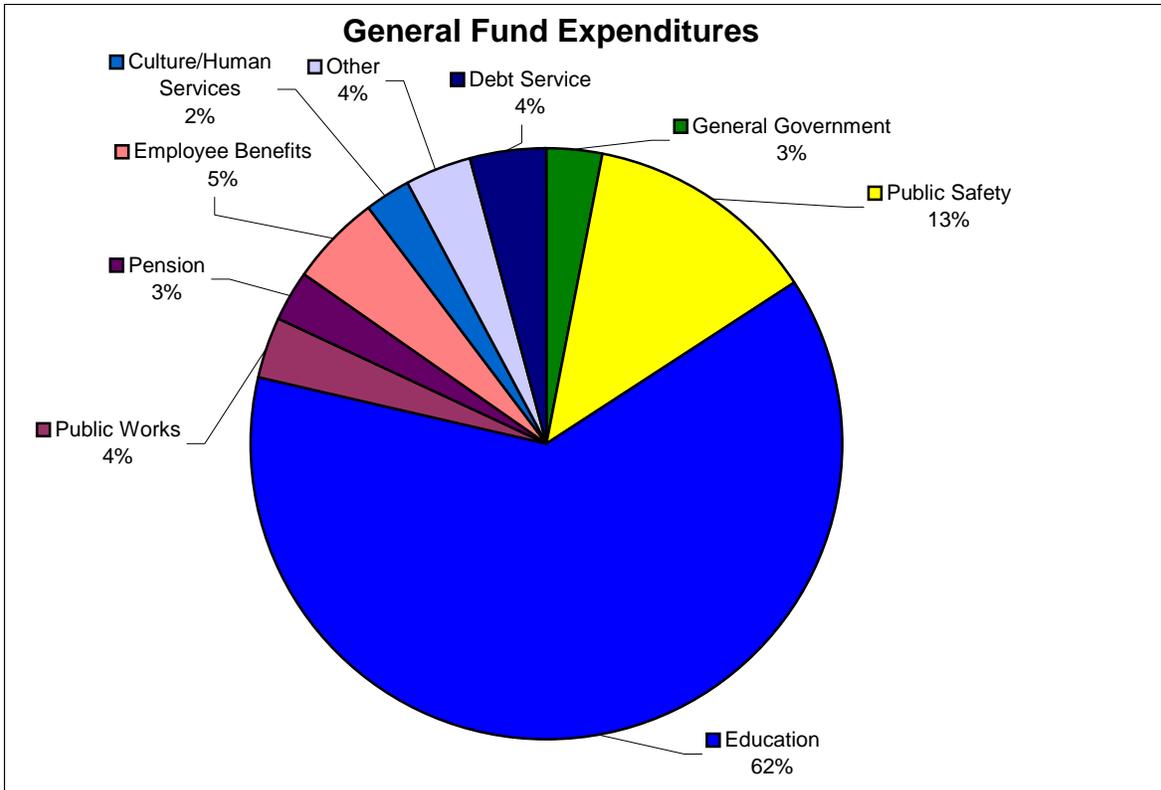
At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$7.2 million. \$3.4 million is for the general fund and \$3.8 million is for nonmajor governmental funds. Cumulatively there was a decrease of \$812,000 in fund balances from the prior 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 million while total fund balance was \$3.4 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 4% of that same amount. Reservation of fund balance for encumbrances and continuing appropriations totaled \$429,000. Additionally, \$2.4 million was designated for amounts voted to be used in FY08.

Financial Summary



- Overall, general fund revenue increased 5% compared to FY06. 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 59% 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 7% in FY07.
- Intergovernmental revenue represents 31% of total general fund revenues. This includes state aid as well as \$6.2 million in payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits. Intergovernmental revenue decreased by 1% from FY06.
- Motor vehicle revenue represents 5% of the total general fund revenues. Motor vehicle revenue continued to be a strong source of revenue even though it decreased by 6% from FY06.
- License and permit revenue totaled \$593,000, reflecting continuing home renovation and building activity in the Town.



- Expenditures in the general fund increased 4% as compared to FY06 with education and employee benefits being the primary contributors.
- Education continues to represent the largest category of general fund expenditures, approximating 62% in FY07. 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 FY07. Debt service costs in FY07 were 4% 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 \$838,000 in fiscal 2007. This was actually better than expected as revenue was higher than budgeted.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was \$383,000 (.5%) 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, 2007, amounts to \$190 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 \$38.8 million.

Capital Asset	Governmental Activities	Business Type Activities	Total
Land.....\$	1,845,881	\$ 204,000	\$ 2,049,881
Construction in progress.....	4,677,123	47,832,276	52,509,399
Artwork.....	896,500	-	896,500
Land improvements.....	246,693	-	246,693
Buildings.....	37,135,630	6,024,131	43,159,761
Buildings improvements.....	3,539,339	3,252,406	6,791,745
Machinery and equipment.....	3,382,009	111,821	3,493,830
Library and school books.....	1,177,154	-	1,177,154
Infrastructure.....	15,987,139	63,715,171	79,702,310
Total.....\$	68,887,468	\$ 121,139,805	\$ 190,027,273

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

- Construction on the Master Sewer project is continuing with \$19.6 million expended in fiscal 2007. 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 \$5.4 million spent through fiscal 2007. Additionally, another \$600,000 was spent on various infrastructure projects.

Debt Administration

The Town maintains an “A+” bond rating from Standard & Poor’s. 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 \$89.8 million of which \$14.4 million is related to school projects, \$16.8 million is for water projects, \$49.1 million is related to sewer projects, \$1.6 million is related to the Town library, \$4.2 million is related to the Senior Center, and \$2.7 million relates to public safety projects, leaving a balance of \$1 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 issued long-term debt in FY2007 totaling \$33.6 million. Of this, \$8.2 was for water, \$23 million was for sewer projects, \$1.7 million was for the Senior Center expansion and \$800,000 was for other CIP related projects. Additionally, \$20.6 million in bond anticipation notes (BANS) were issued during the year to continue the funding of the water infrastructure projects, sidewalk construction 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, 2007 the Town is scheduled to receive \$10.1 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 increased state aid by \$1.1 million in FY07.
- New property growth has been planned for in FY08 with the Town budgeting approximately \$800,000 in new tax revenue. This equates to approximately \$61.6 million in property value.
- Labor costs are budgeted to increase approximately 3.5% 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 2008.

At the end of the current fiscal year, unreserved fund balance in the general fund is \$3.4 million. The Town has appropriated \$2.4 million of this amount to balance the fiscal year 2008 budget.

The Town's residential tax rate of \$9.91 per thousand of valuation will be \$10.45 for fiscal year 2008. The valuation of all Town property totaled \$4.1 billion. This is approximately the same as the FY 2007 property valuation.

The Town's commercial tax rate of \$18.09 per thousand of valuation will be \$19.21 for fiscal year 2008.

Water rates increased 25% in fiscal year 2007. Sewer rates are currently at \$5.60 per thousand gallons. Management is considering a rate adjustment in the third quarter of fiscal year 2008 to mitigate anticipated cost increases associated with the ongoing sewer project.

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.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 12,296,378	\$ 23,292,238	\$ 35,588,616
Investments.....	1,176,252	-	1,176,252
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	692,838	-	692,838
Tax liens.....	1,433,438	-	1,433,438
Motor vehicle and other excise taxes.....	190,411	-	190,411
Water fees.....	-	1,325,336	1,325,336
Sewer fees.....	-	6,437,222	6,437,222
Departmental and other.....	541,804	-	541,804
Intergovernmental.....	1,054,424	2,454,528	3,508,952
Working capital deposit.....	1,593,700	-	1,593,700
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	7,280,000	-	7,280,000
Capital assets, nondepreciable.....	7,419,504	48,036,276	55,455,780
Capital assets, net of accumulated depreciation.....	61,467,964	73,103,529	134,571,493
TOTAL ASSETS.....	95,146,713	154,649,129	249,795,842
LIABILITIES			
CURRENT:			
Warrants payable.....	1,685,880	4,919,318	6,605,198
Accrued payroll.....	3,207,531	22,871	3,230,402
Health claims payable.....	1,312,000	-	1,312,000
Tax refunds payable.....	233,000	-	233,000
Accrued interest.....	409,620	1,338,760	1,748,380
Other liabilities.....	102,151	174,711	276,862
Capital lease obligations.....	481,683	-	481,683
Compensated absences.....	1,285,000	109,000	1,394,000
Bonds and notes payable.....	2,438,595	23,703,302	26,141,897
NONCURRENT:			
Capital lease obligations.....	1,307,834	-	1,307,834
Compensated absences.....	1,225,000	84,000	1,309,000
Bonds and notes payable.....	21,468,464	62,819,969	84,288,433
TOTAL LIABILITIES.....	35,156,758	93,171,931	128,328,689
NET ASSETS			
Invested in capital assets, net of related debt.....	51,155,892	57,908,772	109,064,664
Restricted for:			
Permanent funds:			
Expendable.....	42,735	-	42,735
Gifts and grants.....	836,017	-	836,017
Unrestricted.....	7,955,311	3,568,426	11,523,737
TOTAL NET ASSETS.....	\$ 59,989,955	\$ 61,477,198	\$ 121,467,153

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
<i>Governmental Activities:</i>				
General government.....	\$ 3,922,631	\$ 1,589,537	\$ 802,797	\$ (1,530,297)
Public safety.....	13,797,878	1,410,713	291,007	(12,096,158)
Education.....	56,963,315	3,339,093	20,201,205	(33,423,017)
Public works.....	4,208,529	163,879	1,101,137	(2,943,513)
Human services.....	393,696	56,793	490,257	153,354
Health and Sanitation.....	2,641,590	10,544	-	(2,631,046)
Culture and recreation.....	2,452,453	303,513	55,429	(2,093,511)
Interest.....	1,038,814	-	829,171	(209,643)
Total Governmental Activities.....	<u>85,418,906</u>	<u>6,874,072</u>	<u>23,771,003</u>	(54,773,831)
<i>Business-Type Activities:</i>				
Sewer.....	3,550,084	5,545,830	167,732	2,163,478
Water.....	5,139,612	4,161,392	-	(978,220)
Total Business-Type Activities.....	<u>8,689,696</u>	<u>9,707,222</u>	<u>167,732</u>	1,185,258
Total Primary Government.....	<u>\$ 94,108,602</u>	<u>\$ 16,581,294</u>	<u>\$ 23,938,735</u>	\$ (53,588,573)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (54,773,831)	\$ 1,185,258	\$ (53,588,573)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	46,990,762	-	46,990,762
Tax liens.....	638,241	-	638,241
Motor vehicle and other excise taxes.....	3,617,989	-	3,617,989
Hotel/motel tax.....	538,964	-	538,964
Penalties and interest on taxes.....	229,096	-	229,096
Payments in lieu of taxes.....	22,176	-	22,176
Grants and contributions not restricted to specific programs.....	3,689,997	-	3,689,997
Unrestricted investment income.....	665,725	912,647	1,578,372
<i>Transfers, net</i>	<u>(361,198)</u>	<u>361,198</u>	<u>-</u>
Total general revenues and transfers.....	<u>56,031,752</u>	<u>1,273,845</u>	<u>57,305,597</u>
Change in net assets.....	1,257,921	2,459,103	3,717,024
<i>Net Assets:</i>			
Beginning of year (as restated).....	<u>58,732,034</u>	<u>59,018,095</u>	<u>117,750,129</u>
End of year.....	\$ <u><u>59,989,955</u></u>	\$ <u><u>61,477,198</u></u>	\$ <u><u>121,467,153</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2007

ASSETS	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 7,556,275	\$ 3,228,253	\$ 10,784,528
Investments.....	-	1,176,252	1,176,252
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	692,838	-	692,838
Tax liens.....	1,430,979	2,459	1,433,438
Motor vehicle and other excise taxes.....	190,411	-	190,411
Departmental and other.....	435,178	1,602	436,780
Intergovernmental.....	7,965,000	369,424	8,334,424
Due from other funds.....	437,968	-	437,968
TOTAL ASSETS.....	\$ 18,708,649	\$ 4,777,990	\$ 23,486,639
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 1,230,697	\$ 445,482	\$ 1,676,179
Accrued payroll.....	3,200,395	7,136	3,207,531
Tax refunds payable.....	233,000	-	233,000
Other liabilities.....	101,665	486	102,151
Deferred revenues.....	10,512,621	10,227	10,522,848
Due to other funds.....	-	437,968	437,968
Notes payable.....	-	75,000	75,000
TOTAL LIABILITIES.....	15,278,378	976,299	16,254,677
 FUND BALANCES:			
Reserved for:			
Encumbrances and continuing appropriations.....	429,211	-	429,211
Unreserved:			
Designated for subsequent year's expenditures.....	2,411,925	-	2,411,925
Undesignated, reported in:			
General fund.....	589,135	-	589,135
Special revenue funds.....	-	3,308,924	3,308,924
Capital projects funds.....	-	450,032	450,032
Permanent funds.....	-	42,735	42,735
TOTAL FUND BALANCES.....	3,430,271	3,801,691	7,231,962
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 18,708,649	\$ 4,777,990	\$ 23,486,639

See notes to basic financial statements.

