

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents.....	\$ 2,354,705	\$ 126,713	\$ 2,481,418
Restricted cash and cash equivalents.....	2,107,962	-	2,107,962
Investments.....	119,388	-	119,388
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	306,949	-	306,949
Tax and utility liens.....	350,232	2,616	352,848
Motor vehicle and other excise taxes.....	57,483	-	57,483
Community preservation surcharges.....	3,995	-	3,995
Water charges.....	-	266,947	266,947
Departmental and other.....	63,955	-	63,955
Loans.....	8,981	-	8,981
Tax foreclosures.....	83,156	-	83,156
Total current assets.....	5,456,806	396,276	5,853,082
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	54,562	-	54,562
Loans.....	17,722	-	17,722
Capital assets not being depreciated.....	796,875	283,912	1,080,787
Capital assets, net of accumulated depreciation.....	13,498,703	5,669,710	19,168,413
Total noncurrent assets.....	14,367,862	5,953,622	20,321,484
Total assets.....	19,824,668	6,349,898	26,174,566
LIABILITIES			
Current liabilities:			
Warrants payable.....	318,247	42,278	360,525
Accrued payroll.....	97,228	6,262	103,490
Accrued interest.....	76,338	-	76,338
Capital lease obligations.....	34,143	-	34,143
Compensated absences.....	29,520	1,995	31,515
Long-term bonds and notes payable.....	445,000	180,000	625,000
Total current liabilities.....	1,000,476	230,535	1,231,011
Noncurrent liabilities:			
Capital lease obligations.....	110,832	-	110,832
Compensated absences.....	265,677	17,955	283,632
Long-term bonds and notes payable.....	6,940,000	2,100,000	9,040,000
Total noncurrent liabilities.....	7,316,509	2,117,955	9,434,464
Total liabilities.....	8,316,985	2,348,490	10,665,475
NET ASSETS			
Invested in capital assets, net of related debt.....	6,947,904	3,673,622	10,621,526
Restricted for:			
Community preservation.....	900,501	-	900,501
Loans.....	26,703	-	26,703
Permanent funds:			
Expendable.....	309,876	-	309,876
Nonexpendable.....	204,429	-	204,429
Other specific purposes.....	471,136	-	471,136
Unrestricted.....	2,647,134	327,786	2,974,920
Total net assets.....	\$ 11,507,683	\$ 4,001,408	\$ 15,509,091

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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.....	\$ 1,470,729	\$ 66,064	\$ 155,302	\$ -	\$ (1,249,363)
Public safety.....	3,380,031	514,756	312,188	-	(2,553,087)
Education.....	13,911,349	-	-	-	(13,911,349)
Public works.....	2,008,165	33,388	38,574	216,875	(1,719,328)
Health and human services.....	384,635	36,525	34,667	-	(313,443)
Culture and recreation.....	1,172,698	169,092	672,009	-	(331,597)
Debt service - interest.....	381,193	-	-	-	(381,193)
Total governmental activities.....	<u>22,708,800</u>	<u>819,825</u>	<u>1,212,740</u>	<u>216,875</u>	<u>(20,459,360)</u>
Business-type activities:					
Water.....	800,759	868,164	325	-	67,730
Total primary government.....	<u>\$ 23,509,559</u>	<u>\$ 1,687,989</u>	<u>\$ 1,213,065</u>	<u>\$ 216,875</u>	<u>\$ (20,391,630)</u>

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense)/revenue (from previous page).....	\$ (20,459,360)	\$ 67,730	\$ (20,391,630)
<i>General revenues:</i>			
Real estate, personal property taxes and tax liens.....	18,790,748	-	18,790,748
Motor vehicle and other excise taxes.....	943,138	-	943,138
Penalties and interest on taxes.....	53,572	-	53,572
Payments in lieu of taxes.....	32,978	-	32,978
Community preservation surcharges.....	305,576	-	305,576
Grants and contributions not restricted to specific programs.....	926,580	-	926,580
Unrestricted investment income.....	255,101	-	255,101
Transfers, net.....	(47,906)	47,906	-
Total general revenues and transfers.....	21,259,787	47,906	21,307,693
Change in net assets.....	800,427	115,636	916,063
Net assets - beginning of year.....	10,707,256	3,885,772	14,593,028
Net assets - end of year.....	\$ 11,507,683	\$ 4,001,408	\$ 15,509,091

