

**TOWN OF GILL, MASSACHUSETTS**

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

**FISCAL YEAR ENDED JUNE 30, 2009**

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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Gill, 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 Gill, 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 Gill, 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 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 Gill, 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 May 5, 2010, on our consideration of the Town of Gill, 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 Gill, 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 Gill, 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 are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Scanlon & Associates, LLC*

Scanlon & Associates, LLC

May 5, 2010

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

## Management's Discussion and Analysis

As management of the Town of Gill, 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 \$3,290,576 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$3,197,111 or an increase of \$93,465.
- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$1,745,830 include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net assets of \$608,297 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
  - (3) Unrestricted net assets of \$936,449 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 \$917,962 this year. This compares to the prior year ending fund balance of \$757,855 showing an increase of \$160,107 during the current year.
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$261,475, or 9.87% of total General Fund expenditures including transfers and 9.81% of total General Fund revenues including transfers and the sale of foreclosure property.
- Total liabilities of the Town were \$496,045 for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Gill'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 Gill 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

	<u>2009</u>
<b>Assets:</b>	
Current assets	\$ 1,688,191
Capital assets	2,098,430
<b>Total assets</b>	<u>3,786,621</u>
<b>Liabilities:</b>	
Current liabilities (excluding debt and lease)	82,268
Current debt and lease	264,902
Noncurrent debt and lease	148,875
<b>Total liabilities</b>	<u>496,045</u>
<b>Net Assets:</b>	
Capital assets, net of related debt	1,745,830
Restricted	608,297
Unrestricted	936,449
<b>Total net assets</b>	<u>3,290,576</u>

### Statement of Activities Highlights

<b>Program Revenues:</b>	
Charges for services	226,944
Operating grants and contributions	272,840
Capital grants and contributions	115,383
<b>General Revenues:</b>	
Property taxes	1,879,537
Motor vehicle excise and other taxes	226,004
Penalties and interest on taxes	11,752
Nonrestricted grants	271,676
Unrestricted investment income	9,400
Miscellaneous	1,728
<b>Total revenues</b>	<u>3,015,264</u>
<b>Expenses:</b>	
General government	342,229
Public safety	344,029
Public works	504,701
Education	1,474,265
Health and human services	25,204
Culture and recreation	32,953
Employee benefits and insurance	193,545
State assessments	8,731
Interest	14,397
<b>Total expenses</b>	<u>2,940,054</u>
<b>Contributions to Permanent Funds</b>	<b>2,100</b>
<b>Special Item - Gain on Sale of Capital Assets</b>	<b>16,155</b>
<b>Change in net assets</b>	<b>93,465</b>
<b>Net assets - beginning of year</b>	<u>3,197,111</u>
<b>Net assets - end of year</b>	<u><u>\$ 3,290,576</u></u>

## **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 \$3,290,576 at the close of FY 2009.

Net assets of \$1,745,830 (53%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), 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 \$608,297 (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$936,449 (28%) 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 increased by \$93,465 during the current fiscal year, which reflects the general fund's results of operations. This was mainly attributed to revenues exceeding expenditures by \$75,210, contributions to permanent funds of \$2,100 and the gain on sale of capital assets for \$16,155.

## **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$917,962. Of this year-end total, \$261,475 is the undesignated general fund balance, indicating availability for continuing Town service requirements and \$244,440 are funds designated for fiscal year 2010. Reserved and designated fund balances include \$35,848 committed to liquidate encumbrances and carried forward articles remaining from the prior year; \$18,395 in perpetual permanent funds; \$462,257 in special revenue funds; \$(214,699) in capital projects funds and \$110,246 in permanent funds. The deficit of \$(214,699) in the capital projects fund includes the acquisition of a parcel of land from Mariamante Academy, Inc. that ended the fiscal year 2009 with a negative fund balance due to the fact that interim financing is being accomplished with bond anticipation notes. A total of \$217,600 in bond anticipation notes were outstanding. Permanent financing will be done once the project nears completion. At that time the deficit will be eliminated.

