

TOWN OF RAYNHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Raynham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Raynham, Massachusetts as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Raynham, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Raynham, Massachusetts, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 8 and other post employment benefits information: schedules of funding progress and employer contributions on pages 52 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

R. E. Brown & Company

April 15, 2010

Management's Discussion and Analysis

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Raynham's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 and decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions and activities that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions and activities 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, sanitation, human services, culture and recreation, pension benefits, health and life insurance, employee benefits, state and county charges, and interest. The business-type activities include costs relating to the Town's sewer operations.

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 and outflows 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 financial statements 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 funds balance sheet and the governmental funds 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 Raynham 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. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. This allows the community to recover total service costs through user fees if it chooses. It also enables a community to reserve the "surplus" or retained earnings generated by the enterprise fund. The Town of Raynham has one enterprise fund. The Sewer Enterprise Fund is used to account for the Town's sewer operations.

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

Private-purpose trust funds and agency funds are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

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.

The table on the following page is a summary of the condensed financial data for the fiscal year ended June 30, 2009.

Town of Raynham - Financial Highlights

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Assets:						
Current assets	\$ 6,530,474	\$ 9,157,588	\$ 4,394,354	\$ 4,911,200	\$ 10,924,828	\$ 14,068,788
Noncurrent assets (excluding capital)	-	-	956,706	1,128,106	956,706	1,128,106
Capital Assets (net of accumulated depreciation)	23,297,634	22,740,743	31,604,371	31,997,384	54,902,005	54,738,127
Total assets	29,828,108	31,898,331	36,955,431	38,036,690	66,783,539	69,935,021
Liabilities:						
Current liabilities (excluding debt)	1,108,733	1,344,761	306,035	353,119	1,414,768	1,697,880
Noncurrent liabilities (excluding debt)	1,451,148	1,012,778	374,052	328,432	1,825,200	1,341,210
Current debt	287,905	502,405	1,466,366	1,448,366	1,754,271	1,950,771
Noncurrent debt	3,233,980	3,521,885	18,568,568	20,034,934	21,802,548	23,556,819
Total liabilities	6,081,766	6,381,829	20,715,021	22,164,851	26,796,787	28,546,680
Net Assets:						
Capital assets net of related debt	19,775,749	19,043,053	11,278,960	10,203,697	31,054,709	29,246,750
Restricted	2,333,671	4,278,845	-	-	2,333,671	4,278,845
Unrestricted	1,636,922	2,194,604	4,961,450	5,668,142	6,598,372	7,862,746
Total net assets	\$ 23,746,342	\$ 25,516,502	\$ 16,240,410	\$ 15,871,839	\$ 39,986,752	\$ 41,388,341
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 1,680,181	\$ 2,196,721	\$ 1,457,677	\$ 1,847,960	\$ 3,137,858	\$ 4,044,681
Operating grants and contributions	1,416,987	1,394,591	3,619	148,253	1,420,606	1,542,844
Capital grants and contributions	-	3,353,719	517,833	536,667	517,833	3,890,386
<i>General Revenues:</i>						
Real Estate and personal property taxes	23,963,393	23,041,942	-	-	23,963,393	23,041,942
Motor vehicle and other excise taxes	1,722,189	1,949,046	-	-	1,722,189	1,949,046
Nonrestricted grants and contributions	1,728,630	1,906,365	-	-	1,728,630	1,906,365
Hotel/motel occupancy tax	234,326	243,188	-	-	234,326	243,188
Unrestricted investment income	49,260	224,831	-	-	49,260	224,831
Other revenues	229,137	279,708	-	-	229,137	279,708
Total Revenues	31,024,103	34,590,111	1,979,129	2,532,880	33,003,232	37,122,991
Expenses:						
General Government	1,607,448	2,120,478	-	-	1,607,448	2,120,478
Public Safety	6,671,794	6,800,270	-	-	6,671,794	6,800,270
Education	15,361,567	14,980,879	-	-	15,361,567	14,980,879
Public Works	2,283,604	2,725,422	-	-	2,283,604	2,725,422
Human Services	292,057	274,900	-	-	292,057	274,900
Culture and Recreation	805,304	807,763	-	-	805,304	807,763
Employee Benefits	3,901,172	3,138,157	-	-	3,901,172	3,138,157
State and County Assessments	305,335	321,081	-	-	305,335	321,081
Interest	162,449	168,530	-	-	162,449	168,530
Sewer	-	-	3,014,091	2,626,534	3,014,091	2,626,534
Total Expenses	31,390,730	31,337,480	3,014,091	2,626,534	34,404,821	33,964,014
Increase/(Decrease) in Net Assets before transfers	(366,627)	3,252,631	(1,034,962)	(93,654)	(1,401,589)	3,158,977
Transfers	(1,403,533)	(1,288,132)	1,403,533	1,288,132	-	-
Increase/(Decrease) in Net Assets	(1,770,160)	1,964,499	368,571	1,194,478	(1,401,589)	3,158,977
Net Assets - beginning	25,516,502	23,552,003	15,871,839	14,677,361	41,388,341	38,229,364
Net Assets - ending	\$ 23,746,342	\$ 25,516,502	\$ 16,240,410	\$ 15,871,839	\$ 39,986,752	\$ 41,388,341

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$39,986,752 at the close of fiscal year 2009.

Net assets of \$31,054,709 (77.7%) reflects its investment in capital assets (e.g., land, buildings and improvements, capital improvements other than buildings, machinery and equipment, vehicles, infrastructure, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets totaling \$2,333,671 (5.8%) represents resources that are subject to external restrictions on how they may be used. The restricted net assets relate to governmental activities. The remaining balance of unrestricted net assets of \$6,598,372 (16.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the town is able to report positive balances in net assets for both the governmental activities and the business-type activities.

The total net assets decreased from \$41,388,341 to \$39,986,752 from the prior fiscal year, a decrease of \$1,401,589. Of this change in net assets, a decrease of \$1,770,160 was attributable to governmental activities and an increase of \$368,571 was attributable to business-type activities. An increase in net assets means that the change in total assets exceeded the change in total liabilities.

The governmental activities net assets decrease of \$1,770,160 during the current fiscal year was attributable to using reserves to cover current operating costs and to reduce the tax rate, along with the GASB 45 requirement being recorded. The business-type activities net assets increase of \$368,571 was attributable to net transfers of \$1,403,533 from the general fund.

