

**TOWN OF WARE, MASSACHUSETTS**

**REPORT ON THE EXAMINATION  
OF BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2009**

<p style="text-align: center;"><b>TOWN OF WARE, MASSACHUSETTS</b>  <b>TABLE OF CONTENTS</b></p>
---

	<u><b>Page</b></u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-9
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets	10
Statement of Activities	11
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues and Expenditures - Budgetary Basis - (Non-GAAP)- Budget and Actual - General Fund	16
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	17
Statement of Fiduciary Net Assets - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	19
<b>Notes to the Financial Statements</b>	20-44

**SUPPLEMENTARY INFORMATION**

**Governmental Funds by Fund Type:**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	45-47
---	-------

**Receivable Schedules:**

Schedule of Real Estate, Personal Property, Supplemental and Rollback Taxes	48
Schedule of Motor Vehicle Excise, Farm Animal Excise and Boat Excise Taxes	49
Schedule of Tax Liens	50

## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Ware, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ware, Massachusetts, as of and for the fiscal 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 the Town of Ware, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ware, Massachusetts, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of the Town of Ware, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ware, Massachusetts, basic financial statements. The supplementary supporting statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements

of the Town of Ware, Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Scanlon & Associates, LLC*

Scanlon & Associates, LLC  
March 25, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Ware, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009.

### Financial Highlights

- The Town's assets exceeded its liabilities by \$25,339,437 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$27,108,436 or a decrease of \$1,768,999.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$21,518,095 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net assets of \$1,371,573 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
  - (3) Unrestricted net assets of \$2,449,769 represent a portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$4,702,227 this year. This compares to the prior year ending fund balance of \$5,118,618 showing a decrease of \$416,391 during the current year. Unreserved/undesignated fund balance of \$1,426,511 for fiscal year 2009 shows a \$76,514 increase from the prior year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$1,426,511 or 5.00% of total General Fund expenditures including transfers and 5.00% of total General Fund revenues including transfers and other financing sources.
- Total liabilities of the Town increased by \$258,537 to \$18,590,762.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Ware'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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The Town does not have any operations that are classified as business-type activities.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental 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 decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Ware 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.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to



support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

## Financial Highlights

### Statement of Net Assets Highlights

	Governmental Activities		
	2009	2008	Change
<b>Assets:</b>			
Current assets	\$ 8,701,706	\$ 8,747,983	\$ (46,277)
Noncurrent assets (excluding capital assets)	7,082,845	7,967,421	(884,576)
Capital assets	28,145,648	28,725,257	(579,609)
<b>Total assets</b>	<b>43,930,199</b>	<b>45,440,661</b>	<b>(1,510,462)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	1,198,119	1,375,533	(177,414)
Noncurrent liabilities (excluding debt and leases)	2,457,444	456,477	2,000,967
Current debt including leases	2,125,784	2,172,778	(46,994)
Noncurrent debt including leases	12,809,415	14,327,437	(1,518,022)
<b>Total liabilities</b>	<b>18,590,762</b>	<b>18,332,225</b>	<b>258,537</b>
<b>Net Assets:</b>			
Capital assets net of related debt	21,518,095	21,671,960	(153,865)
Restricted	1,371,573	1,194,133	177,440
Unrestricted	2,449,769	4,242,343	(1,792,574)
<b>Total net assets</b>	<b>25,339,437</b>	<b>27,108,436</b>	<b>(1,768,999)</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2009	2008	Change
<b>Program Revenues:</b>			
Charges for services	\$ 2,548,434	\$ 2,450,116	\$ 98,318
Operating grants and contributions	14,516,845	14,081,314	435,531
Capital grants and contributions	672,718	1,263,095	(590,377)
<b>General Revenues:</b>			
Property taxes	10,887,261	10,403,936	483,325
Motor vehicle excise and other taxes	857,106	892,899	(35,793)
Penalties and interest on taxes	53,961	60,224	(6,263)
Nonrestricted grants	2,319,784	2,529,625	(209,841)
Unrestricted investment income	54,502	187,170	(132,668)
Miscellaneous	9,041	3,620	5,421
<b>Total revenues</b>	<b>31,919,652</b>	<b>31,871,999</b>	<b>47,653</b>
<b>Expenses:</b>			
General government	1,596,217	2,260,200	(663,983)
Public safety	3,251,182	3,153,891	97,291
Public works (Including Water & Sewer)	3,157,538	3,038,367	119,171
Education	15,570,969	14,822,734	748,235
Health and human services	1,215,468	1,063,607	151,861
Culture and recreation	481,856	222,202	259,654
Employee benefits and insurance	7,530,372	5,806,996	1,723,376
State assessments	1,373,173	1,523,162	(149,989)
Interest	625,068	722,886	(97,818)
<b>Total expenses</b>	<b>34,801,843</b>	<b>32,614,045</b>	<b>2,187,798</b>
<b>Contributions to permanent funds</b>	<b>225</b>	<b>1,250</b>	<b>(1,025)</b>
<b>Special Item - Gain on Sale of Foreclosure Property</b>	<b>45,200</b>	<b>-</b>	<b>45,200</b>
<b>Special Item - MTBE Litigation Settlement Proceeds</b>	<b>1,067,767</b>	<b>-</b>	<b>1,067,767</b>
<b>Change in net assets</b>	<b>(1,768,999)</b>	<b>(740,796)</b>	<b>(1,028,203)</b>
<b>Net assets - beginning of year</b>	<b>27,108,436</b>	<b>27,849,232</b>	<b>(740,796)</b>
<b>Net assets - end of year</b>	<b>\$ 25,339,437</b>	<b>\$ 27,108,436</b>	<b>\$ (1,768,999)</b>

### ***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 \$25,339,437 at the close of FY 2009.

Net assets of \$21,518,095 (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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 \$1,371,573 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$2,449,769 (10%) 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 all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The governmental activities net assets decreased by \$1,768,999 during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenses exceeding revenues by \$2,882,191, contributions to permanent funds of \$225, MTBE litigation settlement proceeds \$1,067,767 and gain on sale of foreclosure property for \$45,200.

### ***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.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,702,227. Of this year-end total, \$1,426,511 is the undesignated general fund balance, indicating availability for continuing Town service requirements. Reserved and designated fund balances include \$377,223 committed to liquidate encumbrances and carried forward articles remaining from the prior year; \$723,528 in funds designated for fiscal year 2010, \$2,114,484 in special revenue funds; (\$87,296) in capital project funds; \$136,853 in perpetual permanent funds and \$10,924 in permanent funds.

The total ending fund balances of the governmental funds shows an increase of \$416,391 in comparison with the prior year. This decrease was mainly due to expenditures exceeding revenues by \$1,472,703, the execution of a capital lease in the amount of \$42,129, proceeds of the MTBE litigation settlement proceeds of \$968,983 and the sale of foreclosure property for \$45,200.

