

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2003

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and short-term investments.....	\$ 17,625,030	\$ 1,396,020	\$ 19,021,050
Investments.....	5,905,645	-	5,905,645
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	348,831	-	348,831
Tax liens.....	47,869	-	47,869
Motor vehicle and other excise taxes.....	135,939	-	135,939
User fees.....	4,891	474,259	479,150
Departmental and other.....	163,659	-	163,659
Intergovernmental.....	1,459,954	-	1,459,954
Tax foreclosures.....	702,913	-	702,913
Working capital deposit.....	750,600	-	750,600
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	21,568,091	-	21,568,091
Real estate tax deferrals.....	160,808	-	160,808
Capital assets, net of accumulated depreciation.....	85,692,828	9,505,447	95,198,275
TOTAL ASSETS.....	134,567,058	11,375,726	145,942,784
LIABILITIES			
CURRENT:			
Warrants payable.....	3,440,502	41,408	3,481,910
Health claims payable.....	1,492,000	-	1,492,000
Accrued interest.....	483,256	10,077	493,333
Other liabilities.....	1,175,155	41,105	1,216,260
Capital lease obligations.....	152,160	-	152,160
Compensated absences.....	625,598	19,850	645,448
Bonds and notes payable.....	44,536,639	748,000	45,284,639
NONCURRENT:			
Capital lease obligations.....	346,996	-	346,996
Compensated absences.....	176,402	5,150	181,552
Bonds and notes payable.....	8,634,991	2,945,000	11,579,991
TOTAL LIABILITIES.....	61,063,699	3,810,590	64,874,289
NET ASSETS			
Invested in capital assets, net of related debt.....	60,550,060	5,812,447	66,362,507
Restricted for:			
Loans.....	863,721	-	863,721
Permanent funds:			
Expendable.....	79,872	-	79,872
Nonexpendable.....	2,030,069	-	2,030,069
Other purposes.....	690,339	-	690,339
Unrestricted.....	9,289,298	1,752,689	11,041,987
TOTAL NET ASSETS.....	\$ 73,503,359	\$ 7,565,136	\$ 81,068,495

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2003

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 1,932,404	\$ 233,334	\$ 17,948	\$ 250,000	\$ (1,431,122)	
Public safety.....	4,977,899	719,479	172,880	-	(4,085,540)	
Education.....	26,939,193	2,042,233	4,922,570	-	(19,974,390)	
Education construction.....	-	-	-	9,643,672	9,643,672	
Public works.....	3,819,387	1,299,462	264,290	7,418	(2,248,217)	
Human services.....	406,116	75,200	22,654	-	(308,262)	
Culture and recreation.....	1,903,147	1,670,649	30,268	-	(202,230)	
Community preservation.....	55,620	924,638	-	845,267	1,714,285	
Pension benefits - Town.....	1,069,489	-	-	-	(1,069,489)	
Pension benefits - School.....	2,190,000	-	2,190,000	-	-	
Property and liability insurance.....	206,191	-	-	-	(206,191)	
Employee benefits.....	6,667,312	1,516,498	-	-	(5,150,814)	
Interest.....	1,193,807	-	665,658	-	(528,149)	
State and county charges.....	364,458	-	-	-	(364,458)	
Other.....	24,936	-	-	-	(24,936)	
Total Governmental Activities.....	51,749,959	8,481,493	8,286,268	10,746,357	(24,235,841)	
Business-Type Activities:						
Water.....	1,539,972	2,058,068	-	-	518,096	
Total Primary Government.....	\$ 53,289,931	\$ 10,539,561	\$ 8,286,268	\$ 10,746,357	\$ (23,717,745)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ <u>(24,235,841)</u>	\$ <u>518,096</u>	\$ <u>(23,717,745)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	31,571,815	-	31,571,815
Tax liens.....	167,821	-	167,821
Motor vehicle and other excise taxes.....	1,898,153	-	1,898,153
Penalties and interest on taxes.....	190,307	-	190,307
Grants and contributions not restricted to specific programs.....	44,901	-	44,901
Unrestricted investment income.....	511,843	-	511,843
Miscellaneous.....	463,544	-	463,544
<i>Transfers, net</i>	<u>156,000</u>	<u>(170,000)</u>	<u>(14,000)</u>
Total general revenues and transfers.....	<u>35,004,384</u>	<u>(170,000)</u>	<u>34,834,384</u>
Change in net assets.....	10,768,543	348,096	11,116,639
<i>Net Assets:</i>			
Beginning of year.....	<u>62,734,816</u>	<u>7,217,040</u>	<u>69,951,856</u>
End of year.....	\$ <u><u>73,503,359</u></u>	\$ <u><u>7,565,136</u></u>	\$ <u><u>81,068,495</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2003