The total ending fund balances of the governmental funds shows an increase of \$160,107 in comparison with the prior year. The increase was mainly attributable to the

sale of foreclosure property for \$23,000 and proceeds from bonds and notes of \$148,700.

### ***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 \$261,475, while total fund balance reached \$475,282. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and revenues. Unreserved/undesignated fund balance represents 9.87% of total general fund expenditures including transfers and total fund balance represents 17.94% of that same amount. Unreserved/undesignated fund balance represents 9.81% of total general fund revenues including transfers and the sale of foreclosure property and total fund balance represents 17.83% of that same amount.

The fund balance of the general fund increased by \$16,270. The increase was mainly attributed from the sale of foreclosure property.

The *Stabilization Fund* has accumulated a fund balance of \$96,693 that represents 3.65% of total general fund expenditures including transfers and 3.63% of total general fund revenues including transfers and the sale of foreclosure property.

The fund balance of the stabilization fund decreased by \$36,482. This was attributed to interest income of \$2,617 and transfers to the general fund of \$39,099. Please refer to Note 3H for additional information.

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

The final general fund budget for fiscal year 2009 was \$2,709,564.

There was a decrease of \$86,352 between the original budget and the final amended budget. This decrease resulted from the Town appropriating \$5,000 for repairs on departmental equipment, \$11,000 for sewer expense, \$677 for a prior year's legal bill and \$9,684 amendment to the school assessment and decreases of \$13,000 from the cemetery erosion prevention account, \$10,000 from the fire truck pump repair account and \$93,074 reduction in the omnibus budget including a transfer from free cash of \$3,361. Of the \$74,487 in under-budgeted expenditures, \$35,848 has been carried over to fiscal year 2010.

A negative variance of \$16,236 exists in state receipts. This was caused by 9C reductions in the state lottery receipts.

A negative variance of \$300 exists in state assessments. This was attributed to the expenditures exceeding the assessment for the RMV non-renewal surcharge.

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

**Capital Assets.** The Town's investment in capital assets as of June 30, 2009 amounts to \$2,098,430.

The investment in capital assets includes land, buildings and renovations, machinery, equipment and other and infrastructure.

The major capital event of the governmental funds during the current fiscal year included the following:

- An international dump truck for \$135,524.
- Infrastructure expenditures for \$44,082.

**Debt Administration.** The Town's outstanding governmental debt as of June 30, 2009 totaled \$160,157. The debt consists of a highway dump truck for \$135,000 and a Title V septic loan from the Massachusetts Water Pollution Abatement Trust for \$25,157.

The Town also has a bond anticipation note for the acquisition of a parcel of land from Mariamante Academy, Inc. for \$217,600.

The Town has a capital lease for the highway tractor mower. The lease is due in 2011. The amount outstanding on the lease is \$39,112 consisting of principal of \$36,020 and interest of \$3,092.

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 Gill'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, 325 Main Road, Gill, Massachusetts 01354.

## **BASIC FINANCIAL STATEMENTS**

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

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>CURRENT:</b>	
Cash and Cash Equivalents	\$ 1,160,058
Investments	26,418
Receivables, net of allowance for uncollectibles:	
Property Taxes	51,867
Tax Liens	76,354
Excise and Other Taxes	30,354
Departmental	58,536
Due from Other Governments	284,604
Total current assets	1,688,191
<b>NONCURRENT:</b>	
Capital Assets, net of accumulated Depreciation:	
Nondepreciable	253,835
Depreciable	1,844,595
Total noncurrent assets	2,098,430
<b>Total Assets</b>	3,786,621
<b>LIABILITIES</b>	
<b>CURRENT:</b>	
Warrants Payable	39,932
Accrued Payroll	15,255
Payroll Withholdings	343
Tax Refund Payable	23,228
Accrued Interest	3,510
Bond Anticipation Notes Payable	217,600
Bonds and Leases Payable	47,302
Total current liabilities	347,170
<b>NONCURRENT:</b>	
Bonds and Leases Payable	148,875
Total noncurrent liabilities	148,875
<b>Total Liabilities</b>	496,045
<b>NET ASSETS:</b>	
Invested in Capital Assets, net of related debt	1,745,830
Restricted for:	
Capital Projects	2,901
Federal & State Grants	374,968
Permanent Funds:	
Expendable	110,680
Nonexpendable	18,395
Other Purposes	101,353
Unrestricted	936,449
<b>Total Net Assets</b>	\$ 3,290,576