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

JUNE 30, 2007

Total governmental fund balances.....	\$	7,231,962
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		68,887,468
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		10,522,848
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.....		1,888,873
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(409,620)
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.....	(23,832,059)	
Capital lease obligations.....	(1,789,517)	
Compensated absences.....	<u>(2,510,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(28,131,576)</u>
Net assets of governmental activities.....	\$	<u><u>59,989,955</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2007

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ 46,873,817	\$ -	\$ 46,873,817
Tax liens.....	328,861	-	328,861
Motor vehicle and other excise taxes.....	3,601,763	-	3,601,763
Hotel/motel tax.....	538,964	-	538,964
Charges for services.....	612,986	901,990	1,514,976
Penalties and interest on taxes.....	229,096	-	229,096
Fees.....	462,803	1,659,000	2,121,803
Rentals.....	464,435	9,718	474,153
Payments in lieu of taxes.....	22,176	-	22,176
Licenses and permits.....	592,679	-	592,679
Fines and forfeitures.....	93,009	-	93,009
Intergovernmental.....	24,312,858	4,061,729	28,374,587
Other.....	252,376	899,661	1,152,037
Investment income.....	571,064	39,901	610,965
TOTAL REVENUES.....	78,956,887	7,571,999	86,528,886
EXPENDITURES:			
Current:			
General government.....	2,476,070	433,154	2,909,224
Public safety.....	10,192,150	140,706	10,332,856
Education.....	50,185,938	4,980,899	55,166,837
Public works.....	2,865,261	1,274,448	4,139,709
Human services.....	333,022	2,837,256	3,170,278
Health and sanitation.....	2,494,836	-	2,494,836
Culture and recreation.....	1,597,124	327,075	1,924,199
Pension benefits.....	2,074,711	-	2,074,711
Employee benefits.....	4,032,212	-	4,032,212
State and county charges.....	556,742	-	556,742
Debt service:			
Principal.....	2,233,085	-	2,233,085
Interest.....	1,023,333	-	1,023,333
TOTAL EXPENDITURES.....	80,064,484	9,993,538	90,058,022
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,107,597)	(2,421,539)	(3,529,136)
OTHER FINANCING SOURCES (USES):			
Issuance of bonds and notes.....	-	2,449,000	2,449,000
Premium from issuance of bonds.....	7,910	-	7,910
Capital lease financing.....	621,000	-	621,000
Transfers in.....	49,935	64,038	113,973
Transfers out.....	(408,807)	(66,364)	(475,171)
TOTAL OTHER FINANCING SOURCES (USES).....	270,038	2,446,674	2,716,712
NET CHANGE IN FUND BALANCES.....	(837,559)	25,135	(812,424)
FUND BALANCES AT BEGINNING OF YEAR.....	4,267,830	3,776,556	8,044,386
FUND BALANCES AT END OF YEAR.....	\$ 3,430,271	\$ 3,801,691	\$ 7,231,962

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, 2007

Net change in fund balances - total governmental funds.....	\$	(812,424)
<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.....		5,260,221
Depreciation expense.....		<u>(3,374,592)</u>
Net effect of reporting capital assets.....		1,885,629
<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>		
		446,469
<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.....		(2,449,000)
Capital lease financing.....		(621,000)
Debt service principal payments.....		2,233,085
Principal payments on capital leases.....		<u>490,620</u>
Net effect of reporting long-term debt.....		(346,295)
<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.....		(80,000)
Net change in accrued interest on long-term debt.....		<u>(15,481)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....		(95,481)
<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>180,023</u>
Change in net assets of governmental activities.....	\$	<u><u>1,257,921</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2007

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 22,960,401	\$ 331,837	\$ 23,292,238	\$ 1,511,850
Receivables, net of allowance for uncollectibles:				
Water fees.....	-	1,325,336	1,325,336	-
Sewer fees.....	6,437,222	-	6,437,222	-
Departmental and other.....	-	-	-	105,024
Intergovernmental.....	-	2,454,528	2,454,528	-
Working capital deposit.....	-	-	-	1,593,700
Total current assets.....	<u>29,397,623</u>	<u>4,111,701</u>	<u>33,509,324</u>	<u>3,210,574</u>
NONCURRENT:				
Capital assets, nondepreciable.....	41,019,680	7,016,596	48,036,276	-
Capital assets, depreciable.....	31,814,438	41,289,091	73,103,529	-
Total noncurrent assets.....	<u>72,834,118</u>	<u>48,305,687</u>	<u>121,139,805</u>	<u>-</u>
TOTAL ASSETS.....	<u>102,231,741</u>	<u>52,417,388</u>	<u>154,649,129</u>	<u>3,210,574</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	4,344,634	574,684	4,919,318	9,701
Accrued payroll.....	4,006	18,865	22,871	-
Health claims payable.....	-	-	-	1,312,000
Accrued interest.....	1,118,028	220,732	1,338,760	-
Other liabilities.....	174,711	-	174,711	-
Compensated absences.....	25,000	84,000	109,000	-
Bonds and notes payable.....	21,894,376	1,808,926	23,703,302	-
Total current liabilities.....	<u>27,560,755</u>	<u>2,707,207</u>	<u>30,267,962</u>	<u>1,321,701</u>
NONCURRENT:				
Compensated absences.....	29,000	55,000	84,000	-
Bonds and notes payable.....	47,233,473	15,586,496	62,819,969	-
Total noncurrent liabilities.....	<u>47,262,473</u>	<u>15,641,496</u>	<u>62,903,969</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>74,823,228</u>	<u>18,348,703</u>	<u>93,171,931</u>	<u>1,321,701</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	23,988,491	31,242,102	55,230,593	-
Unrestricted.....	3,420,022	2,826,583	6,246,605	1,888,873
TOTAL NET ASSETS.....	<u>\$ 27,408,513</u>	<u>\$ 34,068,685</u>	<u>\$ 61,477,198</u>	<u>\$ 1,888,873</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2007

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
<u>OPERATING REVENUES:</u>				
Employee contributions	\$ -	\$ -	\$ -	\$ 2,042,297
Employer contributions	-	-	-	9,311,436
Charges for services	5,545,830	4,161,392	9,707,222	-
Other.....	-	-	-	498,878
TOTAL OPERATING REVENUES	5,545,830	4,161,392	9,707,222	11,852,611
<u>OPERATING EXPENSES:</u>				
Cost of services and administration	1,818,599	2,550,324	4,368,923	-
Depreciation.....	987,603	2,053,642	3,041,245	-
Employee benefits	-	-	-	11,727,348
TOTAL OPERATING EXPENSES	2,806,202	4,603,966	7,410,168	11,727,348
OPERATING INCOME (LOSS).....	2,739,628	(442,574)	2,297,054	125,263
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment income.....	845,549	67,098	912,647	54,760
Interest expense.....	(743,882)	(535,646)	(1,279,528)	-
Intergovernmental.....	167,732	-	167,732	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	269,399	(468,548)	(199,149)	54,760
INCOME (LOSS) BEFORE TRANSFERS.....	3,009,027	(911,122)	2,097,905	180,023
<u>TRANSFERS:</u>				
Transfers in.....	344,769	16,429	361,198	-
CHANGE IN NET ASSETS.....	3,353,796	(894,693)	2,459,103	180,023
NET ASSETS AT BEGINNING OF YEAR.....	24,054,717	34,963,378	59,018,095	1,708,850
NET ASSETS AT END OF YEAR.....	\$ 27,408,513	\$ 34,068,685	\$ 61,477,198	\$ 1,888,873

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2007

	Sewer Enterprise	Water Enterprise	Total	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 3,376,420	\$ 3,885,976	\$ 7,262,396	\$ 2,042,297
Receipts from interfund services provided.....	-	-	-	9,705,290
Payments to vendors.....	(1,106,377)	(1,386,791)	(2,493,168)	(11,535,473)
Payments to employees.....	(479,746)	(1,365,562)	(1,845,308)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,790,297</u>	<u>1,133,623</u>	<u>2,923,920</u>	<u>212,114</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers in.....	344,769	16,429	361,198	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from the issuance of bonds and notes.....	20,256,000	4,750,027	25,006,027	-
Acquisition and construction of capital assets.....	(16,221,503)	(4,664,351)	(20,885,854)	-
Principal payments on bonds and notes.....	(1,396,823)	(852,645)	(2,249,468)	-
Interest paid on capital debt.....	(1,500,168)	(485,247)	(1,985,415)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>1,137,506</u>	<u>(1,252,216)</u>	<u>(114,710)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment income.....	845,549	67,098	912,647	54,760
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	4,118,121	(35,066)	4,083,055	266,874
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>18,842,280</u>	<u>366,903</u>	<u>19,209,183</u>	<u>1,244,976</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 22,960,401</u>	<u>\$ 331,837</u>	<u>\$ 23,292,238</u>	<u>\$ 1,511,850</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ 2,739,628	\$ (442,574)	\$ 2,297,054	\$ 125,263
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	987,603	2,053,642	3,041,245	-
Changes in assets and liabilities:				
Water fees.....	-	(275,416)	(275,416)	-
Sewer fees.....	(2,169,410)	-	(2,169,410)	-
Departmental and other.....	-	-	-	(105,024)
Warrants payable.....	(241)	(359,894)	(360,135)	2,875
Accrued payroll.....	4,006	18,865	22,871	-
Health claims payable.....	-	-	-	189,000
Other liabilities.....	174,711	-	174,711	-
Accrued compensated absences.....	54,000	139,000	193,000	-
Total adjustments.....	<u>(949,331)</u>	<u>1,576,197</u>	<u>626,866</u>	<u>86,851</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,790,297</u>	<u>\$ 1,133,623</u>	<u>\$ 2,923,920</u>	<u>\$ 212,114</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>				
Intergovernmental subsidy of principal and interest payments.....	\$ 167,732			

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 242	\$ 783,224
Investments.....	2,899	207,696
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	171,687
TOTAL ASSETS.....	3,141	1,162,607
LIABILITIES		
Warrants payable.....	-	6,819
Accrued payroll.....	-	46,973
Liabilities due depositors.....	-	1,000,332
Other liabilities.....	-	108,483
TOTAL LIABILITIES.....	-	1,162,607
NET ASSETS		
Held in trust.....	\$ 3,141	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income (loss):	
Interest.....	\$ <u>85</u>
NET ASSETS AT BEGINNING OF YEAR.....	<u>3,056</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>3,141</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 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, 2007 the Town's annual assessment was \$3,726,531. 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. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The 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 and workers' compensation.

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 collection and payment of charges for special details, escrow accounts, deposits and deputy collector accounts.

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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 – expendable" represents the endowment and the amount of realized and unrealized investment earnings of donor restricted trusts that support governmental programs.