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.

Total fund balance of the governmental funds at June 30, 2009 was \$4,218,791, a decrease of \$638,396. This decrease is largely due to using reserves to cover current operating costs and to reduce the tax rate.

The general fund is the chief operating fund. At the end of fiscal year 2009, undesignated fund balance of the general fund was \$1,634,405, while total fund balances were \$2,065,944. Reservations of Fund Balance for Encumbrances and Continuing Appropriations totaled \$431,539. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total general fund expenditures. Undesignated fund balance represents 5.51% of total general fund expenditures, while total fund balance represents 6.97% of that same amount.

General Fund Budgetary Highlights

The \$72,484 increase in expenditures between the original budget and the final amended budget was primarily due to additional appropriations voted upon in a subsequent special town meeting.

Capital Asset and Debt Administration

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

The Town's investment in capital assets for governmental and business-type activities as of June 30, 2009, amounts to \$54.9 million, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, capital improvements (other than buildings), machinery and equipment, vehicles, construction in process, and infrastructure.

Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Land	\$ 6,870,763	\$ 6,843,053	\$ 1,845,015	\$ 1,845,015	\$ 8,715,778	\$ 8,688,068
Buildings and improvements	4,891,131	4,438,624	839,376	-	5,730,507	4,438,624
Capital Improvements (other than buildings)	639,349	605,407	93,250	98,750	732,599	704,157
Machinery and Equipment	254,838	315,084	821,589	407,576	1,076,427	722,660
Vehicles	862,306	1,155,466	27,699	41,099	890,005	1,196,565
Infrastructure	8,703,130	4,081,285	27,977,442	14,450,428	36,680,572	18,531,713
Construction in Progress	1,076,117	5,301,824	-	15,154,516	1,076,117	20,456,340
Total Capital Assets	\$ 23,297,634	\$ 22,740,743	\$ 31,604,371	\$ 31,997,384	\$ 54,902,005	\$ 54,738,127

The Town of Raynham currently maintains an A3 Bond Rating with Moody's Investors Service. The towns' outstanding long-term debt of the general government, as of June 30, 2009, totaled \$23,556,819, of which \$20,034,934 is related to sewer projects, 250,000 is related to land acquisition, \$31,885 represents Title V, \$90,000 is related to school equipment, \$150,000 is related to the Senior Center construction, and \$3,000,000 is related to the Town Hall/Police Station remodeling.

Please refer to notes 5, 7, and 8 for further discussion of the major capital and debt activity.

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2009	Outstanding June 30, 2008
SENIOR CENTER 7/15/01	\$ 150,000	\$ 200,000
EQUIPMENT - SCHOOL BOILER 7/15/01	90,000	120,000
LAND ACQUISITION 4/1/99	250,000	275,000
MWPAT - SEPTIC - TITLE V 8/1/01	31,885	34,790
TOWN HALL/POLICE STATION REMODELING	3,000,000	3,179,500
Total Governmental Activities	\$ 3,521,885	\$ 3,809,290
Business-type Activities	Outstanding June 30, 2009	Outstanding June 30, 2008
MWPAT - SEWER PHASE IV 11/1/98	\$ 82,800	\$ 90,300
MWPAT - SEWER PHASE IV 11/1/98	3,255,700	3,549,700
MWPAT - SEWER PHASE III 4/1/97 RESTRUCTURED 8/1/01	1,118,541	1,241,280
MWPAT - SEWER PHASE III 4/1/97 RESTRUCTURED 8/1/01	1,780,055	1,975,383
MWPAT - SEWER PHASE V 11/6/03	5,058,771	5,310,735
MWPAT - SEWER PHASE V 11/6/03 RESTRUCTURED	144,067	151,402
SEWER PHASE V 7/15/01	2,015,000	2,170,000
SEWER - PHASE III 4/1/99	550,000	605,000
SEWER - PHASE IV 4/1/99	680,000	750,000
SEWER I - 8/15/07	4,620,000	4,869,500
SEWER II - 8/15/07	365,000	385,000
SEWER III - 8/15/07	365,000	385,000
Total Business-type Activities	\$ 20,034,934	\$ 21,483,300
Total Outstanding Debt	\$ 23,556,819	\$ 25,292,590

Economic Factors and Next Year's Budgets and Rates

As expected, FY09 local receipts declined from the previous year. We think the economy bottomed out and began to improve in the second half of FY10 based on some increase in building construction and motor vehicle excise activity. Overall, we expect that local receipts will be flat for the year.

Revenue from the Raynham Taunton Dog Track will decline from \$413,000 in FY2009 to \$290,000 based on the Cherry Sheet estimate for FY10. The ban on greyhound racing went into effect on December 31, 2009 but the Town will continue to see some revenue from simulcasting.

Estimated State Aid for the town for FY10 was reduced by \$650,000 (including reduction in Racing Revenues).

The Town, in need of new revenue sources, accepted the local option meals tax of $\frac{3}{4}$ of 1% and increased the room occupancy excise tax from 4% to 6% at a Special Town Meeting in August, 2009. These two measures, which went into effect October 1, 2009, will add approximately \$200,000 to the bottom line in FY 10.

Substantial cuts were made to the Police Department's budget and the Bridgewater/Raynham Regional High School District's budget among others in order to balance the FY10 budget. On the Town side about 4 full-time equivalent positions were lost due to layoffs / attrition. Many more were lost at the Regional School District.

The Town did not use any of its Stabilization Account reserves to balance the FY 10 budget that went into effect on July 1, 2009.

Many cost cutting measures, large and small, were implemented in FY09 and more are slated for FY10. Because of the lack of building construction activity, the Board of Selectmen recommended, and Town Meeting approved, reductions in staff from full-time to part-time in the Building Department, Planning Department and Conservation Department. The Police Department changed the way it patrolled in order to save fuel; energy saving measures were implemented in all Town-owned buildings.

The town is exploring consolidating dispatch operations for Fire/Police/Ambulance Services as another way to save money. Even a regional dispatch center is under discussion.

Requests for Information

This financial report is designed to provide a general overview of the Town of Raynham'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 Town Administrator, Raynham Veterans Memorial Hall, 558 South Main Street, Raynham Massachusetts 02767.

TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 3,422,308	\$ 4,103,988	\$ 7,526,296
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,067,832	-	1,067,832
TAX LIENS	461,680	-	461,680
MOTOR VEHICLE EXCISE TAXES	134,645	-	134,645
USER FEES	-	157,564	157,564
DEPARTMENTAL AND OTHER	110,397	-	110,397
INTERGOVERNMENTAL	1,333,612	-	1,333,612
SPECIAL ASSESSMENTS	-	132,802	132,802
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	-	956,706	956,706
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	23,297,634	31,604,371	54,902,005
TOTAL ASSETS	29,828,108	36,955,431	66,783,539
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	447,566	80,299	527,865
OTHER LIABILITIES	22,510	-	22,510
UNAMORTIZED BOND PREMIUM	-	19,911	19,911
ACCRUED INTEREST	44,190	176,001	220,191
BONDS AND NOTES PAYABLE	287,905	1,466,366	1,754,271
LANDFILL POSTCLOSURE CARE COSTS	20,000	-	20,000
POSTEMPLOYMENT BENEFITS	449,502	2,950	452,452
COMPENSATED ABSENCES	124,965	26,874	151,839
NONCURRENT:			
BONDS AND NOTES PAYABLE	3,233,980	18,568,568	21,802,548
UNAMORTIZED BOND PREMIUM	-	270,566	270,566
LANDFILL POSTCLOSURE CARE COSTS	400,000	-	400,000
COMPENSATED ABSENCES	576,830	45,431	622,261
POSTEMPLOYMENT BENEFITS	474,318	58,055	532,373
TOTAL LIABILITIES	6,081,766	20,715,021	26,796,787
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	19,775,749	11,278,960	31,054,709
RESTRICTED FOR:			
STREETS	180,824	-	180,824
PERMANENT FUNDS:			
EXPENDABLE	274,093	-	274,093
NONEXPENDABLE	15,100	-	15,100
OTHER PURPOSES	1,863,654	-	1,863,654
UNRESTRICTED	1,636,922	4,961,450	6,598,372
TOTAL NET ASSETS	\$ 23,746,342	\$ 16,240,410	\$ 39,986,752

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,607,448	\$ 317,346	\$ 23,886	\$ -	\$ (1,266,216)
PUBLIC SAFETY	6,671,794	827,847	357,585	-	(5,486,362)
EDUCATION	15,361,567	-	-	-	(15,361,567)
PUBLIC WORKS	2,283,604	318,956	62,479	-	(1,902,169)
HUMAN SERVICES	292,057	53,798	119,275	-	(118,984)
CULTURE & RECREATION	805,304	162,234	290,155	-	(352,915)
EMPLOYEE BENEFITS	3,901,172	-	563,607	-	(3,337,565)
STATE & COUNTY ASSESSMENTS	305,335	-	-	-	(305,335)
INTEREST	162,449	-	-	-	(162,449)
TOTAL GOVERNMENTAL ACTIVITIES	31,390,730	1,680,181	1,416,987	-	(28,293,562)
BUSINESS-TYPE ACTIVITIES:					
SEWER	3,014,091	1,457,677	3,619	517,833	(1,034,962)
TOTAL BUSINESS-TYPE ACTIVITIES	3,014,091	1,457,677	3,619	517,833	(1,034,962)
TOTAL PRIMARY GOVERNMENT	\$ 34,404,821	\$ 3,137,858	\$ 1,420,606	\$ 517,833	\$ (29,328,524)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF RAYNHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (28,293,562)	\$ (1,034,962)	\$ (29,328,524)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	23,884,572	-	23,884,572
TAX LIENS	78,821	-	78,821
MOTOR VEHICLE EXCISE TAXES	1,722,189	-	1,722,189
HOTEL/MOTEL TAX	234,326	-	234,326
PENALTIES AND INTEREST ON TAXES	162,220	-	162,220
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,728,630	-	1,728,630
UNRESTRICTED INVESTMENT INCOME	49,260	-	49,260
MISCELLANEOUS	66,917	-	66,917
TRANSFERS, NET	(1,403,533)	1,403,533	-
TOTAL GENERAL REVENUES AND TRANSFERS	26,523,402	1,403,533	27,926,935
CHANGE IN NET ASSETS	(1,770,160)	368,571	(1,401,589)
NET ASSETS:			
BEGINNING OF YEAR	25,516,502	15,871,839	41,388,341
END OF YEAR	\$ 23,746,342	\$ 16,240,410	\$ 39,986,752

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF RAYNHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009**

<u>ASSETS</u>	GENERAL	STABILIZATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 2,276,938	\$ 427,293	\$ 718,077	\$ 3,422,308
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	1,067,832	-	-	1,067,832
TAX LIENS	461,680	-	-	461,680
MOTOR VEHICLE EXCISE TAXES	134,645	-	-	134,645
DEPARTMENTAL AND OTHER	15,077	-	95,320	110,397
INTERGOVERNMENTAL	53,364	-	1,280,248	1,333,612
TOTAL ASSETS	\$ 4,009,536	\$ 427,293	\$ 2,093,645	\$ 6,530,474
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 355,619	\$ -	\$ 91,947	\$ 447,566
OTHER LIABILITIES	22,510	-	-	22,510
DEFERRED REVENUES	1,565,463	-	276,144	1,841,607
TOTAL LIABILITIES	1,943,592	-	368,091	2,311,683
FUND BALANCES:				
RESERVED FOR:				
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	431,539	-	-	431,539
PERPETUAL PERMANENT FUNDS	-	-	15,100	15,100
UNRESERVED				
UNDESIGNATED, REPORTED IN:				
GENERAL FUND	1,634,405	-	-	1,634,405
SPECIAL REVENUE FUNDS	-	427,293	1,436,361	1,863,654
PERMANENT FUNDS	-	-	274,093	274,093
TOTAL FUND BALANCES	2,065,944	427,293	1,725,554	4,218,791
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,009,536	\$ 427,293	\$ 2,093,645	\$ 6,530,474