ASSETS	<u>General</u>	<u>Community Preservation Act</u>	<u>School Renovations</u>
Cash and short-term investments.....	\$ 6,935,313	\$ 822,777	\$ 7,911,620
Investments.....	661,495	-	-
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	348,831	-	-
Real estate tax deferrals.....	160,808	-	-
Tax liens.....	47,869	-	-
Motor vehicle and other excise taxes.....	135,939	-	-
User fees.....	4,891	-	-
Departmental and other.....	163,659	-	-
Intergovernmental.....	22,610,216	7,929	-
Tax foreclosures.....	702,913	-	-
Due from other funds.....	902,009	-	-
TOTAL ASSETS.....	\$ 32,673,943	\$ 830,706	\$ 7,911,620
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 1,004,650	\$ 13,263	\$ 1,936,438
Accrued interest on short-term debt.....	420,192	-	-
Other liabilities.....	1,031,068	-	-
Deferred revenues.....	23,827,533	7,929	-
Due to other funds.....	7,861	-	-
Notes payable.....	-	400,000	38,935,207
TOTAL LIABILITIES.....	26,291,304	421,192	40,871,645
FUND BALANCES:			
Reserved for:			
Encumbrances and continuing appropriations.....	1,221,077	-	-
Perpetual permanent funds.....	-	-	-
Unreserved:			
Designated for subsequent year's expenditures.....	1,592,083	-	-
Undesignated, reported in:			
General fund.....	3,569,479	-	-
Special revenue funds.....	-	409,514	-
Capital projects funds.....	-	-	(32,960,025)
Permanent funds.....	-	-	-
TOTAL FUND BALANCES.....	6,382,639	409,514	(32,960,025)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 32,673,943	\$ 830,706	\$ 7,911,620

See notes to basic financial statements.

	Stabilization	Pension Trust	Nonmajor Governmental Funds	Total Governmental Funds
\$	29,984	\$ 211,164	\$ 1,714,172	\$ 17,625,030
	1,444,444	1,408,406	2,391,300	5,905,645
	-	-	-	348,831
	-	-	-	160,808
	-	-	-	47,869
	-	-	-	135,939
	-	-	-	4,891
	-	-	-	163,659
	-	-	409,900	23,028,045
	-	-	-	702,913
	-	-	10,692	912,701
\$	<u>1,474,428</u>	<u>\$ 1,619,570</u>	<u>\$ 4,526,064</u>	<u>\$ 49,036,331</u>
\$	-	\$ -	\$ 62,735	\$ 3,017,086
	-	-	-	420,192
	-	-	144,087	1,175,155
	-	-	334,219	24,169,681
	-	-	2,831	10,692
	-	-	3,878,000	43,213,207
	-	-	4,421,872	72,006,013
	-	-	-	1,221,077
	-	-	2,030,069	2,030,069
	-	-	-	1,592,083
	-	-	-	3,569,479
	1,474,428	1,619,570	1,402,333	4,905,845
	-	-	(3,408,082)	(36,368,107)
	-	-	79,872	79,872
	<u>1,474,428</u>	<u>1,619,570</u>	<u>104,192</u>	<u>(22,969,682)</u>
\$	<u>1,474,428</u>	<u>\$ 1,619,570</u>	<u>\$ 4,526,064</u>	<u>\$ 49,036,331</u>

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

FISCAL YEAR ENDED JUNE 30, 2003

Total governmental fund balances.....	\$ (22,969,682)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	85,692,828
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	24,169,681
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.....	(2,066,825)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(63,064)
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.....	(9,958,423)
Capital lease obligations.....	(499,156)
Compensated absences.....	(802,000)
Net effect of reporting long-term liabilities.....	(11,259,579)
Net assets of governmental activities.....	\$ <u>73,503,359</u>

See notes to basic financial statements.