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2008 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, 2007, this expense/expenditure totaled approximately \$3,298,000. There were 971 participants eligible to receive benefits at June 30, 2007.

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

The Street Projects special revenue fund has a deficit fund balance of \$75,654. This deficit will be funded by state grants during fiscal year 2008.

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). 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 \$15,419,468 and the bank balance totaled \$18,444,286. Of the bank balance, \$982,624 was covered by Federal Depository Insurance, \$963,308 was covered by the Depositors Insurance Fund, \$620,980 was covered by Securities Investor Protector Corporation, and \$15,877,374 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2007, the Town of Tewksbury had the following investments:

Investment Type	<u>Fair Value</u>	Maturity	
		<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>			
Government Sponsored Enterprises..... \$	1,261,324	\$ 992,714	\$ 268,610
Corporate Bonds.....	125,523	<u>125,523</u>	<u>-</u>
Total Debt Securities.....	1,386,847	<u>\$ 1,118,237</u>	<u>\$ 268,610</u>
<u>Other Investments:</u>			
MMDT.....	<u>20,952,614</u>		
Total Investments.....	<u>\$ 22,339,461</u>		

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form. The Town's \$1,386,847 in debt securities are fully insured by Securities Investor Protector Corporation and are not exposed to custodial credit risk. The Town does not have an investment policy for custodial credit risk.

Interest Rate Risk

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

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town's government sponsored enterprises of \$1,261,324 are rated AAA and corporate bonds of \$125,523 are rated AA.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. The Town did not have any securities exceeding 5 percent of their total investments.

NOTE 3 – RECEIVABLES

At June 30, 2007, 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:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 692,838	\$ -	\$ 692,838
Tax liens.....	1,433,438	-	1,433,438
Motor vehicle excise taxes.....	264,119	(73,708)	190,411
Departmental and other.....	875,491	(162,000)	713,491
Intergovernmental.....	<u>8,334,424</u>	<u>-</u>	<u>8,334,424</u>
Total.....	<u>\$ 11,600,310</u>	<u>\$ (235,708)</u>	<u>\$ 11,364,602</u>

At June 30, 2007, receivables for the sewer and water enterprise funds are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Sewer fees.....	\$ 6,437,222	\$ -	\$ 6,437,222
Water fees.....	1,325,336	-	1,325,336
Intergovernmental.....	<u>2,454,528</u>	<u>-</u>	<u>2,454,528</u>
Total.....	<u>\$ 10,217,086</u>	<u>\$ -</u>	<u>\$ 10,217,086</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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 492,249	\$ -	\$ 492,249
Tax liens.....	1,430,979	2,459	1,433,438
Motor vehicle excise taxes.....	190,411	-	190,411
Departmental and other.....	433,982	1,602	435,584
Intergovernmental.....	<u>7,965,000</u>	<u>6,166</u>	<u>7,971,166</u>
Total.....	<u>\$ 10,512,621</u>	<u>\$ 10,227</u>	<u>\$ 10,522,848</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2007, 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	2,859,162	-	4,677,123
Artwork.....	896,500	-	-	896,500
	<u>4,560,342</u>	<u>2,859,162</u>	<u>-</u>	<u>7,419,504</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.....	4,772,163	1,715,957	-	6,488,120
Library and school books.....	2,630,167	631,590	-	3,261,757
Computer software.....	122,920	-	-	122,920
Infrastructure.....	41,496,595	53,512	-	41,550,107
	<u>110,292,599</u>	<u>2,401,059</u>	<u>-</u>	<u>112,693,658</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(283,133)	(17,411)	-	(300,544)
Buildings.....	(10,830,903)	(1,238,257)	-	(12,069,160)
Buildings improvements.....	(7,606,033)	(373,355)	-	(7,979,388)
Machinery and equipment.....	(2,516,980)	(589,131)	-	(3,106,111)
Library and school books.....	(1,769,555)	(315,048)	-	(2,084,603)
Computer software.....	(105,828)	(17,092)	-	(122,920)
Infrastructure.....	(24,738,670)	(824,298)	-	(25,562,968)
	<u>(47,851,102)</u>	<u>(3,374,592)</u>	<u>-</u>	<u>(51,225,694)</u>
Total capital assets being depreciated, net.....	<u>62,441,497</u>	<u>(973,533)</u>	<u>-</u>	<u>61,467,964</u>
Total governmental activities capital assets, net.....	<u>\$ 67,001,839</u>	<u>\$ 1,885,629</u>	<u>\$ -</u>	<u>\$ 68,887,468</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 21,390,629	\$ 19,629,051	\$ -	\$ 41,019,680
<u>Capital assets being depreciated:</u>				
Infrastructure.....	46,328,091	-	-	46,328,091
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(13,526,050)	(987,603)	-	(14,513,653)
Total sewer capital assets being depreciated, net.....	32,802,041	(987,603)	-	31,814,438
Total sewer capital assets, net.....	\$ 54,192,670	\$ 18,641,448	\$ -	\$ 72,834,118
Water Activities				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 204,000	\$ -	\$ -	\$ 204,000
Construction in progress.....	2,583,035	4,545,661	(316,100)	6,812,596
Total capital assets not being depreciated.....	2,787,035	4,545,661	(316,100)	7,016,596
<u>Capital assets being depreciated:</u>				
Buildings.....	15,175,000	-	-	15,175,000
Building improvements.....	4,339,085	-	-	4,339,085
Machinery and equipment.....	-	118,690	-	118,690
Infrastructure.....	67,597,161	316,100	-	67,913,261
Total capital assets being depreciated.....	87,111,246	434,790	-	87,546,036
<u>Less accumulated depreciation for:</u>				
Buildings.....	(8,645,278)	(505,591)	-	(9,150,869)
Building improvements.....	(900,602)	(186,077)	-	(1,086,679)
Machinery and equipment.....	-	(6,869)	-	(6,869)
Infrastructure.....	(34,657,423)	(1,355,105)	-	(36,012,528)
Total accumulated depreciation.....	(44,203,303)	(2,053,642)	-	(46,256,945)
Total water capital assets being depreciated, net.....	42,907,943	(1,618,852)	-	\$ 41,289,091
Total water capital assets, net.....	\$ 45,694,978	\$ 2,926,809	\$ (316,100)	\$ 48,305,687

Approximately \$1,190,000 of interest related to the master sewer project was capitalized and included in construction in progress at June 30, 2007.

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

Governmental Activities:

General government.....	\$	43,547
Public safety.....		419,928
Education.....		1,518,726
Public works.....		1,097,195
Health and human services.....		6,350
Culture and recreation.....		<u>288,846</u>

Total depreciation expense - governmental activities..... \$ 3,374,592

As allowed by GASB Statement #34, in fiscal year 2007, the Town retroactively reported general infrastructure assets acquired prior to the initial year of implementation of GASB Statement #34. Accordingly, net assets of governmental activities as of June 30, 2006, which were previously reported as \$42,272,834, have been restated to \$58,732,034.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Water Enterprise Fund	
General Fund.....	\$ -	\$ 64,038	\$ 344,769	\$ -	\$ 408,807 (1)
Nonmajor Governmental Funds.....	<u>49,935</u>	<u>-</u>	<u>-</u>	<u>16,429</u>	<u>66,364 (2)</u>
Total.....	<u>\$ 49,935</u>	<u>\$ 64,038</u>	<u>\$ 344,769</u>	<u>\$ 16,429</u>	<u>\$ 475,171</u>

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

(2) Represents a budgeted transfer of \$34,101 and other transfers from special revenue nonmajor funds to the general fund. Also represents a transfer from capital project nonmajor funds to the water enterprise fund.

An interfund receivable/payable of \$437,968 exists between the general fund and the street projects nonmajor special revenue fund. 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 \$2,930,045 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, 2007, are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2008.....	\$ 549,085
2009.....	531,850
2010.....	426,570
2011.....	313,382
2012.....	<u>126,624</u>
 Total minimum lease payments.....	 1,947,511
 Less: amounts representing interest.....	 <u>(157,994)</u>
 Present value of minimum lease payments.....	 <u>\$ 1,789,517</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, Senior Center Expansion, Nonmajor funds, and water and sewer enterprise funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2007, is as follows:

Governmental Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2006	Issued	Redeemed	June 30, 2007
BAN	Senior Center.....	4.50	02/16/07	\$ 1,650,000	\$ -	\$ (1,650,000)	\$ -
BAN	Central Fire Study.....	4.50	02/16/07	50,000	-	(50,000)	-
BAN	Sutton Brook Remediation.....	4.50	02/16/07	100,000	-	(100,000)	-
BAN	Sidewalks.....	4.65	03/28/08	-	75,000	-	75,000
Total.....				<u>\$ 1,800,000</u>	<u>\$ 75,000</u>	<u>\$ (1,800,000)</u>	<u>\$ 75,000</u>

Enterprise Funds				Balance at	Renewed/	Retired/	Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2006	Issued	Redeemed	June 30, 2007
BAN	Sewer.....	4.50	2/16/07	\$ 22,700,000	\$ -	\$ (22,700,000)	\$ -
BAN	Water.....	4.50	2/16/07	1,567,000	-	(1,567,000)	-
BAN	Water.....	3.90	2/15/08	-	573,941	-	573,941
BAN	Sewer.....	4.65	3/28/08	-	20,000,000	-	20,000,000
Total.....				<u>\$ 24,267,000</u>	<u>\$ 20,573,941</u>	<u>\$ (24,267,000)</u>	<u>\$ 20,573,941</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, 2007, approximately \$815,000 of bonds outstanding from the advance refunding is considered defeased.

Details related to the outstanding indebtedness at June 30, 2007, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Schools.....	3.25-6.75	\$ 15,120,634	\$ 649,000	\$ 1,413,015	\$ 14,356,619
Fire.....	4.05-6.75	1,037,150	50,000	84,750	1,002,400
Library.....	4.10-6.00	1,745,600	-	156,800	1,588,800
Police.....	4.00-5.00	1,990,000	-	250,000	1,740,000
Town Hall/Annex.....	4.05-6.75	421,090	-	43,180	377,910
Public Works.....	4.20-5.00	104,170	-	8,690	95,480
Roofs.....	5.00-6.75	162,500	-	11,650	150,850
Recreation.....	4.05	50,000	-	10,000	40,000
Senior Center.....	3.00-4.25	2,780,000	1,650,000	230,000	4,200,000
Landfill.....	4.19-4.24	-	100,000	-	100,000
Sidewalks.....	3.00-4.25	205,000	-	25,000	180,000
Total governmental bonds and notes payable.....		\$ 23,616,144	\$ 2,449,000	\$ 2,233,085	\$ 23,832,059

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

Fiscal Year	Principal	Interest	Total
2008.....	\$ 2,363,595	\$ 1,128,303	\$ 3,491,898
2009.....	2,190,095	1,027,500	3,217,595
2010.....	2,088,095	932,121	3,020,216
2011.....	2,027,845	838,422	2,866,267
2012.....	1,949,095	744,595	2,693,690
2013.....	1,808,095	653,506	2,461,601
2014.....	1,808,095	566,781	2,374,876
2015.....	1,548,095	484,938	2,033,033
2016.....	1,523,095	404,272	1,927,367
2017.....	1,498,095	324,138	1,822,233
2018.....	1,402,404	248,134	1,650,538
2019.....	1,046,005	175,755	1,221,760
2020.....	899,450	121,243	1,020,693
2021.....	475,000	74,175	549,175
2022.....	475,000	52,413	527,413
2023.....	215,000	30,650	245,650
2024.....	215,000	21,760	236,760
2025.....	215,000	12,708	227,708
2026.....	85,000	3,613	88,613
Total.....	\$ 23,832,059	\$ 7,845,027	\$ 31,677,086