### ***Major Governmental Funds***

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, unreserved/undesignated fund balance of the general fund was \$1,426,511, while total fund balance reached \$2,527,262. As a measure of the general fund's liquidity, it may be useful to compare both unreserved/undesignated fund balance and total fund balance to total fund

expenditures and revenues and transfers. Unreserved/undesignated fund balance represents 5.00% of total general fund expenditures including transfers and total fund balance represents 8.85% of that same amount. Unreserved/undesignated fund balance represents 5.00% of total general fund revenues including transfers and other financing sources and total fund balance represents 8.85% of that same amount.

The fund balance of the general fund increased by \$22,558. Of this amount \$1,065,698 was attributed to the expenditures over revenues, \$24,039 of net transfers to the stabilization fund, \$55,983 of net transfers from the nonmajor governmental funds, \$968,983 from MTBE litigation settlement proceeds, \$42,129 from the financing of a capital lease and \$45,200 from the sale of foreclosure property.

The *Stabilization Funds* have accumulated a fund balance of \$618,577, or 2.17% of total general fund expenditures including transfers and 2.17% of total general fund revenues including transfers and other financing sources.

The fund balance of the stabilization fund increased by \$28,819. Of this amount \$4,780 was attributed to interest income and net transfers from the general fund for \$24,039. Please refer to Note 3H for additional information.

### ***General Fund Budgetary Highlights***

The final general fund budget for fiscal year 2009 was \$27,312,133. This was an increase of \$79,890 over the previous year's budget.

There was an increase of \$598,701 between the original budget and the final amended budget. This was attributed to the Town amending specific expenditure line items of the final budget increasing the following; school department unpaid bill for \$8,440, health insurance for \$540,000, municipal fuel for \$56,000, veterans benefit for \$40,000, computer services for \$5,000, legal fees for \$10,000, building inspector purchase of services for \$6,000, election salaries of \$7,000, employee sick leave buyback for \$750, traffic control for \$2,500, actuary study for \$10,000, a cutting head on the comminutor at the wastewater treatment plant for \$9,217 and a net increase of \$103,930 for various departmental budgets. The Town also transferred \$187,750 to the stabilization for various general fund appropriations, from the veterans agent for \$4,800, close a prior year encumbrance to the covered bridge account for \$4,192 and a reserve fund transfer for \$3,394 to the capital project highway roof fund. Of the \$1,566,777 in under budget expenditures \$377,223 has been carried over to fiscal year 2010.

There are negative variances in state receipts, interest on taxes and interest on investments of \$618,145, \$6,263 and \$80,278, respectively. The negative variance in state receipts is the result of a reduction in state aid as announced by the Commonwealth as a result of the condition of the state budget. The Commonwealth replaced a portion of these funds with the American Recovery and Reinvestment Act (ARRA). The negative variance in interest on taxes was attributed to payments being made on a more timely basis. The negative variance in interest on investments was attributed to a drop in interest rates.

A negative variance of \$125,618 exists in public works. This was attributed to snow and ice expenditures exceeding the budgeted amounts.

### ***Capital Asset and Debt Administration***

**Capital Assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$28,145,648. The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

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

- Fire station alarm and cabinetry for \$60,000.
- Fire station exhaust system for \$107,143.
- Police station roof replacement for \$58,384.
- Fire station brownfields project for \$142,491.
- Town barn roof replacement for \$92,480.
- Road reconstruction for \$104,223.
- Highway truck body for \$24,132.
- An ambulance lease for \$35,877.
- Streets and sidewalk for \$373,834.

**Debt Administration.** The Town's outstanding governmental debt, as of June 30, 2009, totaled \$14,118,378, of which \$9,460,000 is for the school project, \$1,372,700 is for water projects, \$275,000 is for the police station, \$503,900 is for landfill projects, \$975,800 for departmental equipment, \$57,800 for Town building remodeling, \$58,300 for sewer lines, \$15,400 for dam repairs, \$30,000 for land acquisition, \$170,000 veteran's park, \$80,000 town hall boiler replacement, \$805,000 for the senior center, \$90,000 for road repairs, \$46,000 for water line and road repairs and PVPC-Brownfield Clean-up for \$178,478.

The Town also has capital leases for the school boiler, a dump truck, a fire administration vehicle for the fire department, a truck for the parks and recreation department, a truck and pickup truck for the public works department and an EMS vehicle. The lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

Town currently owes \$284,778 on the leases consisting of \$251,187 in principal and \$33,591 in interest.

Please refer to notes 3C, 3E, 3F and 3G for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Ware'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 Accountant, Town Hall, 126 Main Street, Ware, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WARE, MASSACHUSETTS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 5,016,783
Investments	556,120
Cash in Custody of Others	180,342
Receivables, net of allowance for uncollectibles:	
Property Taxes	299,276
Tax Liens	234,418
Taxes Possessions	378,587
Excise Taxes	117,490
User Charges	129,873
Departmental	234,334
Loans	934
Due from Other Governments	1,553,549
Total current assets	<u>8,701,706</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Due from Other Governments	7,082,845
Capital Assets, net of accumulated Depreciation:	
Nondepreciable	3,276,869
Depreciable	24,868,779
Total noncurrent assets	<u>35,228,493</u>
<b>Total Assets</b>	<u><u>43,930,199</u></u>
<b>LIABILITIES</b>	
CURRENT:	
Warrants Payable	479,841
Accrued Payroll	138,061
Payroll Withholdings	73,637
Tax Refund Payable	129,400
Taxes Collected in Advance	76,836
Other	3,121
Accrued Interest	181,311
Compensated Absences	115,912
Notes Payable	565,634
Bonds and Leases Payable	1,560,150
Total current liabilities	<u>3,323,903</u>
NONCURRENT:	
Compensated Absences	487,612
OPEB Obligation Payable	1,969,832
Bonds and Leases Payable	12,809,415
Total noncurrent liabilities	<u>15,266,859</u>
<b>Total Liabilities</b>	<u><u>18,590,762</u></u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, net of related debt	21,518,095
Restricted for:	
Capital Projects	143,954
Federal & State Grants	745,433
Permanent Funds:	
Expendable	10,924
Nonexpendable	136,853
Other Purposes	334,409
Unrestricted	2,449,769
<b>Total Net Assets</b>	<u><u>\$ 25,339,437</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Net (Expenses) Revenues and and Changes in Net Assets	Program Revenues				Primary Governmental Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	

The Notes to the Financial Statements are an integral part of this Statement.