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2007

ASSETS	General	Community Preservation	Police/Fire Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 1,030,182	\$ -	\$ -	\$ 1,324,523	\$ 2,354,705
Investments.....	-	-	-	119,388	119,388
Receivables, net of allowance for uncollectible amounts:					
Real estate and personal property taxes.....	306,949	-	-	-	306,949
Real estate tax deferrals.....	54,562	-	-	-	54,562
Tax liens.....	350,232	-	-	-	350,232
Motor vehicle and other excise taxes.....	57,483	-	-	-	57,483
Community preservation surcharges.....	-	3,995	-	-	3,995
Departmental and other.....	50	-	-	63,905	63,955
Loans.....	-	-	-	26,703	26,703
Tax foreclosures.....	83,156	-	-	-	83,156
Restricted assets:					
Cash and cash equivalents.....	-	900,905	365,209	841,848	2,107,962
TOTAL ASSETS.....	\$ 1,882,614	\$ 904,900	\$ 365,209	\$ 2,376,367	\$ 5,529,090
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 105,114	\$ 4,265	\$ 182,908	\$ 25,960	\$ 318,247
Accrued payroll.....	77,538	134	-	19,556	97,228
Deferred revenue.....	783,827	3,995	-	63,905	851,727
TOTAL LIABILITIES.....	966,479	8,394	182,908	109,421	1,267,202
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	291,495	-	-	-	291,495
Stabilization.....	-	-	-	598,722	598,722
Loans.....	-	-	-	26,703	26,703
Perpetual permanent funds.....	-	-	-	204,429	204,429
Other specific purposes.....	-	-	-	471,136	471,136
Unreserved:					
Designated for subsequent year's expenditures.....	266,860	-	-	-	266,860
Undesignated, reported in:					
General fund.....	357,780	-	-	-	357,780
Special revenue funds.....	-	896,506	-	464,720	1,361,226
Capital projects funds.....	-	-	182,301	191,360	373,661
Permanent funds.....	-	-	-	309,876	309,876
TOTAL FUND BALANCES.....	916,135	896,506	182,301	2,266,946	4,261,888
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,882,614	\$ 904,900	\$ 365,209	\$ 2,376,367	\$ 5,529,090

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Total governmental fund balances	\$	4,261,888
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		14,295,578
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		851,727
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(76,338)
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.....		(7,385,000)
Capital lease obligations.....		(144,975)
Compensated absences.....		(295,197)
Net assets of governmental activities	\$	<u>11,507,683</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Community Preservation	Police/Fire Station	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 18,481,688	\$ -	\$ -	\$ -	\$ 18,481,688
Motor vehicle and other excise taxes.....	955,005	-	-	-	955,005
Tax liens.....	140,019	-	-	-	140,019
Payments in lieu of taxes.....	32,978	-	-	-	32,978
Community preservation surcharges.....	-	304,903	-	-	304,903
Charges for services.....	-	-	-	314,563	314,563
Intergovernmental.....	1,361,808	287,075	-	579,820	2,228,703
Special assessments.....	3,408	-	-	-	3,408
Penalties and interest on taxes.....	53,572	-	-	-	53,572
Licenses, permits and fees.....	342,247	-	-	-	342,247
Fines and forfeitures.....	5,060	-	-	-	5,060
Departmental.....	84,386	-	-	5,769	90,155
Contributions.....	-	-	-	40,425	40,425
Investment income.....	227,222	31,518	-	77,771	336,511
Other.....	-	-	-	17,697	17,697
TOTAL REVENUES.....	21,687,393	623,496	-	1,036,045	23,346,934
EXPENDITURES					
Current:					
General government.....	1,158,025	7,455	-	60,554	1,226,034
Public safety.....	2,322,153	-	5,330,495	269,933	7,922,581
Education.....	13,847,143	-	-	-	13,847,143
Public works.....	1,365,818	-	-	209,294	1,575,112
Health and human services.....	138,039	5,720	-	12,932	156,691
Culture and recreation.....	737,138	2,523	-	235,655	975,316
Pension benefits.....	458,124	-	-	-	458,124
Employee benefits.....	667,058	-	-	-	667,058
Property and liability insurance.....	138,693	-	-	-	138,693
State and county charges.....	241,472	-	-	-	241,472
Debt service:					
Principal.....	424,000	-	-	-	424,000
Interest.....	304,855	-	-	-	304,855
TOTAL EXPENDITURES.....	21,802,518	15,698	5,330,495	788,368	27,937,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(115,125)	607,798	(5,330,495)	247,677	(4,590,145)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	254,335	-	28,000	180,583	462,918
Proceeds of bonds and notes.....	-	-	250,000	-	250,000
Transfers out.....	(367,627)	-	-	(143,197)	(510,824)
TOTAL OTHER FINANCING SOURCES (USES).....	(113,292)	-	278,000	37,386	202,094
NET CHANGE IN FUND BALANCES.....	(228,417)	607,798	(5,052,495)	285,063	(4,388,051)
FUND BALANCES AT BEGINNING OF YEAR.....	1,144,552	288,708	5,234,796	1,981,883	8,649,939
FUND BALANCES AT END OF YEAR.....	\$ 916,135	\$ 896,506	\$ 182,301	\$ 2,266,946	\$ 4,261,888