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

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

	Program Revenues			Net (Expenses) Revenues and and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 342,229	\$ 27,754	\$ 109,678	\$ (204,797)
Public Safety	344,029	91,926	74,149	(177,954)
Public Works	504,701	92,348	14,200	(282,770)
Education	1,474,265	-	633	(1,473,632)
Health and Human Services	25,204	8,700	60,915	44,411
Culture and Recreation	32,953	6,216	8,909	(17,828)
Employee Benefits and Insurance	193,545	-	2,926	(190,619)
State Assessments	8,731	-	-	(8,731)
Interest	14,397	-	1,430	(12,967)
<b>Total Governmental Activities</b>	<b>2,940,054</b>	<b>226,944</b>	<b>272,840</b>	<b>(2,324,887)</b>
<b>Total Primary Government</b>	<b>\$ 2,940,054</b>	<b>\$ 226,944</b>	<b>\$ 272,840</b>	<b>(2,324,887)</b>
<b>General Revenues:</b>				
Property Taxes				1,879,537
Motor vehicle excise and other taxes				226,004
Penalties & Interest on Taxes				11,752
Grants & Contributions not restricted to specific programs				271,676
Unrestricted Investment Income				9,400
Miscellaneous				1,728
<b>Contributions to Permanent Funds</b>				2,100
<b>Special item:</b>				
Gain on Sale of Capital Assets				16,155
<b>Total General Revenues, Contributions and Special Items</b>				<b>2,418,352</b>
<b>Change in Net Assets</b>				<b>93,465</b>
<b>Net Assets:</b>				
Beginning of year				3,197,111
End of year				<b>3,290,576</b>

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

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

ASSETS	General Fund	Stabilization Funds	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 521,054	\$ 96,693	\$ 542,311	\$ 1,160,058
Investments	1,906	-	24,512	26,418
Receivables, net of allowance for uncollectibles:				
Property Taxes	51,867	-	-	51,867
Tax Liens	76,354	-	-	76,354
Excise and Other Taxes	30,354	-	-	30,354
Departmental	-	-	22,516	22,516
Due from Other Governments	4,738	-	279,866	284,604
<b>Total Assets</b>	<b>\$ 686,273</b>	<b>\$ 96,693</b>	<b>\$ 869,205</b>	<b>\$ 1,652,171</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Warrants Payable	\$ 25,756	\$ -	\$ 14,176	\$ 39,932
Accrued Payroll	9,819	-	5,436	15,255
Payroll Withholdings	343	-	-	343
Tax Refund Payable	23,228	-	-	23,228
Deferred Revenue:				
Property Taxes	45,137	-	-	45,137
Other	106,708	-	286,006	392,714
Bond Anticipation Notes Payable	-	-	217,600	217,600
<b>Total Liabilities</b>	<b>210,991</b>	<b>-</b>	<b>523,218</b>	<b>734,209</b>
<b>Fund Balance:</b>				
Reserved For:				
Encumbrances and continuing appropriations	35,848	-	-	35,848
Perpetual Permanent Funds	-	-	18,395	18,395
Unreserved:				
Designated for Subsequent Years' Expenditures	177,959	-	66,481	244,440
Undesignated, reported in:				
General Fund	261,475	-	-	261,475
Special Revenue	-	96,693	365,564	462,257
Capital Projects	-	-	(214,699)	(214,699)
Permanent Funds	-	-	110,246	110,246
<b>Total Fund Balance</b>	<b>475,282</b>	<b>96,693</b>	<b>345,987</b>	<b>917,962</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 686,273</b>	<b>\$ 96,693</b>	<b>\$ 869,205</b>	<b>\$ 1,652,171</b>