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

	General Fund	Stabilization Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,173,682	\$ 283,522	\$ 1,559,579	\$ 5,016,783
Investments	-	335,055	221,065	556,120
Cash in Custody of Others	-	-	180,342	180,342
Receivables, net of allowance for uncollectibles:				
Property Taxes	299,276	-	-	299,276
Tax Liens	234,418	-	-	234,418
Tax Possessions	378,587	-	-	378,587
Excise Taxes	117,490	-	-	117,490
User Charges	129,873	-	-	129,873
Departmental	217,168	-	17,166	234,334
Loans	-	-	934	934
Due from Other Governments	7,916,346	-	592,205	8,508,551
<b>Total Assets</b>	<b>\$ 12,466,840</b>	<b>\$ 618,577</b>	<b>\$ 2,571,291</b>	<b>\$ 15,656,708</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
<b>Liabilities:</b>				
Warrants Payable	\$ 285,559	\$ -	\$ 194,282	\$ 479,841
Accrued Payroll	123,217	-	14,844	138,061
Payroll Withholdings	73,637	-	-	73,637
Tax Refund Payable	129,400	-	-	129,400
Taxes Collected in Advance	76,836	-	-	76,836
Other	3,121	-	-	3,121
Deferred Revenue:				
Property Taxes	253,926	-	-	253,926
Other	8,993,882	-	240,143	9,234,025
Notes Payable	-	-	565,634	565,634
<b>Total Liabilities</b>	<b>9,939,578</b>	<b>-</b>	<b>1,014,903</b>	<b>10,954,481</b>
<b>Fund Balance:</b>				
Reserved For:				
Encumbrances and continuing appropriations	377,223	-	-	377,223
Perpetual Permanent Funds	-	-	136,853	136,853
Unreserved:				
Designated for Subsequent Years' Expenditures	723,528			723,528
Undesignated, reported in:				
General Fund	1,426,511	-	-	1,426,511
Special Revenue	-	618,577	1,495,907	2,114,484
Capital Projects	-	-	(87,296)	(87,296)
Permanent Funds	-	-	10,924	10,924
<b>Total Fund Balance</b>	<b>2,527,262</b>	<b>618,577</b>	<b>1,556,388</b>	<b>4,702,227</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 12,466,840</b>	<b>\$ 618,577</b>	<b>\$ 2,571,291</b>	<b>\$ 15,656,708</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Stabilization Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 10,736,412	\$ -	\$ -	\$ 10,736,412
State Receipts	11,019,696	-	-	11,019,696
Excise and Other Taxes	885,944	-	-	885,944
Licenses, Permits, Fees	1,976,052	-	-	1,976,052
Interest on Taxes	53,961	-	-	53,961
Interest on Investments	49,722	4,780	1,680	56,182
Intergovernmental - "On-behalf" Payments	2,114,729	-	-	2,114,729
Additions	-	-	225	225
Grants and Fees	-	-	5,533,053	5,533,053
<b>Total Revenues</b>	<b>26,836,516</b>	<b>4,780</b>	<b>5,534,958</b>	<b>32,376,254</b>
<b>Expenditures:</b>				
Current:				
General Government	1,108,412	-	422,894	1,531,306
Public Safety	2,930,437	-	496,494	3,426,931
Public Works (including water and sewer)	2,257,481	-	1,060,361	3,317,842
Education	11,567,744	-	3,182,869	14,750,613
Health and Human Services	412,405	-	722,381	1,134,786
Culture and Recreation	487,770	-	61,744	549,514
Employee Benefits and Insurance	5,560,540	-	-	5,560,540
State Assessments	1,373,173	-	-	1,373,173
Debt Service:				
Principal	1,567,288	-	-	1,567,288
Interest	636,964	-	-	636,964
<b>Total Expenditures</b>	<b>27,902,214</b>	<b>-</b>	<b>5,946,743</b>	<b>33,848,957</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,065,698)</b>	<b>4,780</b>	<b>(411,785)</b>	<b>(1,472,703)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	670,584	614,500	24,140	1,309,224
Operating Transfers Out	(638,640)	(590,461)	(80,123)	(1,309,224)
MTBE Litigation Settlement Proceeds	968,983	-	-	968,983
Sale of Foreclosure Property	45,200	-	-	45,200
Capital Lease	42,129	-	-	42,129
<b>Total Other Financing Sources (Uses)</b>	<b>1,088,256</b>	<b>24,039</b>	<b>(55,983)</b>	<b>1,056,312</b>
<b>Net Change in Fund Balances</b>	<b>22,558</b>	<b>28,819</b>	<b>(467,768)</b>	<b>(416,391)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,504,704</b>	<b>589,758</b>	<b>2,024,156</b>	<b>5,118,618</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,527,262</b>	<b>\$ 618,577</b>	<b>\$ 1,556,388</b>	<b>\$ 4,702,227</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Assets**  
**For the Year Ended June 30, 2009**

<b>Total Governmental Fund Balances</b>	<b>\$ 4,702,227</b>
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds	28,145,648
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis	9,615,794
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds and Leases Payable	\$ (14,369,565)
Other Post Employment Benefits Payable	(1,969,832)
Compensated Absences	(603,524)
	(16,942,921)
In statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due	(181,311)
<b>Net Assets of Governmental Activities</b>	<b>\$ 25,339,437</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2009**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (416,391)**

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 Purchases	\$ 998,564	
Depreciation	<u>(1,578,173)</u>	(579,609)

Revenue 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 and WPAT principal subsidy (357,593)

The Issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net assets:

Repayment of Debt and Lease Principal	1,606,196	
Capital Lease Financing	<u>(42,129)</u>	1,564,067

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 governmental funds:

Net Change in Compensated Absences	(21,537)	
Net Change in Other Post Employment Benefits	(1,969,832)	
Net Change in Accrued Interest on Long-Term Debt	<u>11,896</u>	(1,979,473)