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Sewer.....	3.25-7.00	\$ 24,812,344	\$ 22,956,000	\$ 1,229,270	\$ 46,539,074
MWPAT-Sewer.....	-	<u>2,808,563</u>	<u>-</u>	<u>219,788</u>	<u>2,588,775</u>
Total sewer enterprise bonds and notes payable.....		<u>\$ 27,620,907</u>	<u>\$ 22,956,000</u>	<u>\$ 1,449,058</u>	<u>\$ 49,127,849</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
2008.....	\$ 1,894,376	\$ 2,123,490	\$ 4,017,866
2009.....	1,908,092	2,049,240	3,957,332
2010.....	1,936,941	1,973,896	3,910,837
2011.....	1,961,232	1,894,864	3,856,096
2012.....	1,961,133	1,808,448	3,769,581
2013.....	1,986,614	1,727,531	3,714,145
2014.....	2,019,315	1,644,321	3,663,636
2015.....	2,052,512	1,559,356	3,611,868
2016.....	2,086,028	1,456,178	3,542,206
2017.....	2,124,806	1,350,877	3,475,683
2018.....	2,511,051	1,260,605	3,771,656
2019.....	2,562,450	1,144,704	3,707,154
2020.....	2,600,299	1,026,208	3,626,507
2021.....	2,645,500	905,522	3,551,022
2022.....	2,715,500	798,561	3,514,061
2023.....	2,763,500	688,303	3,451,803
2024.....	2,833,500	573,317	3,406,817
2025.....	2,705,000	454,650	3,159,650
2026.....	2,380,000	340,650	2,720,650
2027.....	2,460,000	239,500	2,699,500
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>\$ 49,127,849</u>	<u>\$ 25,628,546</u>	<u>\$ 74,756,395</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Water.....	3.25-7.00	\$ 9,476,512	\$ 1,007,000	\$ 852,645	\$ 9,630,867
MWPAT-Water.....	2.00	-	7,190,614	-	7,190,614
Total water enterprise bonds and notes payable.....		\$ <u>9,476,512</u>	\$ <u>8,197,614</u>	\$ <u>852,645</u>	\$ <u>16,821,481</u>

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
2008.....	\$ 1,234,985	\$ 552,942	\$ 1,787,927
2009.....	1,247,140	498,954	1,746,094
2010.....	1,237,804	457,202	1,695,006
2011.....	1,226,815	414,882	1,641,697
2012.....	1,094,037	370,617	1,464,654
2013.....	1,038,512	334,867	1,373,379
2014.....	885,117	299,629	1,184,746
2015.....	886,856	269,775	1,156,631
2016.....	893,731	237,025	1,130,756
2017.....	900,745	203,882	1,104,627
2018.....	782,901	172,630	955,531
2019.....	790,201	146,325	936,526
2020.....	666,354	119,786	786,140
2021.....	628,201	99,497	727,698
2022.....	630,953	81,450	712,403
2023.....	620,861	63,168	684,029
2024.....	628,929	45,657	674,586
2025.....	525,660	27,878	553,538
2026.....	469,056	14,806	483,862
2027.....	432,623	4,326	436,949
Total.....	\$ <u>16,821,481</u>	\$ <u>4,415,298</u>	\$ <u>21,236,779</u>

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 \$709,340 and interest costs for \$600,804. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$2,087,626. 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 2007 principal and interest subsidies totaled \$52,235 and \$115,497, respectively.

The Commonwealth of Massachusetts has approved school 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 2007 approximately \$911,000 of such assistance was received. Approximately \$10,077,000 will be received in future years. Of this amount, \$2,112,000 represents reimbursement of long-term interest costs and \$7,965,000 represents reimbursement of approved construction costs. Accordingly, an intergovernmental receivable and corresponding deferred revenue have been reported in these basic financial statements for \$7,965,000 which represents the Commonwealths share of construction and interest costs for the Ryan School 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, 2007, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer.....	\$ 37,322,000
Water	9,653,085
School Purposes.....	12,180,971
Senior Center.....	350,000
Fire Hydrants.....	120,000
Other.....	166,000
Total.....	\$ 59,792,056

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2007, the following changes occurred in long-term liabilities:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Current Portion
Governmental Activities:					
Long-Term Bonds and Notes.....	\$ 23,616,144	\$ 2,449,000	\$ (2,233,085)	\$ 23,832,059	\$ 2,363,595
Capital Leases.....	1,659,137	621,000	(490,620)	1,789,517	481,683
Compensated Absences.....	2,430,000	1,359,600	(1,279,600)	2,510,000	1,285,000
Total.....	\$ 27,705,281	\$ 4,429,600	\$ (4,003,305)	\$ 28,131,576	\$ 4,130,278
Business-Type Activities:					
Long-Term Bonds and Notes.....	\$ 37,097,419	\$ 31,153,614	\$ (2,301,703)	\$ 65,949,330	\$ 3,129,361
Compensated Absences.....	-	193,000	-	193,000	109,000
Total.....	\$ 37,097,419	\$ 31,346,614	\$ (2,301,703)	\$ 66,142,330	\$ 3,238,361

Compensated absence liabilities related to governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. With the exception of compensated absence liabilities, the governmental long-term liabilities are generally liquidated by the general fund

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 and workers' compensation activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Incurred But Not Reported claims for workers' compensation are 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, 2005, 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 2006.....	\$ 1,077,000	\$ (9,584,046)	\$ 9,630,046	\$ 1,123,000
Fiscal Year 2007.....	\$ 1,123,000	\$ (11,538,348)	\$ 11,727,348	\$ 1,312,000

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 \$6,204,000 for the fiscal year ended June 30, 2007, 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, 2007, 2006, and 2005 were \$4,289,132, \$3,799,131, and \$3,052,839, 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, 2007 the Town has expended approximately \$50,764,000 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, 2007, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is 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, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2007.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

The GASB issued Statement #49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is required to be implemented in fiscal year 2008. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.

The GASB issued Statement #51, *Accounting and Financial Reporting for Intangible Assets*, which is required to be implemented in fiscal year 2010. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.

Future Implementation of 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 year 2008. The standards in this statement do 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 year 2009. Management expects that this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued Statement #50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, which is required to be implemented in fiscal year 2008. This GASB will change the disclosures related to pensions.

The GASB issued Statement #52, Land and Other Real Estate Held as Investments by Endowments, which is required to be implemented in fiscal year 2009. Management believes this statement will not effect the basic financial statements.

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Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2007

	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.....	\$ -	\$ 46,627,777	\$ 46,627,777	\$ 46,498,012
Motor vehicle and other excise taxes.....	-	3,600,000	3,600,000	3,600,000
Hotel/motel tax.....	-	450,000	450,000	450,000
Charges for services.....	-	550,000	550,000	550,000
Penalties and interest on taxes.....	-	185,000	185,000	185,000
Fees.....	-	205,000	205,000	205,000
Rentals.....	-	300,000	300,000	300,000
Payments in lieu of taxes.....	-	16,000	16,000	16,000
Licenses and permits.....	-	584,000	584,000	584,000
Fines and forfeitures.....	-	90,000	90,000	90,000
Intergovernmental.....	-	17,501,291	17,501,291	17,501,291
Departmental and other.....	-	65,649	65,649	65,649
Investment income.....	-	300,000	300,000	300,000
TOTAL REVENUES.....	-	70,474,717	70,474,717	70,344,952
EXPENDITURES:				
Current:				
General Government				
Moderator				
Salaries.....	-	500	500	500
Operating.....	-	75	75	75
Total.....	-	575	575	575
Selectmen				
Salaries.....	-	27,644	27,644	19,204
Operating.....	770	129,880	130,650	181,732
Total.....	770	157,524	158,294	200,936
Town Manager				
Salaries.....	-	274,578	274,578	276,260
Operating.....	2,765	6,284	9,049	9,120
Total.....	2,765	280,862	283,627	285,380
Finance Committee				
Salaries.....	-	2,570	2,570	2,105
Operating.....	-	695	695	1,160
Total.....	-	3,265	3,265	3,265
Reserve Fund.....	-	100,000	100,000	22,935
Accounting				
Salaries.....	-	183,044	183,044	182,305
Operating.....	-	7,232	7,232	7,971
Total.....	-	190,276	190,276	190,276
Computer Services				
Salaries.....	2,000	145,171	147,171	148,672
Operating.....	3,720	105,841	109,561	108,060
Capital.....	-	18,000	18,000	18,000
Total.....	5,720	269,012	274,732	274,732
Assessor				
Salaries.....	210	211,641	211,851	204,588
Operating.....	-	23,862	23,862	31,125
Total.....	210	235,503	235,713	235,713

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	46,975,183	\$ -	\$ 477,171
	3,601,763	-	1,763
	538,964	-	88,964
	612,986	-	62,986
	229,096	-	44,096
	462,803	-	257,803
	464,435	-	164,435
	22,176	-	6,176
	592,679	-	8,679
	93,009	-	3,009
	18,108,969	-	607,678
	252,376	-	186,727
	571,064	-	271,064
	<u>72,525,503</u>	<u>-</u>	<u>2,180,551</u>
	500	-	-
	-	-	75
	<u>500</u>	<u>-</u>	<u>75</u>
	19,203	-	1
	178,466	131	3,135
	<u>197,669</u>	<u>131</u>	<u>3,136</u>
	276,260	-	-
	6,085	-	3,035
	<u>282,345</u>	<u>-</u>	<u>3,035</u>
	1,959	86	60
	1,024	-	136
	<u>2,983</u>	<u>86</u>	<u>196</u>
	-	-	22,935
	182,305	-	-
	7,793	-	178
	<u>190,098</u>	<u>-</u>	<u>178</u>
	146,671	2,000	1
	107,118	149	793
	15,156	2,600	244
	<u>268,945</u>	<u>4,749</u>	<u>1,038</u>
	204,044	-	544
	22,851	-	8,274
	<u>226,895</u>	<u>-</u>	<u>8,818</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Treasurer/Collector				
Salaries.....	-	263,353	263,353	263,353
Operating.....	-	146,836	146,836	146,836
Total.....	-	410,189	410,189	410,189
Town Council				
Operating.....	210	156,750	156,960	174,260
Personnel Relations Review Board				
Operating.....	-	200	200	200
Administration Services				
Salaries.....	-	91,830	91,830	91,830
Operating.....	-	18,430	18,430	18,430
Total.....	-	110,260	110,260	110,260
Town Clerk				
Salaries.....	-	208,776	208,776	208,776
Operating.....	1,366	13,143	14,509	14,509
Total.....	1,366	221,919	223,285	223,285
Election				
Salaries.....	-	49,909	49,909	49,909
Operating.....	-	11,350	11,350	11,350
Total.....	-	61,259	61,259	61,259
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.....	-	250,091	250,091	247,471
Operating.....	2,880	23,827	26,707	33,708
Total.....	2,880	273,918	276,798	281,179
Cable Television				
Salaries.....	-	2,234	2,234	2,051
Operating.....	-	10,726	10,726	1,775
Total.....	-	12,960	12,960	3,826
Town Hall				
Salaries.....	-	16,900	16,900	15,218
Operating.....	4,700	53,998	58,698	61,939
Total.....	4,700	70,898	75,598	77,157
Auxiliary Building				
Operating.....	1,075	34,367	35,442	34,339
Total General Government.....	19,696	2,594,187	2,613,883	2,594,216
Public Safety				
Police				
Salaries.....	39,565	4,984,395	5,023,960	5,058,183
Operating.....	25,543	509,656	535,199	486,354
Capital.....	6,733	134,244	140,977	142,400
Total.....	71,841	5,628,295	5,700,136	5,686,937
Auxiliary Police				
Operating.....	-	1,800	1,800	1,800