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$	(4,388,051)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		5,561,160
Depreciation.....		(677,686)
<p>In the statement of activities, only the <i>gain/loss</i> on the disposal of capital assets is reported, whereas in the governmental funds only the proceeds of such disposal are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.....</p>		
		(4,456)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		210,199
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact 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. This amount represents the related activity of the current period.</p>		
Bond proceeds.....		(250,000)
Bond maturities.....		424,000
Capital lease maturities.....		32,832
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		(76,338)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. This amount represents the net change:</p>		
Compensated absences.....		(31,233)
.....	
Changes in net assets of governmental activities	\$	<u>800,427</u>

**PROPRIETARY FUND
STATEMENT OF FUND NET ASSETS**

JUNE 30, 2007

	<u>Business-Type Activities - Enterprise Fund</u>
ASSETS	<u>Water</u>
Current assets:	
Cash and cash equivalents.....	\$ 126,713
Receivables, net of allowance for uncollectible amounts:	
Water charges.....	266,947
Water liens.....	<u>2,616</u>
Total current assets.....	<u>396,276</u>
Noncurrent assets:	
Capital assets not being depreciated.....	283,912
Capital assets, net of accumulated depreciation.....	<u>5,669,710</u>
Total noncurrent assets.....	<u>5,953,622</u>
Total assets.....	<u>6,349,898</u>
LIABILITIES	
Current liabilities:	
Warrants payable.....	42,278
Accrued payroll.....	6,262
Compensated absences.....	1,995
Long-term bonds and notes payable.....	<u>180,000</u>
Total current liabilities.....	<u>230,535</u>
Noncurrent liabilities:	
Compensated absences.....	17,955
Long-term bonds and notes payable.....	<u>2,100,000</u>
Total noncurrent liabilities.....	<u>2,117,955</u>
Total liabilities.....	<u>2,348,490</u>
FUND NET ASSETS	
Invested in capital assets, net of related debt.....	3,673,622
Unrestricted.....	<u>327,786</u>
Total net assets.....	<u>\$ 4,001,408</u>

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

		Business-Type Activities - Enterprise Fund
		<u>Water</u>
OPERATING REVENUES		
Charges for services.....	\$	822,504
Utility liens.....		26,349
Other.....		19,311
TOTAL OPERATING REVENUES.....		<u>868,164</u>
OPERATING EXPENSES		
Cost of service and administration.....		497,048
Depreciation.....		163,739
TOTAL OPERATING EXPENSES.....		<u>660,787</u>
OPERATING INCOME (LOSS).....		<u>207,377</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income.....		325
Interest expense.....		(139,972)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....		<u>(139,647)</u>
INCOME (LOSS) BEFORE TRANSFERS.....		<u>67,730</u>
TRANSFERS		
Transfers in.....		167,241
Transfers out.....		(119,335)
TOTAL TRANSFERS.....		<u>47,906</u>
CHANGE IN FUND NET ASSETS.....		115,636
FUND NET ASSETS AT BEGINNING OF YEAR.....		<u>3,885,772</u>
FUND NET ASSETS AT END OF YEAR.....	\$	<u><u>4,001,408</u></u>

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Enterprise Fund
	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users.....	\$ 859,232
Payments to vendors.....	(221,155)
Payments to employees.....	(246,769)
	391,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in.....	167,241
Transfers out.....	(119,335)
	47,906
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets.....	(184,173)
Principal payments on bonds and notes.....	(180,000)
Interest expense.....	(139,972)
	(504,145)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income.....	325
	(64,606)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(64,606)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	191,319
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 126,713
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss).....	\$ 207,377
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	163,739
Changes in assets and liabilities:	
Water charges.....	(10,763)
Water liens.....	1,831
Warrants payable.....	25,489
Accrued payroll.....	2,218
Accrued compensated absences.....	1,417
Total adjustments.....	183,931
NET CASH FROM OPERATING ACTIVITIES.....	\$ 391,308

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

ASSETS	Private Purpose Trust Funds
Cash and cash equivalents.....	\$ 55,616
LIABILITIES	
Warrants payable.....	50
NET ASSETS	
Held in trust for other purposes.....	\$ 55,566

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private donations.....	\$ 10,576
Net investment income:	
Interest.....	<u>1,809</u>
TOTAL ADDITIONS.....	12,385
DEDUCTIONS	
Other.....	<u>5,131</u>
CHANGE IN NET ASSETS.....	7,254
NET ASSETS AT BEGINNING OF YEAR.....	<u>48,312</u>
NET ASSETS AT END OF YEAR.....	<u><u>\$ 55,566</u></u>