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2003

	General	Community Preservation Act	School Renovations
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ 30,724,161	\$ -	\$ -
Tax and trash liens.....	304,438	-	-
Motor vehicle and other excise taxes.....	2,171,066	-	-
Sewer charges.....	340,968	-	-
Trash disposal.....	488,487	-	-
Intergovernmental.....	6,835,937	845,267	-
Departmental and other.....	3,119,928	-	-
Special assessments.....	-	925,304	-
Contributions.....	-	-	-
Investment income.....	289,138	866	-
TOTAL REVENUES.....	44,274,123	1,771,437	-
EXPENDITURES:			
Current:			
General government.....	1,908,358	-	-
Public safety.....	4,783,361	-	-
Education.....	22,685,456	-	16,307,711
Public works.....	3,291,779	-	-
Human services.....	364,011	-	-
Culture and recreation.....	1,434,607	-	-
Community preservation.....	-	2,200,620	-
Pension benefits - Town.....	1,069,489	-	-
Pension benefits - School.....	2,190,000	-	-
Property and liability insurance.....	206,191	-	-
Employee benefits.....	3,995,801	-	-
Other.....	-	-	-
State and county charges.....	364,458	-	-
Debt service:			
Principal.....	1,133,085	-	-
Interest.....	1,195,447	-	-
TOTAL EXPENDITURES.....	44,622,043	2,200,620	16,307,711
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(347,920)	(429,183)	(16,307,711)
OTHER FINANCING SOURCES (USES):			
Proceeds from bonds and notes.....	-	-	-
Premium from issuance of bonds.....	350,350	-	-
Transfers in.....	495,764	-	-
Transfers out.....	(64,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	782,114	-	-
NET CHANGE IN FUND BALANCES.....	434,194	(429,183)	(16,307,711)
FUND BALANCES AT BEGINNING OF YEAR.....	5,948,445	838,697	(16,652,314)
FUND BALANCES AT END OF YEAR.....	\$ 6,382,639	\$ 409,514	\$ (32,960,025)

See notes to basic financial statements.

		Nonmajor Governmental Funds	Total Governmental Funds
Stabilization	Pension Trust		
\$ -	\$ -	\$ -	\$ 30,724,161
-	-	-	304,438
-	-	-	2,171,066
-	-	-	340,968
-	-	-	488,487
-	-	1,387,862	9,069,066
-	-	2,621,632	5,741,560
-	-	-	925,304
-	-	195,041	195,041
40,064	151,758	185,691	667,517
40,064	151,758	4,390,226	50,627,608
-	-	38,130	1,946,488
-	-	772,521	5,555,882
-	-	4,206,205	43,199,372
-	-	363,461	3,655,240
-	-	34,105	398,116
-	-	330,742	1,765,349
-	-	-	2,200,620
-	-	-	1,069,489
-	-	-	2,190,000
-	-	-	206,191
-	-	-	3,995,801
-	-	24,936	24,936
-	-	-	364,458
-	-	-	1,133,085
-	-	-	1,195,447
-	-	5,770,100	68,900,474
40,064	151,758	(1,379,874)	(18,272,866)
-	-	1,815,582	1,815,582
-	-	-	350,350
-	-	50,000	545,764
-	(75,000)	(250,764)	(389,764)
-	(75,000)	1,614,818	2,321,932
40,064	76,758	234,944	(15,950,934)
1,434,364	1,542,812	(130,752)	(7,018,748)
\$ 1,474,428	\$ 1,619,570	\$ 104,192	\$ (22,969,682)

**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, 2003

Net change in fund balances - total governmental funds.....	\$	(15,950,934)
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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.

Capital outlay.....	20,725,441	
Depreciation expense.....	<u>(2,379,132)</u>	
Net effect of reporting capital assets.....		18,346,309

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.....

9,868,046

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.

Proceeds from bonds and notes.....	(1,815,582)	
Debt service principal payments.....	<u>1,133,085</u>	
Net effect of reporting long-term debt.....		(682,497)

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.

Net change in compensated absences accrual.....	19,000	
Net change in capital lease obligation.....	321,992	
Net change in accrued interest on long-term debt.....	<u>1,640</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		342,632

Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with Governmental Activities.....		<u>(1,155,013)</u>
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Change in net assets of governmental activities.....	\$	<u>10,768,543</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
ASSETS		
CURRENT:		
Cash and short-term investments.....	\$ 1,396,020	\$ -
Receivables, net of allowance for uncollectibles:		
User fees.....	474,259	-
Due from other funds.....	4,586	-
Working capital deposit.....	-	750,600
	<u>1,874,865</u>	<u>750,600</u>
Total current assets.....		
	<u>1,874,865</u>	<u>750,600</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	9,505,447	-
	<u>9,505,447</u>	<u>-</u>
TOTAL ASSETS.....	<u>11,380,312</u>	<u>750,600</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	41,408	423,416
Health claims payable.....	-	1,492,000
Accrued interest.....	10,077	-
Other liabilities.....	41,105	-
Due to other funds.....	4,586	902,009
Compensated absences.....	19,850	-
Bonds and notes payable.....	748,000	-
	<u>865,026</u>	<u>2,817,425</u>
Total current liabilities.....		
	<u>865,026</u>	<u>2,817,425</u>
NONCURRENT:		
Compensated absences.....	5,150	-
Bonds and notes payable.....	2,945,000	-
	<u>2,950,150</u>	<u>-</u>
Total noncurrent liabilities.....		
	<u>2,950,150</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>3,815,176</u>	<u>2,817,425</u>
NET ASSETS		
Invested in capital assets, net of related debt.....	5,812,447	-
Unrestricted.....	1,752,689	(2,066,825)
	<u>7,565,136</u>	<u>(2,066,825)</u>
TOTAL NET ASSETS.....	<u>\$ 7,565,136</u>	<u>\$ (2,066,825)</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<u>OPERATING REVENUES:</u>		
Employer contributions	\$ -	\$ 3,517,212
Employee contributions	-	1,494,954
Charges for services	2,058,068	-
Other.....	-	4,277
	<u>2,058,068</u>	<u>5,016,443</u>
<u>OPERATING EXPENSES:</u>		
Cost of services and administration	906,922	6,188,723
Depreciation.....	476,490	-
	<u>1,383,412</u>	<u>6,188,723</u>
OPERATING INCOME (LOSS).....	<u>674,656</u>	<u>(1,172,280)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Investment income.....	-	17,267
Interest expense.....	(156,560)	-
	<u>(156,560)</u>	<u>17,267</u>
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	<u>(156,560)</u>	<u>17,267</u>
INCOME (LOSS) BEFORE TRANSFERS.....	<u>518,096</u>	<u>(1,155,013)</u>
<u>TRANSFERS:</u>		
Transfers out.....	(170,000)	-
CHANGE IN NET ASSETS.....	348,096	(1,155,013)
NET ASSETS AT BEGINNING OF YEAR.....	<u>7,217,040</u>	<u>(911,812)</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 7,565,136</u>	<u>\$ (2,066,825)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 2,118,731	\$ -
Receipts from interfund services provided.....	-	5,526,240
Payments to vendors.....	(1,048,477)	(5,543,507)
NET CASH FROM OPERATING ACTIVITIES.....	1,070,254	(17,267)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....	(170,000)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(170,000)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of bonds and notes.....	823,000	-
Acquisition and construction of capital assets.....	(326,276)	-
Principal payments on bonds and notes.....	(1,152,878)	-
Interest expense.....	(146,483)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(802,637)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	-	17,267
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	97,617	-
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR	1,298,403	-
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR	\$ 1,396,020	\$ -
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 674,656	\$ (1,172,280)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	476,490	-
Changes in assets and liabilities:		
User fees.....	60,663	-
Due from other funds.....	(4,586)	(392,212)
Working capital deposit.....	-	(162,200)
Warrants payable.....	(155,055)	423,416
Health claims payable.....	-	384,000
Other liabilities.....	27,500	-
Due to other funds.....	4,586	902,009
Accrued compensated absences.....	(14,000)	-
Total adjustments.....	395,598	1,155,013
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,070,254	\$ (17,267)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2003

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT:		
Cash and short-term investments.....	\$ 55,371	\$ 556,277
Investments.....	691,666	-
	<u>747,037</u>	<u>556,277</u>
TOTAL ASSETS.....	<u>747,037</u>	<u>556,277</u>
LIABILITIES		
Warrants payable.....	4,800	6,047
Liabilities due depositors.....	-	550,230
	<u>4,800</u>	<u>556,277</u>
TOTAL LIABILITIES.....	<u>4,800</u>	<u>556,277</u>
NET ASSETS		
Held in trust for pension benefits and other purposes.....	\$ <u>742,237</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2003

	Private Purpose Trust Funds
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 9,000
Net investment income (loss):	
Interest.....	25,150
TOTAL ADDITIONS.....	34,150
<u>DEDUCTIONS:</u>	
Administration.....	118,380
Educational scholarships.....	8,000
TOTAL DEDUCTIONS.....	126,380
CHANGE IN NET ASSETS.....	(92,230)
NET ASSETS AT BEGINNING OF YEAR.....	834,467
NET ASSETS AT END OF YEAR.....	\$ 742,237

See notes to basic financial statements.