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>GENERAL</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 23,968,052	\$ -	\$ -	\$ 23,968,052
MOTOR VEHICLE EXCISE TAXES	1,769,029	-	-	1,769,029
PENALTIES AND INTEREST ON TAXES	162,220	-	-	162,220
INTERGOVERNMENTAL	2,419,625	-	1,154,800	3,574,425
HOTEL/MOTEL OCCUPANCY TAX	234,326	-	-	234,326
CHARGES FOR SERVICES	-	-	1,358,357	1,358,357
INVESTMENT INCOME	44,876	4,384	5,250	54,510
CONTRIBUTIONS & DONATIONS	-	-	45,894	45,894
DEPARTMENTAL AND OTHER	918,548	-	56,412	974,960
	<u>29,516,676</u>	<u>4,384</u>	<u>2,620,713</u>	<u>32,141,773</u>
TOTAL REVENUES				
	<u>29,516,676</u>	<u>4,384</u>	<u>2,620,713</u>	<u>32,141,773</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,489,662	-	59,741	1,549,403
PUBLIC SAFETY	6,346,492	-	140,766	6,487,258
EDUCATION	15,326,703	-	4,905	15,331,608
PUBLIC WORKS	2,027,583	-	1,150,849	3,178,432
HUMAN SERVICES	277,585	-	21,977	299,562
CULTURE & RECREATION	413,615	-	351,730	765,345
EMPLOYEE BENEFITS	2,993,301	-	-	2,993,301
STATE & COUNTY ASSESSMENTS	305,335	-	-	305,335
DEBT SERVICE				
PRINCIPAL	287,405	-	-	287,405
INTEREST	178,987	-	-	178,987
	<u>29,646,668</u>	<u>-</u>	<u>1,729,968</u>	<u>31,376,636</u>
TOTAL EXPENDITURES				
	<u>29,646,668</u>	<u>-</u>	<u>1,729,968</u>	<u>31,376,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(129,992)</u>	<u>4,384</u>	<u>890,745</u>	<u>765,137</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
OPERATING TRANSFERS IN	2,007,575	-	152,019	2,159,594
OPERATING TRANSFERS OUT	<u>(1,555,552)</u>	<u>(209,720)</u>	<u>(1,797,855)</u>	<u>(3,563,127)</u>
	<u>452,023</u>	<u>(209,720)</u>	<u>(1,645,836)</u>	<u>(1,403,533)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	<u>452,023</u>	<u>(209,720)</u>	<u>(1,645,836)</u>	<u>(1,403,533)</u>
NET CHANGE IN FUND BALANCES	322,031	(205,336)	(755,091)	(638,396)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,743,913</u>	<u>632,629</u>	<u>2,480,645</u>	<u>4,857,187</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,065,944</u>	<u>\$ 427,293</u>	<u>\$ 1,725,554</u>	<u>\$ 4,218,791</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2009**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 4,218,791
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		23,297,634
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		1,841,607
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(44,190)
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	(3,521,885)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(923,820)	
COMPENSATED ABSENCES	(701,795)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(420,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(5,567,500)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 23,746,342</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (638,396)**

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	1,432,437	
DEPRECIATION EXPENSE	<u>(875,546)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		556,891

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 (1,117,670)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

DEBT SERVICE PRINCIPAL PAYMENTS	<u>287,405</u>	
NET EFFECT OF REPORTING LONG-TERM DEBT		287,405

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 CAPITAL LEASE	12,943	
NET CHANGE IN ACCRUED COMPENSATED ABSENCES	15,949	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(923,820)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	20,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>16,538</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(858,390)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ (1,770,160)**

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2009**

	BUDGETED AMOUNTS		ACTUAL BUDGETARY AMOUNTS	VARIANCE OVER(UNDER)
	ORIGINAL BUDGET	FINAL BUDGET		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 23,925,795	\$ 23,925,795	\$ 23,968,052	\$ 42,257
INTERGOVERNMENTAL	2,070,366	2,070,366	1,854,206	(216,160)
MOTOR VEHICLE EXCISE TAXES	1,875,000	1,875,000	1,769,029	(105,971)
HOTEL/MOTEL OCCUPANCY TAX	245,716	245,716	234,326	(11,390)
PENALTIES & INTEREST ON TAXES	106,542	106,542	162,220	55,678
INVESTMENT INCOME	60,000	60,000	44,876	(15,124)
DEPARTMENTAL AND OTHER	1,012,577	1,012,577	918,548	(94,029)
TOTAL REVENUES	29,295,996	29,295,996	28,951,257	(344,739)
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,896,336	1,831,717	1,489,662	342,055
PUBLIC SAFETY	6,484,289	6,566,889	6,346,492	220,397
EDUCATION	15,325,479	15,326,703	15,326,703	-
PUBLIC WORKS	2,116,599	2,133,488	2,027,583	105,905
HUMAN SERVICES	258,938	283,073	277,585	5,488
CULTURE & RECREATION	450,878	450,878	413,615	37,263
EMPLOYEE BENEFITS	2,490,153	2,490,153	2,429,694	60,459
STATE & COUNTY ASSESSMENTS	305,455	305,455	305,335	120
DEBT SERVICE:				
PRINCIPAL	287,405	287,405	287,405	-
INTEREST	164,920	177,175	177,175	-
TOTAL EXPENDITURES	29,780,452	29,852,936	29,081,249	771,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(484,456)	(556,940)	(129,992)	426,948
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	974,585	1,061,585	2,007,575	945,990
OPERATING TRANSFERS OUT	(1,403,533)	(1,419,783)	(1,555,552)	(135,769)
TOTAL OTHER FINANCING SOURCES (USES)	(428,948)	(358,198)	452,023	810,221
NET CHANGE IN FUND BALANCE	(913,404)	(915,138)	322,031	1,237,169
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	1,743,913	1,743,913	1,743,913	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 830,509	\$ 828,775	\$ 2,065,944	\$ 1,237,169