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

**TOWN OF GILL, 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	\$ 1,902,552	\$ -	\$ -	\$ 1,902,552
State Receipts	271,676	-	-	271,676
Excise and Other Taxes	213,590	-	-	213,590
Licenses, Permits, Fees	129,568	-	-	129,568
Interest on Taxes	11,752	-	-	11,752
Investment Income	6,783	2,617	4,931	14,331
Additions	-	-	55,378	55,378
Grants and Fees	-	-	373,242	373,242
<b>Total Revenues</b>	<b>2,535,921</b>	<b>2,617</b>	<b>433,551</b>	<b>2,972,089</b>
<b>Expenditures:</b>				
Current:				
General Government	290,162	-	43,020	333,182
Public Safety	211,206	-	88,168	299,374
Public Works	375,711	-	197,920	573,631
Education	1,474,265	-	-	1,474,265
Health and Human Services	20,685	-	4,519	25,204
Culture and Recreation	21,697	-	11,256	32,953
Employee Benefits and Insurance	193,545	-	-	193,545
State Assessments	8,731	-	-	8,731
Debt Service:				
Principal	29,500	-	2,292	31,792
Interest	9,575	-	1,430	11,005
<b>Total Expenditures</b>	<b>2,635,077</b>	<b>-</b>	<b>348,605</b>	<b>2,983,682</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(99,156)</b>	<b>2,617</b>	<b>84,946</b>	<b>(11,593)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	106,057	-	13,631	119,688
Operating Transfers Out	(13,631)	(39,099)	(66,958)	(119,688)
Proceeds from Bonds and Notes	-	-	148,700	148,700
Sale of Foreclosure Property	23,000	-	-	23,000
<b>Total Other Financing Sources (Uses)</b>	<b>115,426</b>	<b>(39,099)</b>	<b>95,373</b>	<b>171,700</b>
<b>Net Change in Fund Balances</b>	<b>16,270</b>	<b>(36,482)</b>	<b>180,319</b>	<b>160,107</b>
<b>Fund Balances, Beginning of Year</b>	<b>459,012</b>	<b>133,175</b>	<b>165,668</b>	<b>757,855</b>
<b>Fund Balances, End of Year</b>	<b>\$ 475,282</b>	<b>\$ 96,693</b>	<b>\$ 345,987</b>	<b>\$ 917,962</b>

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

**TOWN OF GILL, 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>	\$	917,962
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		2,098,430
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis		473,871
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds: Bonds and Leases Payable		(196,177)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due		(3,510)
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>3,290,576</u></b>

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

**TOWN OF GILL, 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**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>160,107</b>
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital Outlay Purchases	\$ 179,606	
Sale of Capital Assets	(6,845)	
Depreciation	<u>(182,388)</u>	(9,627)
<p>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.</p>		
		45,275
<p>The Issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:</p>		
Proceeds from Bonds and Notes	(148,700)	
Repayment of Debt and Lease Principal	<u>49,802</u>	(98,898)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Net Change in Accrued Interest on Long-Term Debt		<u>(3,392)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>93,465</u></b>