**Change in Net Assets of Governmental Activities** **\$ (1,768,999)**

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGETARY BASIS - (NON-GAAP) -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original	Final	Budgetary	Carried	Final Budget
	Budget	Budget	Basis	Forward	Positive
				to Next Year	(Negative)
<b>Revenues:</b>					
Property Taxes	\$ 10,781,012	\$ 10,681,382	\$ 10,760,762	\$ -	\$ 79,380
State Receipts	11,637,841	11,637,841	11,019,696	-	(618,145)
Excise and Other Taxes	861,665	861,665	885,944	-	24,279
Licenses, Permits, Fees	1,676,240	1,676,240	1,976,052	-	299,812
Interest on Taxes	60,224	60,224	53,961	-	(6,263)
Interest on Investments	130,000	130,000	49,722	-	(80,278)
<b>Total Revenues</b>	<b>25,146,982</b>	<b>25,047,352</b>	<b>24,746,137</b>	<b>-</b>	<b>(301,215)</b>
<b>Expenditures:</b>					
Current:					
General Government	1,313,512	1,383,473	1,108,412	140,665	134,396
Public Safety	2,989,611	2,968,501	2,888,308	9,842	70,351
Public Works (including water and sewer)	2,154,763	2,168,607	2,257,481	36,744	(125,618)
Education	11,972,708	12,006,148	11,567,744	176,117	262,287
Health and Human Services	373,529	425,005	412,405	8,236	4,364
Culture and Recreation	499,101	496,021	487,770	5,619	2,632
Employee Benefits and Insurance	3,690,755	4,164,925	3,474,353	-	690,572
State Assessments	1,512,020	1,512,020	1,373,173	-	138,847
Debt Service:					
Principal	1,574,524	1,554,524	1,554,523	-	1
Interest	632,909	632,909	621,187	-	11,722
<b>Total Expenditures</b>	<b>26,713,432</b>	<b>27,312,133</b>	<b>25,745,356</b>	<b>377,223</b>	<b>1,189,554</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,566,450)</b>	<b>(2,264,781)</b>	<b>(999,219)</b>	<b>(377,223)</b>	<b>888,339</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	608,367	(309)	31,944	-	32,253
MTBE Litigation Settlement Proceeds	-	-	968,983	-	968,983
Sale of Foreclosure Property	-	-	45,200	-	45,200
<b>Total Other Financing Sources (Uses)</b>	<b>608,367</b>	<b>(309)</b>	<b>1,046,127</b>	<b>-</b>	<b>1,046,436</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(958,083)</b>	<b>(2,265,090)</b>	<b>46,908</b>	<b>(377,223)</b>	<b>1,934,775</b>
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>2,564,404</b>	<b>2,564,404</b>	<b>2,564,404</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 1,606,321</b>	<b>\$ 299,314</b>	<b>\$ 2,611,312</b>	<b>\$ (377,223)</b>	<b>\$ 1,934,775</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2009**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Reported on a Budgetary Basis</b>	\$ 24,746,137	\$ 25,745,356
Net Increase in Revenue from recording Refund Taxes Payable	9,600	
Recognition of intergovernmental Revenue - "on behalf payments"	2,114,729	
Recognition of Expenditures - "on behalf payments"		2,114,729
Capital Leases		42,129
Net Decrease in Revenue from Recording 60-Day Receipts	(33,950)	
<b>Reported on a GAAP Basis</b>	<u>\$ 26,836,516</u>	<u>\$ 27,902,214</u>

The Notes to the Financial Statements are an integral part of this Statement.

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

	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 60,890	\$ 184,193
Investments	194,720	-
<b>Total Assets</b>	<b>255,610</b>	<b>184,193</b>
<b>LIABILITIES</b>		
Warrants Payable	-	93
Due to Others	-	10,446
Due to Student Groups	-	73,120
Escrows & Deposits	-	100,534
<b>Total Liabilities</b>	<b>-</b>	<b>184,193</b>
<b>NET ASSETS:</b>		
Held in Trust for Other Purposes	\$ 255,610	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WARE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Contributions:	
Private Donations	\$ 60,378
Total Contributions	<u>60,378</u>
Investment Income:	
Interest & Dividends	7,758
Net Change in Fair Value of Investments	<u>(6,591)</u>
Total Investment Earnings	<u>1,167</u>
<b>Total Additions</b>	<u>61,545</u>
<b>Deductions</b>	
Educational Scholarships	<u>800</u>
<b>Total Deductions</b>	<u>800</u>
<b>Change in Net Assets</b>	<u>60,745</u>
<b>Net Assets at Beginning of Year</b>	<u>194,865</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 255,610</u></u>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Ware, Massachusetts (the Town) was incorporated in 1775 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Board of Selectmen.

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 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. In fiscal year 2009, it was determined that no entities met the required GASB-14 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the Ware Housing Authority, Pathfinder Regional Vocational Technical High School District and Quabbin Health District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing members of the board. Audited financial statements are available from the respective organizations. A description of the related organizations are as follows:

**Ware Housing Authority** - A public housing agency that provides housing assistance to eligible and qualified low and moderate income elderly, handicap and families. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

**Pathfinder Regional Vocational Technical High School District** - A regional school district made up of eight communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects one district committee member for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Quabbin Health District** - A regional health department made up of three communities to provide the communities with full time professional staff and public health services. The health district is a separate entity. The district is responsible for the operating costs related to the district and operates independently from the Town.

The accompanying basic financial statements of the Town of Ware, 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

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

and financial reporting principles. The significant Town accounting policies are described herein.

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

The government-wide financial statements (e.g., statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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. Non-major funds are aggregated and displayed in a single column.

Fiduciary funds are reported by fund type.

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

The governmental-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those 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, and planning and development's ongoing and future operations.

Additionally, the government reports the following fund types:

*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 in a trustee capacity for others that cannot be used to support the government programs.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, 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.

The non-major governmental fund consists of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these funds types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

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

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash.

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

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

**E. Investments**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can 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 and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

**F. Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

***Property Taxes, Tax Liens and Tax Possessions***

Property taxes are based on assessments as of January 1, 2008 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied. The Town mailed preliminary tax bills for the fiscal year 2009 on June 26, 2008, that were due on August 1, 2008 and November 1, 2008 and actual bills on December 12, 2008 that were due on February 1, 2009 and May 1, 2009.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2009 is \$10,981,339 consisting of a base of \$10,754,950 and a debt exclusion of \$226,389. The total amount raised by taxation was \$10,970,782.

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

***Excise Taxes***

Excise taxes consist of motor vehicle excise, boat excise and farm animal excise taxes.

Motor vehicle and boat excise taxes are assessed annually for each vehicle and vessel registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel. The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

Farm animal excise taxes are assessed on farm animals and farm machinery. The Board of Assessors of the Town is responsible for determining the value of the property.

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

***User Charges***

User charges and fees consist of water and sewer services and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

processed each year and included as a lien on the property owner's tax bill. Water and sewer charges are recorded as receivables in the fiscal year of the levy.

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

***Departmental***

Departmental receivables consists of ambulance, penalty tax, MTBE litigation settlement proceeds and police-off duty receipts.

The allowance for uncollectibles for ambulance is estimated and based on historical trends and specific account analysis. The other receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

***Loans***

Loans consist of betterment agreements/loans for the repair, replacement and/or upgrade of a failed septic system that are to be repaid to the Town. The repayments vary from 5 to 10 years.

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

***Due from Other Governments***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is 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.

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide 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.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	20-40
Machinery, equipment and other	3-10
Infrastructure	20-50

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.

#### **H. 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.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

In the 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.

#### **I. Deferred Revenue**

Deferred revenue at the 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.

#### **J. Net Assets and Fund Equity**

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

Net assets have been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Other purposes" represents restrictions placed on assets from outside parties.

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

"Designated for subsequent years' expenditures" represents the amount of fund balance appropriated to be used for expenditures in the subsequent year's budget. The Town includes the following in the reserve:

**General Fund:**

Undesignated:

Free cash

\$ 669,021

**Reserved for next year's ambulance fund**

54,507

\$ 723,528

**K. Long-term Debt**

Long-term debt is reported as liabilities in the government-wide statement of net assets.

The face amount of governmental funds long-term debt is reported as other financing sources.

**L. Compensated Absences**

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave which is (subject to certain limitations) at their current rates of pay.

**M. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% share of insurance premiums for retirees, spouses and surviving spouses in the general fund in the fiscal year paid. For the fiscal year ending June 30, 2009, the expense/expenditure totaled approximately \$1,125,289. There were approximately 195 participants eligible to receive benefits at June 30, 2009.