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
259,391	-	3,962
140,138	-	6,698
<u>399,529</u>	<u>-</u>	<u>10,660</u>
174,260	-	-
-	-	200
91,155	-	675
18,063	-	367
<u>109,218</u>	<u>-</u>	<u>1,042</u>
197,324	-	11,452
10,440	2,888	1,181
<u>207,764</u>	<u>2,888</u>	<u>12,633</u>
30,810	-	19,099
7,258	-	4,092
<u>38,068</u>	<u>-</u>	<u>23,191</u>
2,850	-	-
1,600	-	-
<u>4,450</u>	<u>-</u>	<u>-</u>
231,395	-	16,076
31,038	-	2,670
<u>262,433</u>	<u>-</u>	<u>18,746</u>
1,481	154	416
1,775	-	-
<u>3,256</u>	<u>154</u>	<u>416</u>
13,304	-	1,914
60,203	385	1,351
<u>73,507</u>	<u>385</u>	<u>3,265</u>
34,150	-	189
<u>2,476,070</u>	<u>8,393</u>	<u>109,753</u>
4,980,741	76,763	679
449,471	22,387	14,496
142,400	-	-
<u>5,572,612</u>	<u>99,150</u>	<u>15,175</u>
1,788	-	12

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Fire				
Salaries.....	-	3,916,772	3,916,772	3,904,522
Operating.....	1,453	267,760	269,213	312,489
Capital.....	-	199,400	199,400	200,951
Total.....	1,453	4,383,932	4,385,385	4,417,962
Building Department				
Salaries.....	-	203,221	203,221	205,841
Operating.....	-	5,286	5,286	5,286
Total.....	-	208,507	208,507	211,127
Emergency Management				
Salaries.....	-	4,594	4,594	4,594
Operating.....	-	14,485	14,485	14,485
Capital.....	-	1,504	1,504	1,504
Total.....	-	20,583	20,583	20,583
Parking Clerk				
Salaries.....	-	4,000	4,000	4,000
Operating.....	-	2,000	2,000	2,000
Total.....	-	6,000	6,000	6,000
Total Public Safety.....	73,294	10,249,117	10,322,411	10,344,409
Education				
School				
Salaries.....	1,408,142	22,953,106	24,361,248	24,872,619
Operating.....	171,087	17,694,834	17,865,921	17,703,225
Total.....	1,579,229	40,647,940	42,227,169	42,575,844
Regional Vocational School.....	-	3,727,375	3,727,375	3,727,375
Total Education.....	1,579,229	44,375,315	45,954,544	46,303,219
Public Works				
Public Works Administration				
Salaries.....	8,200	107,586	115,786	102,547
Operating.....	-	71,550	71,550	84,736
Total.....	8,200	179,136	187,336	187,283
Highway				
Salaries.....	-	539,314	539,314	553,539
Operating.....	7,845	142,650	150,495	150,495
Capital.....	-	127,743	127,743	136,027
Total.....	7,845	809,707	817,552	840,061
Water and Sewer				
Operating.....	5,249	-	5,249	5,250
Forestry				
Salaries.....	-	228,862	228,862	230,504
Operating.....	-	41,400	41,400	43,353
Capital.....	-	83,787	83,787	73,550
Total.....	-	354,049	354,049	347,407
Machinery				
Salaries.....	-	129,644	129,644	139,515
Operating.....	-	100,800	100,800	131,440
Capital.....	-	14,318	14,318	14,318
Total.....	-	244,762	244,762	285,273

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
3,899,736	3,691	1,095
285,859	24,487	2,143
<u>200,788</u>	<u>-</u>	<u>163</u>
4,386,383	28,178	3,401
202,562	2,620	659
<u>5,064</u>	<u>-</u>	<u>222</u>
207,626	2,620	881
4,505	-	89
13,261	845	379
<u>1,449</u>	<u>-</u>	<u>55</u>
19,215	845	523
4,000	-	-
<u>526</u>	<u>-</u>	<u>1,474</u>
4,526	-	1,474
<u>10,192,150</u>	<u>130,793</u>	<u>21,466</u>
23,376,804	1,495,296	519
<u>17,532,228</u>	<u>154,900</u>	<u>16,097</u>
40,909,032	1,650,196	16,616
<u>3,726,531</u>	<u>-</u>	<u>844</u>
44,635,563	1,650,196	17,460
102,075	-	472
<u>74,357</u>	<u>5,415</u>	<u>4,964</u>
176,432	5,415	5,436
552,905	-	634
142,422	4,379	3,694
<u>135,448</u>	<u>-</u>	<u>579</u>
830,775	4,379	4,907
<u>8</u>	<u>-</u>	<u>5,242</u>
230,269	-	235
41,809	-	1,544
<u>69,804</u>	<u>-</u>	<u>3,746</u>
341,882	-	5,525
139,057	-	458
122,431	583	8,426
<u>14,098</u>	<u>-</u>	<u>220</u>
275,586	583	9,104

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Water Treatment				
Operating.....	21,637	-	21,637	21,637
Electrician				
Salaries.....	-	32,246	32,246	34,321
Operating.....	-	4,152	4,152	3,352
Capital.....	-	13,799	13,799	13,799
Total.....	-	50,197	50,197	51,472
Snow and Ice				
Salaries.....	-	75,500	75,500	75,500
Operating.....	-	124,511	124,511	124,511
Total.....	-	200,011	200,011	200,011
Street Lighting				
Operating.....	-	149,000	149,000	149,000
Cemetery				
Operating.....	-	3,000	3,000	3,000
Total Public Works.....	42,931	1,989,862	2,032,793	2,090,394
Health and Sanitation				
Rubbish				
Operating.....	12,011	2,329,202	2,341,213	2,341,212
Health				
Salaries.....	-	256,307	256,307	256,787
Operating.....	758	37,988	38,746	38,266
Total.....	758	294,295	295,053	295,053
Total Health and Sanitation.....	12,769	2,623,497	2,636,266	2,636,265
Human Services				
Council on Aging				
Salaries.....	-	168,405	168,405	168,405
Operating.....	27	63,114	63,141	63,142
Total.....	27	231,519	231,546	231,547
Veterans				
Salaries.....	-	39,547	39,547	39,882
Operating.....	-	112,100	112,100	96,766
Total.....	-	151,647	151,647	136,648
Total Human Services.....	27	383,166	383,193	368,195
Culture and Recreation				
Exceptional Children				
Salaries.....	-	23,950	23,950	22,928
Operating.....	-	16,400	16,400	17,422
Total.....	-	40,350	40,350	40,350
Patriotic Activities				
Operating.....	-	12,340	12,340	12,340
Library				
Salaries.....	-	840,350	840,350	766,599
Operating.....	6,310	344,550	350,860	364,411
Total.....	6,310	1,184,900	1,191,210	1,131,010

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
<u>13,878</u>	-	<u>7,759</u>
34,118	-	203
336	-	3,016
<u>13,467</u>	-	<u>332</u>
47,921	-	3,551
96,773	-	(21,273)
<u>310,782</u>	-	<u>(186,271)</u>
407,555	-	(207,544)
<u>147,224</u>	-	<u>1,776</u>
<u>3,000</u>	-	-
<u>2,244,261</u>	<u>10,377</u>	<u>(164,244)</u>
<u>2,217,045</u>	<u>15,329</u>	<u>108,838</u>
251,835	-	4,952
<u>25,956</u>	<u>758</u>	<u>11,552</u>
277,791	758	16,504
<u>2,494,836</u>	<u>16,087</u>	<u>125,342</u>
167,968	-	437
<u>48,619</u>	<u>5,419</u>	<u>9,104</u>
216,587	5,419	9,541
39,879	-	3
<u>76,556</u>	-	<u>20,210</u>
116,435	-	20,213
<u>333,022</u>	<u>5,419</u>	<u>29,754</u>
22,165	-	763
<u>16,956</u>	-	<u>466</u>
39,121	-	1,229
<u>10,920</u>	-	<u>1,420</u>
745,711	-	20,888
<u>361,328</u>	-	<u>3,083</u>
1,107,039	-	23,971

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Parks and Recreation				
Salaries.....	-	285,071	285,071	268,281
Operating.....	5,383	118,373	123,756	145,364
Capital.....	-	37,541	37,541	42,283
Total.....	5,383	440,985	446,368	455,928
Historical Commission				
Operating.....	-	500	500	500
Total Culture and Recreation.....	11,693	1,679,075	1,690,768	1,640,128
Pension benefits.....	-	2,084,955	2,084,955	2,074,711
Employee benefits				
Occupational Injury Reserve.....	-	65,000	65,000	100,316
Unemployment Compensation.....	-	15,975	15,975	7,426
Group Health Insurance.....	-	3,390,529	3,390,529	3,390,529
Medicare.....	-	161,611	161,611	167,397
Liability Insurance.....	-	392,544	392,544	366,544
Total employee benefits.....	-	4,025,659	4,025,659	4,032,212
State and county charges.....	-	446,036	446,036	446,036
Debt service:				
Principal.....	-	820,070	820,070	820,070
Interest:				
Maturing Debt.....	-	384,512	384,512	384,512
Temporary Loans.....	-	74,044	74,044	74,044
Total.....	-	458,556	458,556	458,556
TOTAL EXPENDITURES.....	1,739,639	71,729,495	73,469,134	73,808,411
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,739,639)	(1,254,778)	(2,994,417)	(3,463,459)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	34,101	34,101	34,101
Transfers out.....	-	(364,769)	(364,769)	(408,807)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(330,668)	(330,668)	(374,706)
NET CHANGE IN FUND BALANCE.....	(1,739,639)	(330,668)	(330,668)	(3,838,165)
BUDGETARY FUND BALANCE, Beginning of year.....	4,697,407	4,697,407	4,697,407	4,697,407
BUDGETARY FUND BALANCE, End of year.....	\$ 2,957,768	\$ 4,366,739	\$ 4,366,739	\$ 859,242

See notes to required supplementary information.

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
268,280	-	1
129,488	14,738	1,138
42,276	-	7
440,044	14,738	1,146
-	-	500
1,597,124	14,738	28,266
2,074,711	-	-
100,316	-	-
7,426	-	-
3,390,529	-	-
167,397	-	-
366,544	-	-
4,032,212	-	-
556,742	-	(110,706)
820,070	-	-
384,512	-	-
74,044	-	-
458,556	-	-
71,915,317	1,836,003	57,091
610,186	(1,836,003)	2,237,642
7,910	-	7,910
49,935	-	15,834
(408,807)	-	-
(350,962)	-	23,744
259,224	(1,836,003)	2,261,386
4,697,407	-	-
\$ 4,956,631	\$ (1,836,003)	\$ 2,261,386

(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 and 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 2007 approved budget, including amounts carried forward from the prior fiscal years authorized approximately \$71,698,000 in appropriations and other amounts to be raised. Changes to the original budget totaled approximately \$2,520,000 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, 2007, is as follows:

Excess of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ 259,224
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	(120,505)
Net change in revenues in recording tax refunds payable.....	348,000
Increase in revenues due to on-behalf payments.....	6,203,889
Net difference in recognition of expenditures.....	(1,493,946)
Net change in expenditures due to accrued interest on short term debt.....	169,668
Increase in expenditures due to on-behalf payments.....	<u>(6,203,889)</u>
Excess of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ (837,559)</u>

3. Appropriation Deficits

During fiscal year 2007, actual expenditures and encumbrances exceeded appropriations for public works snow and ice and state and county charges. These over expenditures will be funded by available funds and grants during fiscal year 2008.

Combining Statements

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.