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

**TOWN OF GILL, 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 Budget	Final Budget	Budgetary Basis	Carried Forward to Next Year	Final Budget Positive (Negative)
<b>Revenues:</b>					
Property Taxes	\$ 1,974,549	\$ 1,868,158	\$ 1,952,240	\$ -	\$ 84,082
State Receipts	287,912	287,912	271,676	-	(16,236)
Excise and Other Taxes	150,800	150,800	213,590	-	62,790
Licenses, Permits, Fees	121,052	121,052	129,568	-	8,516
Interest on Taxes	11,365	11,365	11,752	-	387
Interest on Investments	6,575	6,575	6,783	-	208
<b>Total Revenues</b>	<b>2,552,253</b>	<b>2,445,862</b>	<b>2,585,609</b>	<b>-</b>	<b>139,747</b>
<b>Expenditures:</b>					
Current:					
General Government	308,353	318,880	290,162	15,759	12,959
Public Safety	271,853	224,761	211,206	13,500	55
Public Works	423,654	394,864	375,711	3,320	15,833
Education	1,464,581	1,474,265	1,474,265	-	-
Health and Human Services	43,031	26,685	20,685	2,269	3,731
Culture and Recreation	23,949	23,949	21,697	1,000	1,252
Employee Benefits and Insurance	210,965	198,630	193,545	-	5,085
State Assessments	8,431	8,431	8,731	-	(300)
Debt Service:					
Principal	29,500	29,500	29,500	-	-
Interest	11,599	9,599	9,575	-	24
<b>Total Expenditures</b>	<b>2,795,916</b>	<b>2,709,564</b>	<b>2,635,077</b>	<b>35,848</b>	<b>38,639</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(243,663)</b>	<b>(263,702)</b>	<b>(49,468)</b>	<b>(35,848)</b>	<b>178,386</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	77,383	93,383	92,426	-	(957)
Sale of Foreclosure Property	-	-	23,000	-	23,000
<b>Total Other Financing Sources (Uses)</b>	<b>77,383</b>	<b>93,383</b>	<b>115,426</b>	<b>-</b>	<b>22,043</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(166,280)</b>	<b>(170,319)</b>	<b>65,958</b>	<b>(35,848)</b>	<b>200,429</b>
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>425,822</b>	<b>425,822</b>	<b>425,822</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 259,542</b>	<b>\$ 255,503</b>	<b>\$ 491,780</b>	<b>\$ (35,848)</b>	<b>\$ 200,429</b>

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

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

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	<b>\$ 2,585,609</b>	<b>\$ 2,635,077</b>
Net Increase in Revenue from recording Refund Taxes Payable	(13,183)	-
Net Decrease in Revenue from Recording 60-Day Receipts	(36,505)	-
<b>Reported on a GAAP Basis</b>	<b>\$ 2,535,921</b>	<b>\$ 2,635,077</b>

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

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

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 314
Due from Other Governments	325
<b>Total Assets</b>	<b>639</b>
<b>LIABILITIES</b>	
Warrants Payable	392
Due to Others	247
<b>Total Liabilities</b>	<b>639</b>
<b>NET ASSETS:</b>	
Held in Trust for Other Purposes	<b>\$ -</b>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Gill, Massachusetts (the Town) was incorporated in 1793 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three 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 Gill-Montague Regional School District and the Franklin County Technical School 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:

**Gill-Montague Regional School District** - A regional school district made up of the Towns of Gill and Montague to serve the educational needs of students in grades K through 12. The Town elects three district members for its representation. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Franklin County Technical School District** - A regional school district made up of nineteen communities to serve and provide a high quality vocational education environment. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town appoints 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.

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

**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

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

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 government-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.

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.

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

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 *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.

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.

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

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 and Tax Liens***

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 first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. 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 of Gill mailed preliminary tax bills for fiscal year 2009 on July 1, 2008 that were due on October 1, 2008 and actual bills on February 25, 2009 that were due on May 1, 2009.

**TOWN OF GILL, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 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 \$1,914,419 consisting of a base of \$1,894,320 and a debt exclusion of \$20,171. The total amount raised by taxation was \$1,913,590.

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

***Excise and Other Taxes***

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

Motor vehicle excise taxes 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.

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.

***Departmental***

Departmental receivables in the nonmajor governmental fund type consists of sewer charges. On the Statement of Net Assets as a result of presenting leased capital assets, the amount of departmental receivables also includes a receivable from Western Massachusetts Electric Company which is reimbursing the Town for the principal part of the lease.

The allowance for uncollectibles for the sewer charges is estimated and based on historical trends and specific account analysis and applies to trash collections.

***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.

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

**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 \$5,000 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:

<u>Capital Asset Type</u>	<u>Years</u>
Buildings and renovations	10-40
Machinery, equipment and other	3-15
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.

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

**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.

"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.

"Perpetual Permanent fund" represents amounts held in trust for which only investment earnings may be expended.

"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:

<b>General Fund:</b>		
Undesignated Fund Balance:		
(Free Cash)		\$ 177,959
<b>Nonmajor Governmental Fund:</b>		
Sewer	\$ 66,047	
Quintas Allen school funds districts	434	66,481
		\$ 244,440

**K. Long-term Debt**

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

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

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

**L. 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 75% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ending June 30, 2009, the expense/expenditure totaled approximately \$13,213. There were 2 participants eligible to received benefits at June 30, 2009.