**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

The cost of providing health insurance is recognized by recording the employer's share of insurance premiums in the general fund in the fiscal year paid.

**N. Use of Estimates**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

Estimates are submitted by departments.

The budget is legally enacted by vote at the annual Town meeting.

Supplemental appropriations may be made from available funds after setting of the tax rate with Town meeting approval.

Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

For fiscal year 2009, the Town incurred a final budget deficit of \$2,265,090 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unreserved Fund Balance:	
Free Cash Votes	\$ 2,027,776
Prior Year's Encumbrances	433,938
Reserved for Deficits	(196,624)
	<u>\$ 2,265,090</u>

### 3. DETAILED NOTES

#### A. Cash, Investments and Cash and Investments in Custody of Trustees

##### **Custodial Credit Risks – Deposits – Town's Financials**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2009 were \$5,459,330. Of these, \$3,310,766 were exposed to custodial credit risk as uninsured and uncollateralized.

##### **Investment Policies – Town Financials**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and notes proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

The Town has adopted an investment policy. Among the highlights are:

- The Town will diversify its investments by security type and institution. With the exception of U. S. Treasury securities or U. S. Government agency funds and the State Treasurer's investment pools, no more than 75% of the Town's total investment portfolio, excluding U. S. obligations and Government agency funds with a single financial institution.

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

- The Town will not have on deposit with a single financial institution more than 60% of the institution's total equity presented on the specific institution's annual audited financial statements.
- The Town will utilize the MMDT as an integral part of its overall investment strategy.
- The Town will utilize U. S. Treasury and Government agency securities for reasons of diversification and security. Treasury securities will be purchased either at auction or through the registered dealers. The definition of agency securities will include instrumentalities, but will be limited to discount notes and variable rate notes. Coupon securities may be purchased on the secondary market as long as the remaining maturity is less than one year.

As of June 30, 2009, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. government agencies	\$ 437,651	\$ -	\$ 437,651	\$ -
Corporate bonds	74,541	-	74,541	-
Bond mutual funds	10,146	-	-	10,146
Money market mutual fund	40,529	40,529	-	-
	<u>562,867</u>	<u>40,529</u>	<u>512,192</u>	<u>10,146</u>
Other Investments:				
Equity securities - domestic	1,178			
Certificates of deposit	186,795			
	<u>\$ 750,840</u>			

### **Custodial Credit Risks**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$750,840 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town's investment policy is to provide as much security as possible for the Town's bank investments through the prudent selection process. Additionally the Town will utilize the MMDT as a comparatively safe instrument as an integral part of its overall investment strategy.

### **Interest Rate Risk**

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

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2009 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Rating				Not Rated
		Aaa	AA2	A2	A1	
Debt Securities:						
U. S. government agencies	\$ 437,651	\$ 437,651	\$ -	\$ -	\$ -	\$ -
Corporate bond	74,541	-	30,033	20,879	23,629	-
Money market mutual fund	40,529	-	-	-	-	40,529
Bond mutual fund	10,146	10,146	-	-	-	-
	<u>\$ 562,867</u>	<u>\$ 447,797</u>	<u>\$ 30,033</u>	<u>\$ 20,879</u>	<u>\$ 23,629</u>	<u>\$ 40,529</u>

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Company and Federal Home Loan Bank amounting to 29.82% and 21.06%, respectively, of the Town's total investments.

Cash in custody of others are Small Cities grant funds that are in the custody of the Pioneer Valley Planning Commission.

**B. Receivables**

At June 30, 2009, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 303,950	\$ (4,675)	\$ 299,275
Tax liens	234,418	-	234,418
Tax possessions	378,587	-	378,587
Excise taxes	143,790	(26,300)	117,490
User charges	131,873	(2,000)	129,873
Departmental	253,459	(19,125)	234,334
Loans	934	-	934
Due from other governments	8,508,551	-	8,508,551
	<u>\$ 9,955,562</u>	<u>\$ (52,100)</u>	<u>\$ 9,903,462</u>

The composition of amounts due from other governments as of June 30, 2009 for governmental funds is as follows:

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**General Fund:**

***Commonwealth of Massachusetts:***

School Building Authority:

School building assistance - Capital portion \$ 7,845,419

Department of Veterans Services:

Veterans services 70,927 \$ 7,916,346

**Nonmajor Governmental Funds:**

***U. S. Department of Agriculture***

School Lunch 25,157

***U. S. Department of Education***

School Title Grants 183,679

***Commonwealth of Massachusetts:***

Massachusetts Department of Elementary & Secondary

Education:

School Lunch 650

School Grant 804

Executive Office of Public Safety and Homeland Security:

State 911 Grant 3,420

Massachusetts Highway Department:

Chapter 90 funded projects 378,495 592,205  
\$ 8,508,551

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.

The balance of the general fund deferred revenues account is equal to all of June 30, 2009 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections. At the end of the current fiscal year, the deferred revenue for property taxes is \$253,926.

The various components of the other deferred revenue reported in the governmental funds were as follows:

**General Fund:**

Tax liens and tax possessions	\$	613,005	
Excise taxes		117,490	
User charges		129,873	
Departmental		217,168	
Due from other governments		<u>7,916,346</u>	\$ 8,993,882

**Nonmajor Governmental Funds:**

Loans		934	
Due from other governments		<u>239,209</u>	240,143
			<u>\$ 9,234,025</u>

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**C. Capital Assets**

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,850,401	\$ -	\$ (62,900)	\$ 2,787,501
Construction in progress	417,956	516,326	(444,914)	489,368
Total capital assets not being depreciated	3,268,357	516,326	(507,814)	3,276,869
Capital assets being depreciated:				
Buildings and Renovations	23,220,152	150,864	-	23,371,016
Machinery, equipment and other	4,167,478	252,152	(30,141)	4,389,489
Infrastructure	9,381,030	524,136	-	9,905,166
Total capital assets being depreciated	36,768,660	927,152	(30,141)	37,665,671
Less accumulated depreciation for:				
Buildings and Renovations	7,903,230	925,359	-	8,828,589
Machinery, equipment and other	2,068,511	316,612	(30,141)	2,354,982
Infrastructure	1,340,019	273,302	-	1,613,321
Total accumulated depreciation	11,311,760	1,515,273	(30,141)	12,796,892
Total capital assets being depreciated, net	25,456,900	(588,121)	-	24,868,779
Total governmental activities capital assets, net	\$ 28,725,257	\$ (71,795)	\$ (507,814)	\$ 28,145,648

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

**Governmental Activities:**

General government	\$ 22,777
Public safety	220,633
Public works	334,311
Education	820,356
Health and Human Services	79,566
Culture and recreation	37,630
Total depreciation expense - governmental activities	<u>\$ 1,515,273</u>