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**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2007

ASSETS	Special Revenue Funds					
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other	Town Special Articles
Cash and cash equivalents..... \$	143,105	\$ 399,812	\$ 556,554	\$ 13,522	\$ 263,966	\$ 3,881
Investments.....	-	489,160	5,341	-	-	-
Receivables, net of uncollectibles:						
Tax liens and foreclosures.....	-	2,459	-	-	-	-
Departmental and other.....	-	-	-	-	1,602	-
Intergovernmental.....	-	6,166	-	-	-	-
TOTAL ASSETS.....	<u>143,105</u>	<u>\$ 897,597</u>	<u>\$ 561,895</u>	<u>\$ 13,522</u>	<u>\$ 265,568</u>	<u>\$ 3,881</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable..... \$	4,508	\$ 12,387	\$ 80	\$ -	\$ 18,824	\$ -
Accrued payroll.....	-	7,056	-	-	80	-
Other liabilities.....	-	486	-	-	-	-
Deferred revenues.....	-	8,625	-	-	1,602	-
Due to other funds.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	<u>4,508</u>	<u>28,554</u>	<u>80</u>	<u>-</u>	<u>20,506</u>	<u>-</u>
FUND BALANCES:						
Unreserved:						
Undesignated, reported in:						
Special revenue funds.....	138,597	869,043	561,815	13,522	245,062	3,881
Capital projects funds.....	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>138,597</u>	<u>869,043</u>	<u>561,815</u>	<u>13,522</u>	<u>245,062</u>	<u>3,881</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$ 143,105</u>	<u>\$ 897,597</u>	<u>\$ 561,895</u>	<u>\$ 13,522</u>	<u>\$ 265,568</u>	<u>\$ 3,881</u>

School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds	Street Projects	Subtotal
\$ 174,757	\$ 748,272	\$ 14,544	\$ 14,545	\$ 4,463	\$ 53,511	\$ -	\$ 2,390,932
-	-	-	-	-	642,301	-	1,136,802
-	-	-	-	-	-	-	2,459
-	-	-	-	-	-	-	1,602
-	-	-	-	-	-	363,258	369,424
<u>\$ 174,757</u>	<u>\$ 748,272</u>	<u>\$ 14,544</u>	<u>\$ 14,545</u>	<u>\$ 4,463</u>	<u>\$ 695,812</u>	<u>\$ 363,258</u>	<u>\$ 3,901,219</u>
\$ 53,696	\$ 45,563	\$ -	\$ -	\$ -	\$ 476	\$ 944	\$ 136,478
-	-	-	-	-	-	-	7,136
-	-	-	-	-	-	-	486
-	-	-	-	-	-	-	10,227
-	-	-	-	-	-	437,968	437,968
-	-	-	-	-	-	-	-
<u>53,696</u>	<u>45,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>	<u>438,912</u>	<u>592,295</u>
121,061	702,709	14,544	14,545	4,463	695,336	(75,654)	3,308,924
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>121,061</u>	<u>702,709</u>	<u>14,544</u>	<u>14,545</u>	<u>4,463</u>	<u>695,336</u>	<u>(75,654)</u>	<u>3,308,924</u>
<u>\$ 174,757</u>	<u>\$ 748,272</u>	<u>\$ 14,544</u>	<u>\$ 14,545</u>	<u>\$ 4,463</u>	<u>\$ 695,812</u>	<u>\$ 363,258</u>	<u>\$ 3,901,219</u>

(Continued)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2007

	Permanent Funds				Total Nonmajor Governmental Funds
	Capital Projects	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ 834,036	\$ 1,702	\$ 1,583	\$ 3,285	\$ 3,228,253
Investments.....	-	20,438	19,012	39,450	1,176,252
Receivables, net of uncollectibles:					
Tax liens and foreclosures.....	-	-	-	-	2,459
Departmental and other.....	-	-	-	-	1,602
Intergovernmental.....	-	-	-	-	369,424
TOTAL ASSETS.....	\$ 834,036	\$ 22,140	\$ 20,595	\$ 42,735	\$ 4,777,990
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 309,004	\$ -	\$ -	\$ -	\$ 445,482
Accrued payroll.....	-	-	-	-	7,136
Other liabilities.....	-	-	-	-	486
Deferred revenues.....	-	-	-	-	10,227
Due to other funds.....	-	-	-	-	437,968
Notes payable.....	75,000	-	-	-	75,000
TOTAL LIABILITIES.....	384,004	-	-	-	976,299
FUND BALANCES:					
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	3,308,924
Capital projects funds.....	450,032	-	-	-	450,032
Permanent funds.....	-	22,140	20,595	42,735	42,735
TOTAL FUND BALANCES.....	450,032	22,140	20,595	42,735	3,801,691
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 834,036	\$ 22,140	\$ 20,595	\$ 42,735	\$ 4,777,990

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

FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other	Town Special Articles
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees.....	-	204,426	-	-	77,479	-
Rentals.....	-	-	-	-	-	-
Intergovernmental.....	152,661	533,949	-	-	2,107	-
Other.....	7,350	238,504	287,303	800	144,867	-
Investment income.....	-	523	396	-	-	-
TOTAL REVENUES.....	160,011	977,402	287,699	800	224,453	-
EXPENDITURES:						
Current:						
General government.....	1,472	119,424	155,902	-	1,531	20,000
Public safety.....	72,424	17,554	20,315	-	30,223	-
Education.....	-	-	-	11,500	-	-
Public works.....	-	21,816	1,000	-	109,301	-
Human services.....	5,950	-	50	-	12,094	-
Culture and recreation.....	8,223	229,820	20,754	9,009	42,812	-
TOTAL EXPENDITURES.....	88,069	388,614	198,021	20,509	195,961	20,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	71,942	588,788	89,678	(19,709)	28,492	(20,000)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds and notes.....	-	-	-	-	-	-
Transfers in.....	-	-	9,038	-	-	20,000
Transfers out.....	(34,101)	-	-	-	(15,834)	-
TOTAL OTHER FINANCING SOURCES (USES)....	(34,101)	-	9,038	-	(15,834)	20,000
NET CHANGE IN FUND BALANCES.....	37,841	588,788	98,716	(19,709)	12,658	-
FUND BALANCES AT BEGINNING OF YEAR.....	100,756	280,255	463,099	33,231	232,404	3,881
FUND BALANCES AT END OF YEAR.....	\$ 138,597	\$ 869,043	\$ 561,815	\$ 13,522	\$ 245,062	\$ 3,881

School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds	Street Projects	Subtotal
\$ -	\$ 901,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901,990
-	1,377,095	-	-	-	-	-	1,659,000
-	9,718	-	-	-	-	-	9,718
1,084,507	779,868	-	-	-	-	1,101,137	3,654,229
-	201,391	6,013	9,750	109	3,574	-	899,661
-	2,560	125	-	-	17,589	-	21,193
<u>1,084,507</u>	<u>3,272,622</u>	<u>6,138</u>	<u>9,750</u>	<u>109</u>	<u>21,163</u>	<u>1,101,137</u>	<u>7,145,791</u>
-	-	-	-	-	92,606	-	390,935
-	-	-	-	-	-	-	140,516
1,121,224	3,148,990	5,102	27,724	10,609	-	-	4,325,149
-	-	-	-	-	-	1,088,819	1,220,936
-	-	-	-	-	-	-	18,094
-	-	-	-	-	16,457	-	327,075
<u>1,121,224</u>	<u>3,148,990</u>	<u>5,102</u>	<u>27,724</u>	<u>10,609</u>	<u>109,063</u>	<u>1,088,819</u>	<u>6,422,705</u>
<u>(36,717)</u>	<u>123,632</u>	<u>1,036</u>	<u>(17,974)</u>	<u>(10,500)</u>	<u>(87,900)</u>	<u>12,318</u>	<u>723,086</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	35,000	-	64,038
-	-	-	-	-	-	-	(49,935)
-	-	-	-	-	35,000	-	14,103
(36,717)	123,632	1,036	(17,974)	(10,500)	(52,900)	12,318	737,189
<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>\$ 121,061</u>	<u>\$ 702,709</u>	<u>\$ 14,544</u>	<u>\$ 14,545</u>	<u>\$ 4,463</u>	<u>\$ 695,336</u>	<u>\$ (75,654)</u>	<u>\$ 3,308,924</u>

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

FISCAL YEAR ENDED JUNE 30, 2007

	Permanent Funds				Total Nonmajor Governmental Funds
	Capital Project Funds	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal	
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ 901,990
Fees.....	-	-	-	-	1,659,000
Rentals.....	-	-	-	-	9,718
Intergovernmental.....	407,500	-	-	-	4,061,729
Other.....	-	-	-	-	899,661
Investment income.....	17,551	599	558	1,157	39,901
TOTAL REVENUES.....	425,051	599	558	1,157	7,571,999
EXPENDITURES:					
Current:					
General government.....	42,219	-	-	-	433,154
Public safety.....	190	-	-	-	140,706
Education.....	655,750	-	-	-	4,980,899
Public works.....	53,512	-	-	-	1,274,448
Human services.....	2,819,162	-	-	-	2,837,256
Culture and recreation.....	-	-	-	-	327,075
TOTAL EXPENDITURES.....	3,570,833	-	-	-	9,993,538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,145,782)	599	558	1,157	(2,421,539)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	2,449,000	-	-	-	2,449,000
Transfers in.....	-	-	-	-	64,038
Transfers out.....	(16,429)	-	-	-	(66,364)
TOTAL OTHER FINANCING SOURCES (USES)...	2,432,571	-	-	-	2,446,674
NET CHANGE IN FUND BALANCES.....	(713,211)	599	558	1,157	25,135
FUND BALANCES AT BEGINNING OF YEAR.....	1,163,243	21,541	20,037	41,578	3,776,556
FUND BALANCES AT END OF YEAR.....	\$ 450,032	\$ 22,140	\$ 20,595	\$ 42,735	\$ 3,801,691

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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, 2007

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,022,014	\$ 3,246,522	\$ (3,485,312)	\$ 783,224
Investments.....	-	207,696	-	207,696
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>357,226</u>	<u>1,845,547</u>	<u>(2,031,086)</u>	<u>171,687</u>
TOTAL ASSETS.....	\$ <u>1,379,240</u>	\$ <u>5,299,765</u>	\$ <u>(5,516,398)</u>	\$ <u>1,162,607</u>
LIABILITIES				
Warrants payable.....	\$ 674	\$ 290,196	\$ (284,051)	\$ 6,819
Accrued payroll.....	29,364	46,971	(29,362)	46,973
Liabilities due depositors:				
Special details.....	159,806	2,315,707	(2,304,608)	170,905
Escrow accounts.....	225,000	-	(184,800)	40,200
Deposits.....	869,738	148,075	(236,925)	780,888
Deputy collector.....	4,906	57,237	(60,277)	1,866
Student activity.....	-	668,151	(661,678)	6,473
Other liabilities.....	<u>89,752</u>	<u>270,379</u>	<u>(251,648)</u>	<u>108,483</u>
TOTAL LIABILITIES.....	\$ <u>1,379,240</u>	\$ <u>3,796,716</u>	\$ <u>(4,013,349)</u>	\$ <u>1,162,607</u>

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Statistical Section



Photo by Krista Larsen

Part of the expansion of Tewksbury's water storage system is the 5 million gallon Colonial Drive Water Tank. This was an intergovernmental financial partnership with the Commonwealth, the Department of Environmental Protection, and the Town.

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 Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt.....	\$ 25,905,322	\$ 23,988,606	\$ 32,653,097	\$ 50,566,769	\$ 51,155,892
Restricted.....	671,941	586,320	482,861	776,719	878,752
Unrestricted.....	<u>23,633,687</u>	<u>6,812,048</u>	<u>11,582,531</u>	<u>7,388,546</u>	<u>7,955,311</u>
Total governmental activities net assets.....	\$ <u>50,210,950</u>	\$ <u>31,386,974</u>	\$ <u>44,718,489</u>	\$ <u>58,732,034</u>	\$ <u>59,989,955</u>
Business-type activities					
Invested in capital assets, net of related debt.....	-	16,582,939	19,353,410	54,884,113	57,908,772
Unrestricted.....	-	<u>611,723</u>	<u>297,852</u>	<u>4,133,982</u>	<u>3,568,426</u>
Total business-type activities net assets.....	\$ <u>-</u>	\$ <u>17,194,662</u>	\$ <u>19,651,262</u>	\$ <u>59,018,095</u>	\$ <u>61,477,198</u>
Primary government					
Invested in capital assets, net of related debt.....	25,905,322	40,571,545	52,006,507	105,450,882	109,064,664
Restricted.....	671,941	586,320	482,861	776,719	878,752
Unrestricted.....	<u>23,633,687</u>	<u>7,423,771</u>	<u>11,880,383</u>	<u>11,522,528</u>	<u>11,523,737</u>
Total primary government net assets.....	\$ <u>50,210,950</u>	\$ <u>48,581,636</u>	\$ <u>64,369,751</u>	\$ <u>117,750,129</u>	\$ <u>121,467,153</u>

Source: Audited Financial Statements

Note: Town Meeting voted to establish a sewer enterprise fund (effective FY04) to account for the activity 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

The Town reported general infrastructure assets acquired prior to the implementation of GASB 34 for the first time in fiscal year 2007. This resulted in a beginning net asset adjustment of \$16.5 million.