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES SEWER ENTERPRISE FUND
<u>ASSETS</u>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 4,103,988
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	157,564
SPECIAL ASSESSMENTS	<u>132,802</u>
TOTAL CURRENT ASSETS	<u>4,394,354</u>
NONCURRENT:	
SPECIAL ASSESSMENTS	956,706
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>31,604,371</u>
TOTAL NONCURRENT ASSETS	<u>32,561,077</u>
TOTAL ASSETS	<u>36,955,431</u>
<u>LIABILITIES</u>	
CURRENT:	
ACCOUNTS PAYABLE	80,299
UNAMORTIZED BOND PREMIUM	19,911
ACCRUED INTEREST	176,001
BONDS AND NOTES PAYABLE	1,466,366
COMPENSATED ABSENCES	26,874
POSTEMPLOYMENT BENEFITS	<u>2,950</u>
TOTAL CURRENT LIABILITIES	<u>1,772,401</u>
NONCURRENT:	
BONDS AND NOTES PAYABLE	18,568,568
UNAMORTIZED BOND PREMIUM	270,566
COMPENSATED ABSENCES	45,431
POSTEMPLOYMENT BENEFITS	<u>58,055</u>
TOTAL NONCURRENT LIABILITIES	<u>18,942,620</u>
TOTAL LIABILITIES	<u>20,715,021</u>
<u>NET ASSETS</u>	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,278,960
UNRESTRICTED	<u>4,961,450</u>
TOTAL NET ASSETS	<u>\$ 16,240,410</u>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES
	SEWER ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 1,457,677
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,439,399
DEPRECIATION	661,145
TOTAL OPERATING EXPENSES	2,100,544
OPERATING INCOME (LOSS)	(642,867)
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INTERGOVERNMENTAL	517,833
INVESTMENT INCOME	3,619
INTEREST EXPENSE	(913,547)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(392,095)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(1,034,962)
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS IN	1,403,533
CHANGE IN NET ASSETS	368,571
NET ASSETS AT BEGINNING OF YEAR	15,871,839
NET ASSETS AT END OF YEAR	\$ 16,240,410

See accompanying notes to the basic financial statements

TOWN OF RAYNHAM, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES SEWER ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,718,376
PAYMENTS TO SUPPLIERS	(927,745)
PAYMENTS TO EMPLOYEES	(420,537)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	370,094
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS IN	1,403,533
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,403,533
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(1,283,023)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(279,310)
INTEREST EXPENSE	(642,460)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	(2,204,793)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
INTEREST RECEIVED	3,619
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	3,619
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(427,547)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	4,531,535
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	\$ 4,103,988
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ (642,867)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	661,145
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	260,699
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	47,668
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	(17,556)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS PAYABLE	61,005
TOTAL ADJUSTMENTS	1,012,961
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 370,094

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 5,498	\$ 1,257,828
DEPARTMENTAL RECEIVABLE	-	108,539
	<hr/>	<hr/>
TOTAL ASSETS	5,498	1,366,367
	<hr/>	<hr/>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	873
OTHER LIABILITIES	-	1,365,494
	<hr/>	<hr/>
TOTAL LIABILITIES	-	1,366,367
	<hr/>	<hr/>
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	\$ 5,498	\$ -
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements

**TOWN OF RAYNHAM, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS:</u>	
CONTRIBUTIONS:	
PRIVATE DONATIONS	\$ 4,905
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u> 10</u>
TOTAL ADDITIONS	<u> 4,915</u>
<u>DEDUCTIONS:</u>	<u> -</u>
CHANGE IN NET ASSETS	4,915
NET ASSETS AT BEGINNING OF YEAR	<u> 583</u>
NET ASSETS AT END OF YEAR	<u><u> \$ 5,498</u></u>

See accompanying notes to the basic financial statements

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Ventures

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

Name	Purpose	Address	Annual Assessment
Bridgewater-Raynham Regional School District	To provide grades K-12 educational services	777 Pleasant Street Raynham, MA 02767	\$ 14,462,428
Bristol-Plymouth Regional Technical School District	To provide grades 9-12 vocational and technical educational services	940 County Street Taunton, MA 02780	\$ 850,871

The Bridgewater-Raynham Regional School District (the District) is governed by a eight (8) member school committee consisting of four (4) elected representatives from each Town. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 36.8% in the joint venture.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Bristol-Plymouth Regional Technical School District (the District) is governed by a six (6)-member school committee consisting of one (1) elected representative from the Town of Raynham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 7.81% in the joint venture.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

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

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, other post-employment benefits (**OPEB**) and landfill post-closure care costs, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves.
- The *Nonmajor Governmental funds* consist of other special revenue 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 *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

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

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

The following major proprietary fund is reported:

- The *Sewer Enterprise fund* is used to account for sewer activities.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

Sewer

User fees are levied semi-annually based on residential and commercial rates and are subject to 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 related liens are recorded as receivables in the fiscal year of the levy.

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

Departmental and Other

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

Intergovernmental

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

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	20-40
Capital improvements (other than buildings)	20-30
Machinery and equipment	5-10
Vehicles	5-15
Infrastructure	40-50

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

Governmental Fund Financial Statements

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

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

Net assets have been “restricted” for the following:

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.
 - *Perpetual permanent funds* represent amounts held in trust for which only investment earnings may be expended.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2009 is recorded in the governmental fund financial statement.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's share of 75% for medical and 50% for life insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2009, this expense/expenditure totaled approximately \$449,549. Currently, 90 retirees and/or spouses are receiving health insurance benefits at June 30, 2009.

**TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

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

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carryforwards are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2009 approved budget authorized \$29,033,492 in current year appropriations and other amounts to be raised and \$746,960 in appropriations carried over from previous fiscal years. Supplemental appropriations of \$72,484 were approved at one Special Town Meeting for fiscal year 2009.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

B. Budgetary – GAAP Reconciliation

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

Net change in fund balance - budgetary basis	\$ 322,031
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	563,607
Increase in expenditures for on-behalf payments - MTRS	(563,607)
Increase in revenue for the MWPAT subsidy	1,812
Increase in expenditures for the MWPAT subsidy	<u>(1,812)</u>
Net change in fund balance - GAAP basis	<u>\$ 322,031</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2009, actual expenditures exceeded appropriations for snow removal. This over-expenditure will be funded by available funds during fiscal year 2010.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits

▪ *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

The Town does not have a deposit policy for custodial credit risk.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (**FDIC**), the Depositor's Insurance Fund (**DIF**) or collateralized with securities held by the Town or the Town's agent in the Town's name. The Town also carries deposits that are not collateralized and are uninsured.