**D. Interfund Receivables, Payables and Transfers**

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

Transfers Out:	Transfers In:			
	General fund	Stabilization fund	Nonmajor governmental fund	Total
General fund	\$ -	\$ 614,500	\$ 24,140	\$ 638,640
Stabilization fund	590,461	-	-	590,461
Nonmajor governmental funds	80,123	-	-	80,123
Total transfers out	<u>\$ 670,584</u>	<u>\$ 614,500</u>	<u>\$ 24,140</u>	<u>\$ 1,309,224</u>

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**E. Leases**

The Town has entered into lease agreements as lessee for financing the acquisition of a school boiler, a dump truck, a fire administration vehicle, a truck for the park and recreation department, a truck and a pick up truck for the public works department and an EMS vehicle. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

<b>Asset:</b>	<b>Governmental Activities</b>
Buildings and improvements	\$ 293,625
Machinery, equipment and other	618,330
	<u>911,955</u>
Less: Accumulated depreciation	<u>(406,360)</u>
Total	<u><u>\$ 505,595</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>
2010	\$ 111,460
2011	65,258
2012	27,015
2013	27,015
2014	27,015
2015	<u>27,015</u>
Total minimum lease payments	\$ 284,778
Less: amount representing interest	<u>(33,591)</u>
Present value of minimum lease payments	<u><u>\$ 251,187</u></u>

**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2009
<b>State Anticipation Notes:</b>						
Chapter 90 highway	2.32%	03/06/09	\$ 335,333	\$ -	\$ 335,333	\$ -
Chapter 90 highway	1.78%	04/01/10	-	334,384	-	334,384
<b>Bond Anticipation Notes:</b>						
Municipal purpose loan	2.27%	06/05/09	231,250	-	231,250	-
Municipal purpose loan	1.94%	06/04/10	-	231,250	-	231,250
			<u>\$ 566,583</u>	<u>\$ 565,634</u>	<u>\$ 566,583</u>	<u>\$ 565,634</u>

**G. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the governmental activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:



**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2009
<b>Inside Debt:</b>					
Police Station	4.75%	09/08/00	09/08/19	500,000	\$ 275,000
Fire Department Equipment	4.82%	09/01/99	09/01/11	205,000	45,000
Land Acquisition	4.89%	09/01/99	09/01/14	110,000	30,000
Building Remodeling - Fire Station	3.56%	04/15/05	04/15/11	79,600	22,800
Building Remodeling - Court House	3.56%	04/15/05	04/15/11	120,000	35,000
Road and Water Line Repairs	3.56%	04/15/05	04/15/11	166,500	46,000
Dam Repairs	3.56%	04/15/05	04/15/11	47,450	15,400
DPW Equipment	3.56%	04/15/05	04/15/11	93,700	30,800
Sewer Lines	4.95%	12/15/05	12/15/06	68,000	26,000
PVPC-Brownfield Clean up	2.00%	07/01/06	07/01/14	200,000	178,478
Equipment - Fire Department and DPW	3.66%	03/15/08	03/15/22	980,000	900,000
Veteran's Park	3.68%	03/15/08	03/15/22	185,000	170,000
Town Hall Boiler Replacement	3.74%	03/15/08	03/15/25	87,000	80,000
Senior Center	3.78%	03/15/08	03/15/27	852,000	805,000
Road Repairs	3.67%	03/15/08	03/15/18	100,400	90,000
Sewer Line Repairs	3.80%	03/15/08	03/15/28	33,600	32,300
<b>Massachusetts Water Pollution Abatement Trust -</b>					
Landfill Capping	N/A	12/09/98	08/01/18	906,800	498,900
Total Inside Debt					<u>3,280,678</u>
<b>Outside Debt:</b>					
School Building	4.74%	12/15/98	12/15/18	18,655,000	935,000
School Building Refunding	3.77%	12/15/05	09/01/18	8,640,000	8,525,000
Landfill Area	4.74%	09/01/99	09/01/09	49,600	5,000
Water	4.93%	09/01/99	09/01/16	1,184,400	420,000
Water Control Facility	3.80%	03/15/08	03/15/28	831,000	795,000
Water Line Repairs	3.80%	03/15/08	03/15/28	167,000	157,700
Total Outside Debt					<u>10,837,700</u>
Total governmental type debt					<u>\$ 14,118,378</u>

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2009 are as follows:

**TOWN OF WARE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

<b>Governmental</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 1,462,152	\$ 553,350	\$ 2,015,502
2011	1,461,992	495,127	1,957,119
2012	1,371,939	433,876	1,805,815
2013	1,289,396	405,521	1,694,917
2014	1,304,762	327,443	1,632,205
2015-2019	6,153,137	825,841	6,978,978
2020-2024	735,000	141,780	876,780
2025-2028	340,000	30,600	370,600
	<u>\$ 14,118,378</u>	<u>\$ 3,213,538</u>	<u>\$ 17,331,916</u>

A summary of the changes in governmental activities long term debt during the year is as follows:

	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2009</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 15,059,000	\$ -	\$ 1,439,522	\$ 13,619,478	\$ 1,415,952
<b>Massachusetts Water Pollution Abatement Trust</b>	544,000	-	45,100	498,900	46,200
<b>Leases Payable</b>	330,632	61,908	141,353	251,187	97,998
<b>Compensated absences</b>	581,987	42,304	20,767	603,524	115,912
<b>OPEB Obligation payable</b>	-	1,969,832	-	1,969,832	-
Governmental activity					
Long-term liabilities	<u>\$ 16,515,619</u>	<u>\$ 2,074,044</u>	<u>\$ 1,646,742</u>	<u>\$ 16,942,921</u>	<u>\$ 1,676,062</u>

**Massachusetts Water Pollution Abatement Trust (MWPAT)**

The Town has borrowed funds from the MWPAT Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust).

The Town has borrowed moneys from the Water Pollution Abatement Project Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust).

The Town currently has one loan as follows:

- a gross obligation of \$1,398,983 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of \$572,419 resulting in a net loan repayment of \$826,564.

The following is a summary of the activity of the Water Pollution Abatement Project Bond Resolution:

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

No. 98-02	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	\$ 906,800	\$ 492,183	\$ 1,398,983	\$ 572,419	\$ 826,564
Restructuring	-	(13,771)	(13,771)	(6,886)	(6,885)
Repayments:					
Fiscal Year 2000	37,200	46,783	83,983	48,356	35,627
Fiscal Year 2001	38,000	39,181	77,181	36,420	40,761
Fiscal Year 2002	38,700	37,599	76,299	35,543	40,756
Fiscal Year 2003	39,400	36,037	75,437	34,649	40,788
Fiscal Year 2004	40,200	34,445	74,645	33,739	40,906
Fiscal Year 2005	40,900	31,616	72,516	32,207	40,309
Fiscal Year 2006	41,700	30,391	72,091	31,476	40,615
Fiscal Year 2007	42,700	29,267	71,967	30,899	41,068
Fiscal Year 2008	44,000	26,581	70,581	29,648	40,933
Fiscal Year 2009	45,100	24,348	69,448	28,542	40,906
	<u>\$ 498,900</u>	<u>\$ 142,164</u>	<u>\$ 641,064</u>	<u>\$ 224,054</u>	<u>\$ 417,010</u>

### Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2009 totaled \$3,280,678.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2009

Equalized Valuation-Real Estate and Personal Property (2008)	\$ 903,301,300
Debt Limit: 5 % of Equalized value	<u>\$ 45,165,065</u>
Total Debt Outstanding	\$ 14,118,378
Less: Debt Outside Debt Limit	<u>(10,837,700)</u>
	3,280,678
Inside Debt Excess Borrowing Capacity at June 30, 2009	<u>\$ 41,884,387</u>

### Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

Loan authorizations that have not been issued as of June 30, 2009 and are not reflected in the Town's financial statements are as follows:

<b>Town Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
05/12/08	Roof replacement - police department	\$ 57,500
05/12/08	Roof replacement - highway garage	68,750
05/12/08	Fire department - installation fire alarm master	60,000
05/12/08	Grenville Park Road reconstruction	45,000
		<u>\$ 231,250</u>

#### **H. Special Trust Funds**

##### **Stabilization Funds**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

At June 30, 2009, \$618,577 has been set aside in two stabilization funds, which are classified as major funds in the governmental funds financial statements.

#### **4. OTHER INFORMATION**

##### **A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### **B. Town Meeting – Fiscal Year 2010**

The Town of Ware operates under the "Open Meeting" concept where each voter has an equal vote in adopting Town budgets and appropriations. The financial statements for June 30, 2009 do not reflect the fiscal year 2010 Town Meeting action, with the exception of Unreserved Fund Balance-Designated for Subsequent Years' Expenditures as disclosed

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

below. The Annual Town Meeting on May 11, 2009 authorized a fiscal year 2010 operating and capital budget as follows:

From the tax levy	\$ 24,017,943
From appropriation transfers	800
From other available funds:	
<b>General Fund:</b>	
Unreserved fund balance	669,021
(Free Cash)	<u>24,687,764</u>

Unreserved Fund Balance-Designated for Subsequent Years' Expenditures on the balance sheet includes \$54,507 in reserves for the ambulance funds.

**C. Contingent Liabilities**

**Litigation**

Various cases are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the 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.

**Federal Financial Assistance**

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

**D. Pension Plan**

**Plan Description**

The Town, as a member of the Hampshire County Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Hampshire County Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of the Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$2,086,188 for the fiscal year ending June 30, 2009, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The Town has approximately 195 employees in the retirement system.

The System and the teachers' retirement system 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. Cost of living adjustments granted between 1981 and 1987 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Hampshire County Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 99 Industrial Drive, Northampton, Massachusetts.

**Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2009, 2008 and 2007 is shown below, which equaled its required contribution for each fiscal year.

<b>Fiscal Year Ended June 30</b>	<b>Town's Contribution</b>
2009	\$ 1,048,149
2008	986,867
2007	937,231

The last actuarial valuation was prepared by the Segal Company as of January 1, 2007.

The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.25% compounded annually, (b) projected salary, including longevity, increases of 4.75% to 5.25% per year per member, (c) cost of living increase of 3% of the first \$12,000 of retirement income.

**TOWN OF WARE, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

The unfunded actuarial liability for the entire county is \$94,388,066. The Town's portion of such liability is approximately 8.46% or \$7,985,230.

**Reporting Policies**

The funds of the Hampshire County Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

**E. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

-The Town provides the following plan types, Blue Cross HMO Blue, Blue Cross Master Medical, Managed Blue for Seniors, Medex, Commonwealth Indemnity Plan, Fallon Direct, Health New England and Plan Medicare Extension

-An employee shall become eligible to retire under this plan upon meeting one of the following conditions:

1. Completion of 20 years of service.
2. For an employee hired prior to January 1, 1978 – attainment of age 55 as an active member.
3. For an employee hired on or after January 1, 1978 – attainment of age 55 as an active member and completion of 10 years of service.

-The group term life insurance - \$2,000 employees eligibility is the same as above.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2009 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,125,289.

**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**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 GASB Statement 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 (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Normal Cost	\$ 1,300,522
Amortization of unfunded actuarial accrued liability	<u>1,675,555</u>
Annual required contribution	2,976,077
Interest on net OPEB obligation	119,044
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	3,095,121
Contributions made during the fiscal year	<u>1,125,289</u>
Increase in net OPEB obligation	1,969,832
Net OPEB Obligation - beginning of year	<u>-</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,969,832</u></u>

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

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
06/30/06	N/A	N/A	N/A
06/30/07	N/A	N/A	N/A
06/30/08	\$ 3,095,121	36.36%	\$ 1,969,832

**Funded Status and Funding Process**

As of July 1, 2008, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$30,126,469, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,126,469. As indicated in the actuarial valuation the covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to the covered payroll was not available.

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



**TOWN OF WARE, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**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 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 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.

The Town initial OPEB actuarial valuation as of July 1, 2008, used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00 percent rate of return on invested assets. The actuarial assumptions include healthcare trend rates as follows:

<b>Year</b>	<b>Medical</b>
1	9.00%
2	8.0%
3	7.0%
4	6.0%
Ultimate	5.0%

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2009 is 29 years.

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF WARE, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Fund Balances July 1, 2008	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2009
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 177,561	\$ 1,891,621	\$ 1,905,831	\$ (29,777)	\$ 133,574
Arts Lottery Council Grant	2,948	5,206	4,730	-	3,424
Board of Health Emergency Preparedness Grant	3,997	1,400	505	-	4,892
Community Development Block Grants	315,565	1,435,399	1,422,171	-	328,793
Council on Aging Grants	(1,883)	20,134	19,426	650	(525)
Greenways Trails Grant	(5,711)	-	-	-	(5,711)
Highway Grants	-	443,460	443,460	-	-
Library Grants	17,907	18,741	-	(17,906)	18,742
Public Safety Grants	46,275	137,397	157,511	(3,127)	23,034
<b>Schools:</b>					
School Lunch Revolving	22,323	526,410	493,406	-	55,327
School Lunch Commodities	-	30,382	30,382	-	-
School Choice	367,352	167,391	133,433	-	401,310
School Revolving Accounts	8,238	81,488	69,608	-	20,118
Medicaid Revolving Accounts	212,560	124,510	337,070	-	-
State Special Education Reimbursement Fund	207,500	251,784	209,487	-	249,797
<b>Other:</b>					
Drug Forfeiture	551	1,043	849	-	745
Gifts and Donations	32,794	153,599	60,730	-	125,663
Insurance Reimbursements	25,262	-	-	(20,096)	5,166
Police Outside Duty	-	203,958	203,958	-	-
Recreation Revolving	-	13,263	8,972	-	4,291
Sale of Cemetery Lots	2,323	850	-	-	3,173
School Rail Fund	2,739	26	-	-	2,765
Septic Repair Loan Repayments	36,254	1,715	-	-	37,969
SPC Fines, Chapter 304	900	200	990	-	110
Water/Sewer Development	18,248	170	-	-	18,418
Gilbert; Grandville Park Fund	27,573	13,773	8,580	-	32,766
Municipal Insurance Fund	5,085	17	-	-	5,102
Reed Swimming Pool Fund	23,986	5,906	2,928	-	26,964
<b>Total Special Revenue Funds</b>	<b>\$ 1,550,347</b>	<b>\$ 5,529,843</b>	<b>\$ 5,514,027</b>	<b>\$ (70,256)</b>	<b>\$ 1,495,907</b>