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

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government.....	\$ 3,814,056	\$ 4,048,144	\$ 3,438,876	\$ 3,635,876	\$ 3,922,631
Public safety.....	14,633,118	15,399,741	12,274,105	13,022,549	13,797,878
Education.....	42,638,440	44,747,510	50,920,818	53,136,035	56,963,315
Public works.....	7,966,271	6,047,037	4,199,305	4,503,493	4,208,529
Sewer.....	1,858,945	-	-	-	-
Human services.....	668,920	651,344	627,043	421,763	393,696
Health and sanitation.....	3,029,102	2,882,528	3,604,493	3,357,013	2,641,590
Culture and recreation.....	2,440,159	2,577,406	2,011,778	2,102,484	2,452,453
Claims and judgments.....	-	6,000	-	-	-
Interest.....	2,458,561	1,951,475	1,665,846	1,584,584	1,038,814
Total governmental activities expenses.....	<u>79,507,572</u>	<u>78,311,185</u>	<u>78,742,264</u>	<u>81,763,797</u>	<u>85,418,906</u>
Business-type activities:					
Sewer.....	-	2,722,624	1,975,994	2,774,415	3,550,084
Water.....	-	-	-	5,558,359	5,139,612
Total primary government expenses.....	<u>\$ 79,507,572</u>	<u>\$ 81,033,809</u>	<u>\$ 80,718,258</u>	<u>\$ 90,096,571</u>	<u>\$ 94,108,602</u>
Program Revenues					
Governmental activities:					
Education charges for services.....	\$ 2,513,999	\$ 2,800,310	\$ 3,009,477	\$ 3,400,907	\$ 3,339,093
Public Safety charges for services.....	940,401	1,247,467	1,355,772	1,556,071	1,410,713
Other charges for services.....	7,753,026	3,217,731	2,419,673	2,004,071	2,124,266
Operating grants and contributions.....	18,494,984	18,100,918	22,245,887	23,276,031	23,771,003
Capital grant and contributions.....	14,004	902,148	11,412,169	-	-
Total governmental activities program revenues.....	<u>29,716,414</u>	<u>26,268,574</u>	<u>40,442,978</u>	<u>30,237,080</u>	<u>30,645,075</u>
Business-type activities:					
Charges for services - sewer.....	-	3,015,810	3,886,270	6,159,404	5,545,830
Charges for services - water.....	-	3,103,006	3,167,975	4,534,863	4,161,392
Nonoperating revenues.....	-	187,517	179,245	739,390	1,080,379
Total business-type activities program revenues.....	<u>-</u>	<u>6,306,333</u>	<u>7,233,490</u>	<u>11,433,657</u>	<u>10,787,601</u>
Total primary government program revenues.....	<u>\$ 29,716,414</u>	<u>\$ 32,574,907</u>	<u>\$ 47,676,468</u>	<u>\$ 41,670,737</u>	<u>\$ 41,432,676</u>
Net (Expense)/Revenue					
Governmental activities.....	\$ (49,791,158)	\$ (52,042,611)	\$ (38,299,286)	\$ (51,526,717)	\$ (54,773,831)
Business-type activities.....	<u>-</u>	<u>480,703</u>	<u>5,257,496</u>	<u>3,100,883</u>	<u>2,097,905</u>
Total primary government net expense.....	<u>\$ (49,791,158)</u>	<u>\$ (51,561,908)</u>	<u>\$ (33,041,790)</u>	<u>\$ (48,425,834)</u>	<u>\$ (52,675,926)</u>
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	\$ 46,990,762
Tax liens.....	378,540	242,418	332,008	214,721	638,241
Motor vehicle and other excise taxes.....	3,727,259	3,766,073	3,974,668	3,748,128	3,617,989
Hotel/motel tax.....	346,128	306,612	408,803	501,922	538,964
Penalties and interest on taxes.....	211,680	229,154	239,322	189,708	229,096
Payments in lieu of taxes.....	-	-	-	46,031	22,176
Grants and contributions not restricted to specific programs.....	2,876,582	2,660,707	2,977,289	3,073,341	3,689,997
Unrestricted investment income.....	344,747	181,534	221,848	441,818	665,725
Miscellaneous.....	91,681	15,698	18,039	-	-
Transfers.....	-	(367,472)	(360,100)	(2,950,801)	(361,198)
Total governmental activities	<u>47,048,024</u>	<u>47,977,529</u>	<u>51,026,679</u>	<u>49,081,062</u>	<u>56,031,752</u>
Business-type activities:					
Transfers.....	-	367,472	360,100	2,950,801	361,198
Total primary government	<u>\$ 47,048,024</u>	<u>\$ 48,345,001</u>	<u>\$ 51,386,779</u>	<u>\$ 52,031,863</u>	<u>\$ 56,392,950</u>
Changes in Net Assets					
Governmental activities.....	\$ (2,743,134)	\$ (4,065,082)	\$ 12,727,393	\$ (2,445,655)	\$ 1,257,921
Business-type activities.....	<u>-</u>	<u>848,175</u>	<u>5,617,596</u>	<u>6,051,684</u>	<u>2,459,103</u>
Total primary government.....	<u>\$ (2,743,134)</u>	<u>\$ (3,216,907)</u>	<u>\$ 18,344,989</u>	<u>\$ 3,606,029</u>	<u>\$ 3,717,024</u>

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved.....	\$ 313,541	\$ 1,269,591	\$ 164,810	\$ 417,792	\$ 345,214	\$ 436,752	\$ 385,794	\$ 314,351	\$ 326,438	\$ 429,211
Unreserved.....	<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>	<u>3,001,060</u>
Total general fund.....	<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>	<u>\$ 3,430,271</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds.....	\$ 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	\$ 3,308,924
Capital projects funds.....	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	450,032
Permanent funds.....	-	-	-	-	-	39,410	39,940	40,533	41,578	42,735
Total all other governmental funds....	<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>	<u>\$ 3,801,691</u>

Fiscal years 1997 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 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	\$ 46,873,817
Tax liens.....	-	-	-	-	-	-	-	-	262,997	328,861
Motor vehicle and other excise taxes.....	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	3,601,763
Hotel/motel tax.....	-	-	-	-	-	-	-	-	501,922	538,964
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	1,514,976
Water and sewer user charges.....	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.....	914,651	246,385	179,365	184,777	208,125	211,680	229,154	239,322	189,708	229,096
Fees.....	-	893,994	1,208,119	1,465,606	1,397,182	1,511,475	1,680,958	1,704,507	2,050,444	2,121,803
Rentals.....	-	173,928	218,527	389,077	378,349	367,949	388,730	402,774	399,246	474,153
Payment in lieu of taxes.....	-	33,672	30,192	36,758	36,523	33,688	27,720	20,328	46,031	22,176
Licenses and permits.....	-	519,806	510,357	525,814	338,598	387,816	547,106	614,085	723,236	592,679
Fines and forfeitures.....	-	104,613	111,732	137,217	125,404	115,346	142,139	138,544	102,815	93,009
Intergovernmental.....	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	28,374,587
Departmental and other.....	3,246,987	786,896	951,669	900,542	492,581	653,375	699,157	801,572	1,207,917	1,152,037
Sale of land.....	-	-	-	-	2,806,824	-	-	-	-	-
Investment income.....	-	681,283	723,284	808,654	509,652	315,175	162,054	204,679	410,016	610,965
Total Revenue.....	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	86,528,886
Expenditures:										
General government.....	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	2,909,224
Public safety.....	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	9,933,413
Education.....	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	53,996,987
Public works.....	4,002,407	7,282,661	5,122,227	4,827,870	5,679,466	5,430,857	4,695,713	6,320,982	4,085,325	3,426,676
Human services.....	276,752	329,334	366,890	325,715	381,458	390,007	401,757	380,130	385,119	351,116
Health and sanitation.....	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	2,494,836
Culture and recreation.....	573,115	913,787	1,068,264	1,362,444	1,458,939	1,599,935	1,774,176	1,539,739	1,941,848	1,765,466
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	2,074,711
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	4,032,212
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	556,742
Capital outlay.....	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	5,260,221
Debt service.....										
Principal.....	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	2,233,085
Interest.....	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	1,023,333
Total Expenditures.....	59,595,613	72,128,483	73,665,983	70,776,151	86,253,700	85,351,732	79,324,687	85,441,103	85,348,245	90,058,022
Excess of revenues over (under) expenditures.....	(4,752,487)	(11,361,660)	(7,472,569)	(1,989,195)	(9,788,651)	(8,742,324)	(3,744,929)	(2,355,803)	9,453,797	(3,529,136)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	9,150,000	6,315,000	9,995,000	1,565,000	6,106,000	-	2,246,000	3,453,000	2,500,000	2,449,000
Premium from issuance of bonds.....	-	-	-	-	-	-	122,738	-	25,471	7,910
Issuance of refunding bonds.....	-	2,535,000	-	-	-	-	-	-	-	-
Payments to refunding bond escrow agent.....	-	(2,522,935)	-	-	-	-	-	-	-	-
Issuance cost of refunding bonds.....	-	(12,065)	-	-	-	-	-	-	-	-
Capital lease financing.....	-	-	-	-	-	-	-	505,000	850,000	621,000
Transfers in.....	581,478	90,477	686,211	105,855	236,834	3,434,523	175,232	67,770	238,665	113,973
Transfers out.....	(3,196,919)	(90,477)	(1,040,964)	(105,855)	(444,457)	(3,434,523)	(542,704)	(427,870)	(491,048)	(475,171)
Total other financing sources (uses).....	6,534,559	6,315,000	9,640,247	1,565,000	5,898,377	-	2,001,266	3,597,900	3,123,088	2,716,712
Net change in fund balance.....	\$ 1,782,072	\$ (5,046,660)	\$ 2,167,678	\$ (424,195)	\$ (3,890,274)	\$ (8,742,324)	\$ (1,743,663)	\$ 1,242,097	\$ 12,576,885	\$ (812,424)
Debt service as a percentage of noncapital expenditures.....	9.12%	8.69%	8.31%	9.01%	7.97%	8.26%	6.40%	5.70%	4.43%	3.71%

Notes:

Fiscal years 1997 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 1997-2003, public works included sewer

In fiscal year 1997, real estate & personal property taxes were net of the provision for abatements and exemptions of \$583,083 and \$648,786, respectively.