The following table illustrates how much of the Town's bank deposits are insured or collateralized, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2009:

TOTAL BANK BALANCES		<u>\$ 9,123,106</u>
BANK BALANCES COVERED BY DEPOSIT INSURANCE		
FDIC	773,970	
DIF	<u>5,804,653</u>	
TOTAL BANK BALANCES COVERED BY DEPOSIT INSURANCE		6,578,623
BALANCES SUBJECT TO CUSTODIAL CREDIT RISK		
BANK BALANCE UNINSURED & UNCOLLATERALIZED	692,116	
BANK BALANCES COLLATERALIZED WITH SECURITIES HELD BY THE PLEDGING FINANCIAL INSTITUTION'S TRUST DEPARTMENT OR AGENT BUT NOT IN THE TOWN'S NAME	<u>1,852,367</u>	
TOTAL BANK BALANCES SUBJECT TO CUSTODIAL CREDIT RISK		<u>2,544,483</u>
TOTAL BANK BALANCES		<u>\$ 9,123,106</u>

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. This temporary increase in coverage has recently been extended through December 31, 2013.

Investments

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Town did not hold or own any fixed income securities as of June 30, 2009.

a) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

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

b) Custodial Credit Risk

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

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

c) Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. 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.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – RECEIVABLES

The receivables at June 30, 2009 for the Town's individual major and nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	1,033,677	\$ -	\$ 1,033,677
Personal property taxes	61,155	(27,000)	34,155
Real estate and personal property taxes	1,094,832	(27,000)	1,067,832
Tax liens	461,680	-	461,680
Motor vehicle excise taxes	223,645	(89,000)	134,645
Departmental and other	223,726	(4,790)	218,936
Intergovernmental	1,333,612	-	1,333,612
Total	\$ 3,337,495	\$ (120,790)	\$ 3,216,705

The receivables at June 30, 2009 for the Sewer Enterprise fund consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer - User Fees	\$ 157,564	\$ -	\$ 157,564
Sewer - Special Assessments	1,089,508	-	1,089,508
Total	\$1,247,072	\$ -	\$1,247,072

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

Deferred Revenue Analysis

<u>Receivable Type:</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 912,832	\$ -	\$ 912,832
Tax Liens	461,680	-	461,680
Motor vehicle excise taxes	134,645	-	134,645
Departmental and other	15,077	95,320	110,397
Intergovernmental	<u>41,229</u>	<u>180,824</u>	<u>222,053</u>
Total	<u>\$ 1,565,463</u>	<u>\$ 276,144</u>	<u>\$ 1,841,607</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,843,053	\$ 27,710	\$ -	\$ 6,870,763
Construction in progress	5,301,824	1,076,117	(5,301,824)	1,076,117
Total capital assets not being depreciated	12,144,877	1,103,827	(5,301,824)	7,946,880
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	7,401,110	201,296	404,323	8,006,729
Capital Improvements (other than buildings)	982,211	78,079	-	1,060,290
Machinery and equipment	1,531,766	-	-	1,531,766
Vehicles	4,516,485	9,200	(25,601)	4,500,084
Infrastructure	10,030,170	40,035	4,897,501	14,967,706
Total capital assets being depreciated	24,461,742	328,610	5,276,223	30,066,575
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(2,962,486)	(153,112)	-	(3,115,598)
Capital Improvements (other than buildings)	(376,804)	(44,137)	-	(420,941)
Machinery and equipment	(1,216,682)	(60,246)	-	(1,276,928)
Vehicles	(3,361,019)	(302,360)	25,601	(3,637,778)
Infrastructure	(5,948,885)	(315,691)	-	(6,264,576)
Total accumulated depreciation	(13,865,876)	(875,546)	25,601	(14,715,821)
Total capital assets being depreciated, net	10,595,866	(546,936)	5,301,824	15,350,754
Total governmental activities capital assets, net	\$ 22,740,743	\$ 556,891	\$ -	\$ 23,297,634

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,845,015	\$ -	\$ -	\$ 1,845,015
Construction in progress	15,154,516	-	(15,154,516)	-
Total capital assets not being depreciated	16,999,531	-	(15,154,516)	1,845,015
<i>Capital assets being depreciated:</i>				
Buildings & Building Improvements	-	1,597	848,404	850,001
Improvements (other than Buildings)	110,000	-	-	110,000
Machinery & Equipment	445,192	198,477	284,188	927,857
Vehicles	177,676	-	-	177,676
Infrastructure	19,173,750	68,059	14,021,924	33,263,733
Total capital assets being depreciated	19,906,618	268,133	15,154,516	35,329,267
<i>Less accumulated depreciation for:</i>				
Buildings & Building Improvements	-	(10,625)	-	(10,625)
Improvements (other than Buildings)	(11,250)	(5,500)	-	(16,750)
Machinery & Equipment	(37,616)	(68,653)	-	(106,269)
Vehicles	(136,577)	(13,399)	-	(149,976)
Infrastructure	(4,723,322)	(562,969)	-	(5,286,291)
Total accumulated depreciation	(4,908,765)	(661,146)	-	(5,569,911)
Total capital assets being depreciated, net	14,997,853	(393,013)	15,154,516	29,759,356
Total business-type activities capital assets, net	\$ 31,997,384	\$ (393,013)	\$ -	\$ 31,604,371

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

Governmental Activities:	
General government	\$ 79,045
Public safety	271,594
Education	29,959
Public works	442,494
Human services	12,495
Culture and recreation	<u>39,959</u>
Total depreciation expense - governmental activities	<u>\$ 875,546</u>

Business-Type Activities:	
Sewer	<u>\$ 661,146</u>

NOTE 6 – INTERFUND TRANSFERS

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

Operating Transfers Out:	Operating Transfers In:			
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Total
Stabilization Fund	\$ 209,720	\$ -	\$ -	\$ 209,720 (2)
Nonmajor Governmental Funds	851,865	-	-	851,865 (2)
Nonmajor Governmental Funds	945,990	-	-	945,990 (3)
General Fund	-	16,250	1,403,533	1,419,783 (1)
General Fund	<u>-</u>	<u>135,769</u>	<u>-</u>	<u>135,769 (3)</u>
Total	<u>\$ 2,007,575</u>	<u>\$ 152,019</u>	<u>\$ 1,403,533</u>	<u>\$ 3,563,127</u>

(1) Represents budgeted transfers to the sewer enterprise fund and the capital projects fund.

(2) Represents various budgeted transfers to supplement the operating budget.