**M. 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.

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

Massachusetts law requires cities and towns to provide 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 . . . "

For fiscal year 2009, the Town incurred a final budget deficit of \$170,319 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	\$	136,771
Reserved for debt exclusion - free cash		6,363
Prior year's encumbrances		27,185
	<u>\$</u>	<u>170,319</u>

**B. Deficit Fund Equity**

The following fund had a deficit at June 30, 2009 as measured by the balances of unreserved fund balance.

- The acquisition of land capital projects fund had a deficit fund balance of \$214,699. The Town has bond anticipation notes outstanding in the amount of \$217,600. The deficit will be eliminated when the long term debt is issued.

**3. DETAILED NOTES**

**A. Cash and Investments**

**Custodial Credit Risks - Deposits**

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 \$1,184,187. Of these, \$723,149 were exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

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

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

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.

As of June 30, 2009, the Town's only investment was in the MMDT in the amount of \$26,418.

**Custodial Credit Risks - Investments**

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 investments all are in the MMDT and thus are exempt from collateralization. The Town has no policy on custodial credit risk.

**Interest Rate Risk - Investments**

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

**Credit Risk - Investments**

The Town does not have any exposure to credit risk as of June 30, 2009.

**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:

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 51,951	\$ (84)	\$ 51,867
Tax liens	76,354	-	76,354
Excise and other taxes	51,784	(21,430)	30,354
Departmental	23,016	(500)	22,516
Due from other governments	284,604	-	284,604
	<u>\$ 487,709</u>	<u>\$ (22,014)</u>	<u>\$ 465,695</u>

Departmental receivables on the entity wide statement of net assets also includes a receivable from Western Massachusetts Electric Company which is reimbursing the Town for the principal part of the lease on a roadside mowing machine in the amount of \$36,020.

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

**Governmental Funds:**

**General Fund:**

*Commonwealth of Massachusetts:*

Department of Revenue:

Veterans, Blind & Surviving Spouses \$ 4,738

**Nonmajor Governmental Funds:**

*Commonwealth of Massachusetts:*

Massachusetts Highway Department:

Chapter 90 funded projects 279,866  
\$ 284,604

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 \$45,137.

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

**General Fund:**

Tax liens \$ 76,354  
Excise and other taxes 30,354 \$ 106,708

**Nonmajor Governmental Funds:**

Departmental \$ 22,516  
Due from other governments 263,490 286,006  
\$ 392,714

**TOWN OF GILL, 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	\$ 260,680	\$ -	\$ (6,845)	\$ 253,835
Total capital assets not being depreciated	260,680	-	(6,845)	253,835
Capital assets being depreciated:				
Buildings and Renovations	1,175,365	-	-	1,175,365
Machinery, equipment and other	1,057,341	135,524	-	1,192,865
Infrastructure	2,558,059	44,082	-	2,602,141
Total capital assets being depreciated	4,790,765	179,606	-	4,970,371
Less accumulated depreciation for:				
Buildings and Renovations	873,675	16,557	-	890,232
Machinery, equipment and other	835,987	83,326	-	919,313
Infrastructure	1,233,726	82,505	-	1,316,231
Total accumulated depreciation	2,943,388	182,388	-	3,125,776
Total capital assets being depreciated, net	1,847,377	(2,782)	-	1,844,595
Total governmental activities capital assets, net	\$ 2,108,057	\$ (2,782)	\$ (6,845)	\$ 2,098,430

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

**Governmental Activities:**

General government	\$ 9,047
Public safety	44,655
Public works	128,686
Total depreciation expense - governmental activities	<u>\$ 182,388</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	Nonmajor governmental funds	Total
General fund	\$ -	\$ 13,631	\$ 13,631
Stabilization fund	39,099	-	39,099
Nonmajor governmental funds	66,958	-	66,958
Total transfers out	<u>\$ 106,057</u>	<u>\$ 13,631</u>	<u>\$ 119,688</u>

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

**E. Lease**

The Town has entered into a lease agreement as lessee for financing the acquisition of a roadside mowing machine. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date. Western Massachusetts Electric Company is reimbursing the Town for the principal part of the lease.