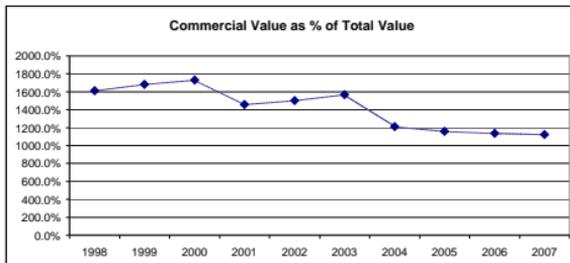
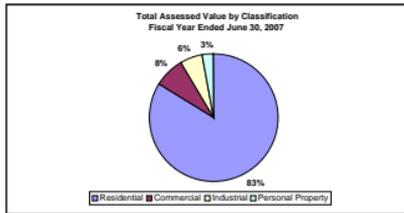
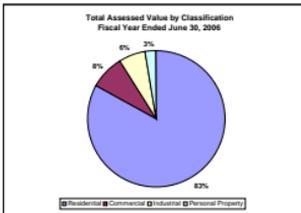
In fiscal year 1997, interest was on both taxes and investments

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 Direct Rate	Total Town Value	
1998	(1) \$ 1,412,486,400	\$ 13.98	\$ 208,805,400	\$ 183,230,500	\$ 59,300,110	\$ 451,336,010	\$ 22.78	\$ 16.11	\$ 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	\$ 16.84	\$ 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	\$ 17.31	\$ 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	\$ 14.60	\$ 2,460,098,545	
2002	\$ 1,947,332,000	\$ 13.00	\$ 238,835,700	\$ 242,208,200	\$ 85,787,785	\$ 588,931,685	\$ 21.65	\$ 15.00	\$ 2,534,283,685	
2003	\$ 1,972,715,200	\$ 13.60	\$ 263,377,400	\$ 250,510,800	\$ 97,098,230	\$ 610,986,430	\$ 22.47	\$ 15.70	\$ 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	\$ 12.10	\$ 3,490,520,040	
2005	\$ 3,076,067,654	\$ 10.10	\$ 344,037,646	\$ 261,842,000	\$ 104,635,430	\$ 710,215,076	\$ 19.06	\$ 11.80	\$ 4,786,262,730	
2006	\$ 3,325,236,688	\$ 10.07	\$ 303,072,812	\$ 246,793,400	\$ 105,103,390	\$ 680,969,602	\$ 17.74	\$ 11.37	\$ 4,006,206,290	
2007	(1) \$ 3,540,154,464	\$ 9.91	\$ 334,541,736	\$ 237,319,700	\$ 113,826,680	\$ 685,688,116	\$ 18.09	\$ 11.24	\$ 4,225,842,580	



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

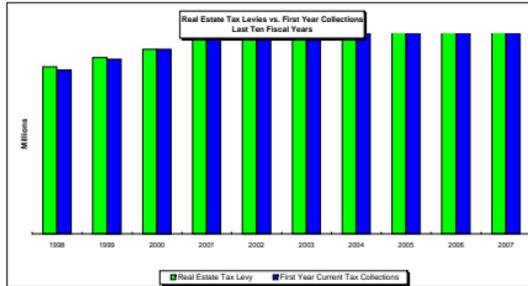
Name	Nature of Business	2007			1998		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Raytheon Manufacturing Corp.	Electronics/Research	\$ 45,078,900	1	2%	\$ 39,658,300	1	3%
New England Power Company	Utility	\$ 36,041,000	2	2%	\$ 24,798,690	3	2%
RREEF America RIET I	Office Park	\$ 44,355,590	3	1%	N/A	N/A	N/A
Tewksbury Apartments	Apartments	\$ 33,243,950	4	1%	N/A	N/A	N/A
Highwood Holdings	Office Buildings	\$ 23,953,600	5	1%	N/A	N/A	N/A
Demoulas Supermarkets, Inc.	Shopping Center	\$ 19,056,020	6	1%	N/A	N/A	N/A
Lowell Gas	Utility	\$ 18,941,320	7	1%	\$ 20,617,110	4	2%
DSM Realty/Valley Prop.	Shopping Center & Warehouse	\$ 17,828,100	8	1%	\$ 37,256,810	2	3%
Valley Properties	Shopping Center	\$ 17,029,200	9	1%	N/A	N/A	N/A
Ames Pond LLC	Corporate Office Park	\$ 16,186,800	10	1%	N/A	N/A	N/A
RJR Vent LTD	Electronics	N/A	N/A	N/A	\$ 16,913,900	5	1%
Metropolitan Life Insurance	Insurance	N/A	N/A	N/A	\$ 16,496,800	6	1%
Walmart	Shopping Center	N/A	N/A	N/A	\$ 9,319,970	7	1%
Massachusetts Electric Company	Utility	N/A	N/A	N/A	\$ 8,141,930	8	1%
MGI Andover ST. Inc.	Electronics	N/A	N/A	N/A	\$ 8,094,800	9	1%
Linda & Marianne Matarazzo Trustees	Shopping Center	N/A	N/A	N/A	\$ 5,707,400	10	1%
Totals		<u>\$ 271,714,480</u>		<u>12%</u>	<u>\$ 187,005,710</u>		<u>16%</u>

Source: Official Statements, Town of Tewksbury

Town of Tewksbury, Massachusetts

Property Tax Levies and Collections

Fiscal Year	(1)	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	(3)	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
					First Year Current Tax Collections				
1998	(1)	\$ 30,052,387	\$ 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		\$ 38,060,992	\$ 492,324	\$ 37,568,668	\$ 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%	\$ 485,250	\$ 44,711,542	99%
2007	(1)	\$ 47,534,975	\$ 701,199	\$ 46,833,776	\$ 46,404,319	99.1%	\$ 433,097	\$ 46,837,416	100%



(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
1998	28,135	\$ 1,100,341,595	\$ 1,809,617,200	\$ 33,398,268	\$ 187,695	\$ 1,194	3.05%	1.86%
1999	29,074	\$ 1,160,270,690	\$ 1,821,526,400	\$ 37,368,596	\$ 749,758	\$ 1,311	3.29%	2.09%
2000	28,851	\$ 1,174,868,691	\$ 1,858,645,300	\$ 44,097,386	\$ 1,014,150	\$ 1,564	3.84%	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	\$ 1,237,572,168	\$ 2,452,984,000	\$ 44,819,825	\$ 1,365,695	\$ 1,582	3.73%	1.88%
2003	29,310	\$ 1,267,122,335	\$ 2,491,171,700	\$ 40,920,843	\$ 971,448	\$ 1,429	3.31%	1.68%
2004	29,288	\$ 1,291,494,661	\$ 3,389,034,100	\$ 32,544,207	\$ 1,027,918	\$ 1,146	2.60%	0.99%
2005	29,130	\$ 1,310,217,982	\$ 3,686,162,700	\$ 32,955,467	\$ 1,178,622	\$ 1,172	2.61%	0.93%
2006	29,043	\$ 1,332,430,967	\$ 3,905,761,100	\$ 23,616,144	\$ 1,659,137	\$ 870	1.90%	0.65%
2007	29,418	\$ 1,376,615,310	\$ 4,116,854,100	\$ 23,832,059	\$ 1,789,517	\$ 871	1.86%	0.62%

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
1998	\$ -	\$ -	\$ 33,585,963	\$ 1,194	3.05%	1.86%
1999	\$ -	\$ -	\$ 38,118,354	\$ 1,311	3.29%	2.09%
2000	\$ -	\$ -	\$ 45,111,536	\$ 1,564	3.84%	2.43%
2001	\$ -	\$ -	\$ 43,412,617	\$ 1,500	3.61%	1.82%
2002	\$ -	\$ -	\$ 46,185,520	\$ 1,582	3.73%	1.88%
2003	\$ -	\$ -	\$ 41,892,291	\$ 1,429	3.31%	1.68%
2004	\$ 10,913,205	\$ -	\$ 44,485,330	\$ 1,519	3.44%	1.31%
2005	\$ 17,968,559	\$ -	\$ 52,102,648	\$ 1,789	3.98%	1.41%
2006	\$ 37,097,419	\$ -	\$ 62,372,700	\$ 2,148	4.68%	1.60%
2007	\$ 65,949,330	\$ -	\$ 91,570,906	\$ 3,113	6.65%	2.22%

(1) Sewer Fund established in 2004. Water Fund established in 2006
Source: Audited Financial Statements, U. S. Census

Town of Tewksbury, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2007

<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..... \$	2,700,000	25.53%	\$ 689,310 (1)
Town direct debt.....			<u>23,832,059</u>
Total direct and overlapping debt.....			<u>\$ 24,521,369</u>

(1) Note: Debt is as of June 2007.
Source: Shawsheen Valley Regional Technical Vocational High School.

Town of Tewksbury, Massachusetts

Computation of Legal Debt Margin

Last Ten Fiscal Years

	(1) <u>1998</u>	<u>1999</u>	<u>2000</u>	(1) <u>2001</u>	<u>2002</u>	<u>2003</u>	(1) <u>2004</u>	<u>2005</u>	<u>2006</u>	(1) <u>2007</u>
Equalized Valuation	\$ 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	\$ 4,365,175,800
Debt Limit -5% of Equalized Valuation	\$ 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	\$ 218,258,790
Less:										
Outstanding debt applicable to limit	\$ 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	\$ 89,781,389
Authorized and unissued debt	\$ 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	\$ 59,792,056
Legal debt margin	\$ 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	\$ 68,685,345
Total debt applicable to the limit as a percentage of debt limit	45.06%	42.44%	48.72%	42.08%	43.27%	85.36%	79.07%	77.27%	66.14%	68.53%

(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
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	5,041	4.3%
2006	29,043	\$ 1,332,430,967	\$ 45,878	37.6	4,986	4.0%
2007	29,418	\$ 1,376,615,310	\$ 46,795	37.6	5,058	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	2007			1998		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon Manufacturing Co.	Electronics & Research	2,100	1	13.7%	2,674	1	16.6%
Tewksbury State Hospital	Hospital	1,400	2	9.1%	752	4	4.7%
Demoulas Warehouse/Stores	Grocery Store Warehouse	750	3	4.9%	800	3	5.0%
Avid Technology, Inc.	Computer Systems	720	4	4.7%	1000	2	6.2%
Getronics	Electronics	330	5	2.2%	N/A	N/A	N/A
Home Depot	Building/Hardware	230	6	1.5%	220	6	1.4%
Walmart	Department Store	210	7	1.4%	N/A	N/A	N/A
ECRM	Manufacturing Printers	130	8	0.8%	N/A	N/A	N/A
Sears	Department Store	100	9	0.7%	N/A	N/A	N/A
Wang Laboratories	Electronics	N/A	N/A	N/A	748	5	4.6%
Metropolitan Life Insurance	Insurance	N/A	N/A	N/A	160	7	1.0%
Intergrated Solutions, Inc.	Manufacturing Semi-Conductor Equipment	N/A	N/A	N/A	140	8	0.9%
Holiday Inn	Motel	90	10	0.6%	139	9	0.9%
Muro Pharmaceutical, Inc.	Manufacturing Pharmaceuticals	N/A	N/A	N/A	110	10	0.7%
		6,060		40%	6,743		42%

N/A - Information not available

Source: Each company, December, 2006 and 1997 respectively

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

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government.....	32	34	35	36	35	32	33	33	33	33
Public safety.....	139	142	138	132	127	127	133	133	133	130
Education.....	380	377	368	397	423	420	428	411	411	411
Public works.....	38	38	45	43	45	44	45	38	38	38
Human services.....	4	4	4	4	4	4	4	4	4	4
Health and sanitation.....	3	3	4	4	4	5	5	5	5	5
Culture and recreation.....	16	16	14	21	22	22	21	22	22	22
Total	612	614	608	637	660	654	669	646	646	643

Town of Tewksbury, Massachusetts

Operating Indicators/Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	
General Government										
Number of Buildings.....	6	6	7	7	7	7	7	7	7	7
Police										
Motor vehicle citation.....	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.....	85	88	76	75	71	68	72	72	72	72
Fire										
Inspections.....	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	53	53	52	51	51	51	51	51
Education										
Number of elementary schools.....	4	5	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	250	257	278	292	294	297	280	286	286
Number of administrators.....	17	17	17	18	18	18	18	18	18	18
Number of students.....	4,159	4,272	4,395	4,456	4,629	4,664	4,730	4,731	4,643	4,643
Public works										
Water mains (miles).....	158	158	158	158	158	158	158	158	158	158
Fire hydrants.....	1,457	1,472	1,486	1,501	1,517	1,532	1,547	1,563	1,564	1,564
Sanitary sewers (miles).....	40	44	49	49	54	54	54	59	73	73
Storm drains.....	2,544	2,569	2,595	2,621	2,648	2,675	2,702	2,729	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



Photo by Donna Gill

Acusphere, a specialty pharmaceutical company recently chose to locate in Tewksbury.