(3) Represents other transfers.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – SHORT -TERM FINANCING

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

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

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

The following is a summary of changes in short-term debt for the year ended June 30, 2009:

<u>Type</u>	<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Due</u> <u>Date</u>	<u>Balance</u> <u>at</u> <u>June 30, 2008</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	<u>Balance</u> <u>at</u> <u>June 30, 2009</u>
<u>Governmental Funds</u>							
SAAN	Chapter 90 Highway	2.30	9/30/2008	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ (215,000)</u>	<u>\$ -</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8 – LONG-TERM DEBT

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

The following is a summary of the changes in long-term debt for the year ended June 30, 2009:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Land Acquisition	4.63	\$ 275,000	\$ -	\$ 25,000	\$ 250,000
Senior Center	4.06	200,000	-	50,000	150,000
Equipment - School Boiler	4.04	120,000	-	30,000	90,000
MWPAT Title V #97-1053	5.33	34,790	-	2,905	31,885
Town Hall Renovation	4.30	3,000,000	-	165,000	2,835,000
Town Hall/Police Station	4.53	179,500	-	14,500	165,000
Total		<u>\$ 3,809,290</u>	<u>\$ -</u>	<u>\$ 287,405</u>	<u>\$ 3,521,885</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2010	\$ 287,905	\$ 147,826	\$ 435,731
2011	287,924	135,847	423,771
2012	287,924	123,810	411,734
2013	207,924	113,521	321,445
2014	207,924	104,985	312,909
2015-2019	1,034,412	376,493	1,410,905
2020-2024	847,872	160,539	1,008,411
2025-2027	<u>360,000</u>	<u>17,048</u>	<u>377,048</u>
Total	<u>\$ 3,521,885</u>	<u>\$ 1,180,069</u>	<u>\$ 4,701,954</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Bonds and Notes Payable Schedule - Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Sewer Phase III - MWPAT #96-22	Var.	\$ 1,975,383	\$ -	\$ 195,328	\$ 1,780,055
Sewer Phase III - MWPAT #96-23	Var.	1,241,280	-	122,739	1,118,541
Sewer Phase IV - MWPAT #98-11	Var.	3,549,700	-	294,000	3,255,700
Sewer - MWPAT #98-26	Var.	90,300	-	7,500	82,800
Sewer Phase V - MWPAT #02-26	Var.	5,310,735	-	251,964	5,058,771
Sewer Phase V - MWPAT #02-26A	Var.	151,402	-	7,335	144,067
Sewer Phase III	4.62	605,000	-	55,000	550,000
Sewer Phase IV	4.62	750,000	-	70,000	680,000
Sewer	4.67	2,170,000	-	155,000	2,015,000
Sewer Phase I	4.30	4,869,500	-	249,500	4,620,000
Sewer Phase II	4.30	385,000	-	20,000	365,000
Sewer Phase III	4.30	385,000	-	20,000	365,000
Total		<u>\$21,483,300</u>	<u>\$ -</u>	<u>\$ 1,448,366</u>	<u>\$ 20,034,934</u>

The annual debt service requirements for principal and interest for sewer enterprise fund bonds and notes outstanding at June 30, 2009 are as follows:

Fiscal Year	Principal	Interest	Total
2010	\$ 1,466,366	\$ 920,944	\$ 2,387,310
2011	1,491,945	862,586	2,354,531
2012	1,519,061	773,900	2,292,961
2013	1,387,605	880,696	2,268,301
2014	1,576,743	648,690	2,225,433
2015-2019	7,556,963	2,028,087	9,585,050
2020-2024	3,961,251	616,049	4,577,300
2025-2028	1,075,000	88,867	1,163,867
Total	<u>\$ 20,034,934</u>	<u>\$ 6,819,819</u>	<u>\$ 26,854,753</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Loans Authorized and Unissued

As of June 30, 2009, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>A mount</u>
Title V Septic Sewer	5/19/1997 5/17/1999	\$ 142,972 56
Total		<u>\$ 143,028</u>

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 3,809,290	\$ -	\$ (287,405)	\$ 3,521,885	\$ 287,905
Compensated absences	717,744	-	(15,949)	701,795	124,965
Capital lease payable	12,943	-	(12,943)	-	-
Landfill postclosure care costs	440,000	-	(20,000)	420,000	20,000
Postemployment benefits	<u>-</u>	<u>923,820</u>	<u>-</u>	<u>923,820</u>	<u>449,502</u>
Total governmental activities long-term liabilities	<u>\$ 4,979,977</u>	<u>\$ 923,820</u>	<u>\$ (336,297)</u>	<u>\$ 5,567,500</u>	<u>\$ 882,372</u>
<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 21,483,300	\$ -	\$ (1,448,366)	\$ 20,034,934	\$ 1,466,366
Compensated absences	89,861	-	(17,556)	72,305	26,874
Unamortized bond premium	310,387	-	(19,910)	290,477	19,911
Postemployment benefits	<u>-</u>	<u>61,005</u>	<u>-</u>	<u>61,005</u>	<u>2,950</u>
Total business-type activities long-term liabilities	<u>\$ 21,883,548</u>	<u>\$ 61,005</u>	<u>\$ (1,485,832)</u>	<u>\$ 20,458,721</u>	<u>\$ 1,516,101</u>

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

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2009:

Agency	Total Long - Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Bridgewater-Raynham Regional School District			
<u>Long-term debt (bonds)</u>			
School Construction	\$ 17,815,000	100.00%	\$ 17,815,000
Laliberte School	1,430,000	100.00%	1,430,000
Merrill School	1,000,000	100.00%	1,000,000
High School	19,860,000	36.80%	7,308,480
Municipal Purpose Loan of 2004 - Bridgewater	3,140,000	0.00%	-
School Building Remodeling - Bridgewater	<u>7,040,000</u>	0.00%	<u>-</u>
Total long-term debt	<u>50,285,000</u>		<u>27,553,480</u>
<u>Short-term debt (BANS)</u>			
Williams School	65,253	0.00%	-
Existing High School	1,717,172	0.00%	-
Additional High School	<u>1,557,053</u>	36.80%	<u>572,996</u>
Total short-term debt	<u>3,339,478</u>		<u>572,996</u>
Total Bridgewater Raynham Regional School District	<u>\$ 53,624,478</u>		<u>\$ 28,126,476</u>
Bristol-Plymouth Regional Technical School District			
Bonds	<u>1,200,000</u>	7.81%	<u>93,720</u>
Total overlapping debt	<u>\$ 54,824,478</u>		<u>\$ 28,220,196</u>

NOTE 9 – STABILIZATION FUND

At June 30, 2009, \$427,293 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10 – RISK FINANCING

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

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$1,000 per incident. The fully insurable value of Town buildings is \$12,486,150.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2009. The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town purchases accident insurance policies for all uniformed police and fire personnel which has a limit of \$150,000 per injury. Accident claims paid to uniformed police and fire personnel was not material in fiscal year 2009.