The asset acquired through the capital lease is as follows:

	<b>Governmental Activities</b>
<b>Asset:</b>	
Machinery, equipment and other	\$ 88,268
Less: Accumulated Depreciation	(44,134)
Total	\$ 44,134

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	\$ 19,556
2011	19,556
Total minimum lease payments	\$ 39,112
Less: amount representing interest	(3,092)
Present value of minimum lease payments	\$ 36,020

**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 GILL, 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>Bond anticipation notes:</b>						
Land purchase - Mariamante	3.74%	11/28/08	\$ 231,300	\$ -	\$ 231,300	\$ -
Land purchase - Mariamante	2.74%	11/25/09		217,600	-	217,600
			<u>\$ 231,300</u>	<u>\$ 217,600</u>	<u>\$ 231,300</u>	<u>\$ 217,600</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:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2009
<b>Inside Debt Limit:</b>					
Highway dump truck	3.90%	10/31/08	10/31/13	135,000	\$ 135,000
<b>Outside Debt Limit:</b>					
Massachusetts Water Pollution Abatement Trust - Title V Septic Loan		08/01/01	08/01/19	43,496	<u>25,157</u>
					<u>\$ 160,157</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:

Governmental	Principal	Interest	Total
2010	\$ 29,292	\$ 6,580	\$ 35,872
2011	29,307	5,409	34,716
2012	29,307	4,236	33,543
2013	29,307	3,058	32,365
2014	29,307	1,878	31,185
2015-2019	11,371	2,233	13,604
2020	2,266	62	2,328
	<u>\$ 160,157</u>	<u>\$ 23,456</u>	<u>\$ 183,613</u>

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

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

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bond	\$ 15,800	\$ 135,000	\$ 15,800	\$ 135,000	\$ 27,000
<b>Massachusetts Water Pollution Abatement Trust:</b>					
Title V Septic Loan	27,449	-	2,292	25,157	2,292
Governmental activities long-term liabilities	\$ 43,249	\$ 135,000	\$ 18,092	\$ 160,157	\$ 29,292

**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 currently has one loan as long term debt. The description of the long term debt is as follows:

- a gross obligation of \$64,559 representing the gross principal and interest repayment amounts; of this loan subsidy amounts consists of \$21,063 resulting in a net loan repayment of \$43,496.

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

**No. 97-1002**

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	\$ 43,496	\$ 21,063	\$ 64,559	\$ 21,063	\$ 43,496
Repayments:					
Fiscal Year 2002	2,294	1,054	3,348	1,054	2,294
Fiscal Year 2003	2,293	2,073	4,366	2,073	2,293
Fiscal Year 2004	2,292	1,978	4,270	1,978	2,292
Fiscal Year 2005	2,292	1,879	4,171	1,879	2,292
Fiscal Year 2006	2,292	1,777	4,069	1,777	2,292
Fiscal Year 2007	2,292	1,666	3,958	1,666	2,292
Fiscal Year 2008	2,292	1,545	3,837	1,545	2,292
Fiscal Year 2009	2,292	1,430	3,722	1,430	2,292
	\$ 25,157	\$ 7,661	\$ 32,818	\$ 7,661	\$ 25,157

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

**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 has \$135,000 inside debt at June 30, 2009.

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)		\$	159,702,300
			<u>7,985,115</u>
Debt Limit: 5 % of Equalized value		\$	160,157
Total Debt Outstanding	\$	160,157	
Less: Debt Outside Debt Limit	(25,157)		<u>135,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2009		\$	<u>7,850,115</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.

There are no loan authorizations as of June 30, 2009.