**TOWN OF WARE, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Fund Balances July 1, 2008	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2009
<b>Capital Projects:</b>					
Brownfields Project	\$ 154,791	\$ -	142,491	\$ -	12,300
Chlorination/Construction Facility	49,858	-	2,043	-	47,815
Dechlorination Project	1,339	-	-	-	1,339
Department of Public Works Roof	-	-	83,570	23,490	(60,080)
Goldstein Property	998	-	-	-	998
Grenville Park Road	-	-	45,000	-	(45,000)
Landfill Closure	1,673	-	-	-	1,673
Master Fire Alarm Communication Box	-	-	60,000	-	(60,000)
Palmer Road/Beaver Lake Project	5,826	-	-	-	5,826
Police Department Roof	-	-	57,500	-	(57,500)
Public Works Economic Development Grant	40,137	-	15,720	-	24,417
Senior Center Projects	9,568	-	429	-	9,139
Snows Pond Dam Construction	13,310	-	-	-	13,310
South Street Roof Construction	21,498	-	-	(9,217)	12,281
South Street Water Replacement	380	-	-	-	380
Town Hall Boiler	6,778	-	6,778	-	-
Underground Storage Tank Removal School	5,806	-	-	-	5,806
Veterans Park Restoration	8,965	-	8,965	-	-
<b>Total Capital Projects</b>	<b>320,927</b>	<b>-</b>	<b>422,496</b>	<b>14,273</b>	<b>(87,296)</b>

<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	116,027	225	-	-	116,252
George L. Draper Fund	10,000	-	-	-	10,000
Susan Connell Fund	4,000	-	-	-	4,000
Josephine Wood Fund	4,101	-	-	-	4,101
Mary Packard Fund	2,000	-	-	-	2,000
Donald Sherman Fund	500	-	-	-	500
<b>Total Perpetual Permanent Funds</b>	<b>\$ 136,628</b>	<b>\$ 225</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 136,853</b>

**TOWN OF WARE, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Fund Balances July 1, 2008	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2009
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	\$ 6,533	\$ 5,032	\$ 7,530	\$ -	\$ 4,035
George L. Draper Fund	108	(399)	-	-	(291)
Susan Connell Fund	305	(171)	-	-	134
Helen Handanian Fund	1,420	299	-	-	1,719
Reed Memorial Fund	3,857	94	2,690	-	1,261
Josephine Wood Fund	1,090	17	-	-	1,107
Mary Packard Fund	1,868	13	-	-	1,881
Donald Sherman Fund	1,073	5	-	-	1,078
<b>Total Permanent Funds</b>	<b>16,254</b>	<b>4,890</b>	<b>10,220</b>	<b>-</b>	<b>10,924</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 2,024,156</b>	<b>\$ 5,534,958</b>	<b>\$ 5,946,743</b>	<b>\$ (55,983)</b>	<b>\$ 1,556,388</b>

**TOWN OF WARE, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL AND ROLLBACK TAXES**  
**JULY 1, 2008 TO JUNE 30, 2009**

	Uncollected Taxes July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2009	Uncollected Taxes Per Detail June 30, 2009
<b>Real Estate Taxes:</b>						
Levy of 2009	\$ -	\$ 10,600,696	\$ 152,115	\$ 10,160,207	\$ 288,374	\$ 288,374
Levy of 2008	260,281	-	66,341	192,656	1,284	1,284
Levy of 2007	4,293	-	(470)	4,764	(1)	(1)
	<u>264,574</u>	<u>10,600,696</u>	<u>217,986</u>	<u>10,357,627</u>	<u>289,657</u>	<u>289,657</u>
<b>Personal Property Taxes:</b>						
Levy of 2009	-	373,003	-	369,806	3,197	3,197
Levy of 2008	1,923	-	900	587	436	436
Levy of 2007	531	-	164	-	367	367
Levy of 2006	190	-	-	-	190	190
Levy of 2005	183	-	-	-	183	183
Prior Years	5,221	-	2,600	(2,600)	5,221	5,221
	<u>8,048</u>	<u>373,003</u>	<u>3,664</u>	<u>367,793</u>	<u>9,594</u>	<u>9,594</u>
<b>Supplemental Taxes</b>	<u>4,268</u>	<u>4,998</u>	<u>25</u>	<u>7,873</u>	<u>1,368</u>	<u>1,368</u>
<b>Rollback Taxes</b>	<u>-</u>	<u>4,435</u>	<u>-</u>	<u>1,104</u>	<u>3,331</u>	<u>3,331</u>
<b>Total Real Estate, Personal Property, Supplemental and Rollback Taxes</b>	<u>\$ 276,890</u>	<u>\$ 10,983,132</u>	<u>\$ 221,675</u>	<u>\$ 10,734,397</u>	<u>\$ 303,950</u>	<u>\$ 303,950</u>

**TOWN OF WARE, MASSACHUSETTS**  
**SCHEDULE OF MOTOR VEHICLE EXCISE, FARM ANIMAL EXCISE AND BOAT EXCISE TAXES**  
**JULY 1, 2008 TO JUNE 30, 2009**

	Uncollected Taxes July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2009	Uncollected Taxes Per Detail June 30, 2009
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2009	\$ -	\$ 744,466	\$ 15,539	\$ 678,042	\$ 50,885	\$ 50,885
Levy of 2008	85,410	115,099	8,023	169,542	22,944	22,944
Levy of 2007	24,183	8,401	545	18,157	13,882	13,882
Levy of 2006	13,307	65	87	3,072	10,213	10,213
Levy of 2005	10,407	-	-	1,030	9,377	9,377
Prior Years	35,226	-	(123)	871	34,478	34,478
	168,533	868,031	24,071	870,714	141,779	141,779
<b>Farm Animal Excise Taxes</b>	1,592	2,232	-	2,140	1,684	1,684
<b>Boat Excise Taxes</b>	103	1,761	14	1,523	327	327
<b>Total Motor Vehicle Excise, Farm Animal Excise, and Boat Excise Taxes</b>	\$ 170,228	\$ 872,024	\$ 24,085	\$ 874,377	\$ 143,790	\$ 143,790

TOWN OF WARE, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2008 TO JUNE 30, 2009

Tax Liens	Uncollected Accounts July 1, 2008	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2009	Uncollected Accounts Per Detail June 30, 2009
	\$ 137,499	\$ 131,536	\$ 8,414	\$ 26,203	\$ 234,418	\$ 234,418