The Town has two contributory health care options for its employees. There are 94 employees who participate in the Town's health care programs. The Town contributes 75% of the premium costs for indemnity plans, 86% of the premium costs for HMO family plans, and 90% of the premium costs for HMO individual plans.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical and life insurance benefits:

Plan Description. The Town of Raynham Other Postemployment Benefits Plan (The **Plan**) is a single-employer defined benefit healthcare plan administered by the Town of Raynham. The **Plan** provides comprehensive medical insurance and group term life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2009, total Town premiums plus implicit costs for the retiree medical program are \$452,452.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASBS No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$ 1,381,999
Interest on net OPEB obligation	55,278
Adjustment to annual required contribution (ARC)	<u>-</u>
Annual OPEB cost (expense)	1,437,277
Contributions made	<u>452,452</u>
Increase in net OPEB obligation	984,825
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 984,825</u></u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the **Plan**, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	N/A	N/A	N/A
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 1,437,277	31.50%	\$ 984,825

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$16.203 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.902 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.2 million, and the ratio of the UAAL to the covered payroll was 311.4%.

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

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

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0% percent initially, decreasing to 9% in 2010, and then reduced by decrements to an ultimate rate of 5 percent after five years. Both rates included a 3.5% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2009, was 29 years.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 12 – PENSION PLANS

A. Plan Descriptions

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

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

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

B. Funding Policies

Bristol County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2009, 2008, and 2007 were \$1,032,972, \$1,049,107, and \$968,793, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$563,607 for fiscal year 2009. In accordance with GASB Statement No. 24, these “on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$500,000 of federal awards during the period ended June 30, 2009. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

The Town's landfill was closed in 2000 by order of the Massachusetts Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill which was completed by the end of the year. The Town is responsible for post-closure monitoring of the site for thirty years (21 years remaining), and the estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$420,000 reported as landfill post-closure liability at June 30, 2009 is based on what it would cost to perform all post-closure care at June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The DEP identified another potential site known as the Thrasher burn dump which was capped 30 years ago. In order for the Town to use the land, a new cap will have to be added to the site which will also need DEP approval.

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

NOTE 14 – PRIOR PERIOD RECLASSIFICATION

The following Governmental Funds have been restated to reflect the reclassification of the Major Town Offices Fund to the Nonmajor Governmental Funds as of June 30, 2008.

Description	Nonmajor Governmental Funds	Major Town Offices Fund
Balances at June 30, 2008, as previously reported	\$ 2,479,742	\$ 903
To Reclassify Funds from the Major Town Offices Fund to the Nonmajor Governmental Funds	903	(903)
Balances at June 30, 2008 as restated	<u>\$ 2,480,645</u>	<u>\$ -</u>

TOWN OF RAYNHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

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

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented in Fiscal 2009. This pronouncement requires additional disclosure and does impact the basic financial statements (See **Note 11** and required supplementary information (**RSI**)).

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* was implemented in FY2009. Since the Town does not have any pollution remediation obligations, this pronouncement does not impact the basic financial statements.

The GASB issued **Statement #52**, *Land and Other Real Estate Held as Investments by Endowments* was implemented in FY2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Since the Town does not possess any assets covered by this standard, this pronouncement does not impact the basic financial statements.

Future GASB Pronouncements:

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

The GASB issued **Statement #53**, *Accounting and Financial Reporting for Derivative Instruments* which is required to be implemented in FY2010. The Town does not invest in derivative instruments. Therefore, management believes this pronouncement will not require additional disclosure and will not have a material impact on the basic financial statements.

The GASB issued **Statement #54**, *Fund Balance Reporting and Governmental Fund Type Definitions* which is required to be implemented in FY2011. This standard provides definitions and guidance in order to provide clearer fund balance classifications. Management believes this pronouncement will require additional disclosure and reclassify/redefine some fund balances in the basic financial statements.

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS**

Schedules of Funding Progress and Employer Contributions

The following schedules are presented in accordance with GASB Statement No. 45:

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 16,203,445	\$ 16,203,445	0.0%	\$ 5,203,082	311.4%

Schedule of Employer Contributions (1):

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Net OPEB Obligation
2009	\$1,437,277	31.5%	\$ 984,825

(1) A three-year display will be shown on a go forward basis.

* Based on expected premium payments.

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2008
Discount Rate	4.00%
Medical Trend	10.0% FOR 2009, 9% FOR 2010, and grading down to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	29
Mortality	RP-2000 Table for males RP-2000 Table for females

**TOWN OF RAYNHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS**

Turnover

<u>Years of Service</u>	<u>Male</u>	<u>Female</u>
0	15.0%	15.0%
10	5.4%	5.4%
20	2.0%	2.0%
30	0.0%	0.0%

Retirement Age

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	1.0%	1.5%
51	1.0%	1.5%
52	1.0%	2.0%
53	1.0%	2.5%
54	2.0%	2.5%
55	2.0%	5.5%
56	2.5%	6.5%
57	2.5%	6.5%
58	5.0%	6.5%
59	6.5%	6.5%
60	12.0%	5.0%
61	20.0%	13.0%
62	30.0%	15.0%
63	25.0%	12.5%
64	22.0%	18.0%
65	40.0%	15.0%
66	25.0%	20.0%
67	25.0%	20.0%
68	30.0%	25.0%
69	30.0%	20.0%
70	100.0%	100.0%

Participation

It was assumed that 80% of the employees covered under the active plan on the day before retirement would enroll in the retiree medical and dental plans upon retirement. All eligible employees were assumed to be covered under the retiree life insurance program.