**Overlapping Debt**

The Town pays assessments which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	<u>Long Term Debt</u>	<u>Town's Estimated Share</u>	<u>Town's Estimated Indirect Debt</u>
Gill Montague Regional School District	<u>\$ 1,785,000</u>	14.00%	<u>\$ 249,900</u>

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

**H. Special Trust Funds**

**Stabilization Fund**

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, \$96,693 has been set aside in a stabilization fund, which is classified as a major fund 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 Gill operates under the "Open Meeting" concept where each voter has an equal vote in adopting of 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 below. The Annual Town Meeting on May 4, 2009 authorized a fiscal year 2010 operating and capital budget as follows:

From the tax levy	\$	2,431,115
From Other Available Funds:		
(Designated for Subsequent Years' Expenditures)		
<b>General Fund:</b>		
Undesignated Fund Balance:		
(Free Cash)		177,959
<b>Nonmajor Governmental Fund:</b>		
Sewer	\$ 66,047	
Quintas Allen School fund districts	434	66,481
	\$	2,675,555

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

**C. Contingent Liabilities**

**Litigation**

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 of the Town at June 30, 2009.

**D. Pension Plan**

**Plan Description**

The Town, as a member of the Franklin County Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Franklin 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.

The Town has 9 employees in the retirement system.

The System provides 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 Franklin 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 278 Main Street, Suite 311, Greenfield, 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.

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

<b>Year Ended June 30</b>	<b>Town's Contribution</b>
2009	\$ 62,331
2008	60,971
2007	57,965

The last actuarial valuation was prepared by Stone Consulting, Inc. as of January 1, 2008. 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 8.0% compounded annually, (b) projected salary, including longevity, increases of 4.75% per year per member.

The unfunded actuarial liability for the entire system is \$28,112,998. The Town's portion of such liability is approximately 1.13% or \$317,677.

**Reporting Policies**

The funds of the Franklin 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.

## **SUPPLEMENTARY SCHEDULES**

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

	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2008								June 30, 2009
<b>Special Revenue:</b>									
<b>Federal and State Grants:</b>									
Arts Lottery Council Grants	\$ 5,684	\$	4,523	\$	2,962	\$	-	\$	7,245
Council on Aging Grants	(180)		3,300		3,069		-		51
Economic Development 43D Permitting Grant	6,750		93,250		34,535		-		65,465
Emergency Management Grants	-		10,161		-		-		10,161
Franklin Regional Council on									
Governments Community Grants	-		1,245		1,315		-		(70)
Highway Grants	-		44,082		44,082		-		-
Library Grants	555		3,155		2,614		-		1,096
Public Safety Grants	3,768		50,505		27,669		-		26,604
Recycling Grants	926		-		-		-		926
<b>Sewer</b>	107,798		54,767		-		(62,355)		100,210
<b>Other:</b>									
County Dog Fund	3,749		-		-		-		3,749
Dog Fund	3,226		1,511		91		-		4,646
Gifts and Donations	25,561		14,423		9,479		-		30,505
Inspector Revolving	245		120		100		-		265
PEG Access Funds	12,813		8,808		4,730		-		16,891
Police Off Duty Details	367		38,779		38,826		-		320
Recreation Revolving	1,888		6,423		7,894		-		417
Rehab Payback Fund	29,424		469		-		-		29,893
Roadside Mower Funds	2,501		21,310		18,839		-		4,972
Road Machinery Fund	16,484		-		-		(4,603)		11,881
Sale of Cemetery Lots	93		1,700		-		-		1,793
Sale of Real Estate	1,000		-		-		-		1,000
Septic Loan Programs	48,156		3,520		3,722		-		47,954
Vermont Yankee Emergency Management Fund	11,258		12,268		12,228		-		11,298
Wetlands Protection Fund	1,551		1,149		-		-		2,700
Building Stabilization Fund	-		92		-		13,631		13,723
Unemployment Fund	37,114		802		-		-		37,916
<b>Total Special Revenue Funds</b>	<b>320,731</b>		<b>376,362</b>		<b>212,155</b>		<b>(53,327)</b>		<b>431,611</b>

**TOWN OF GILL, 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>					
Acquisition of Land	(228,399)	-	-	13,700	(214,699)
Highway Dump Truck	-	-	135,000	135,000	-
<b>Total Capital Projects Funds</b>	<u>(228,399)</u>	<u>-</u>	<u>135,000</u>	<u>148,700</u>	<u>(214,699)</u>
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds	14,148	2,100	-	-	16,248
Library Funds	2,147	-	-	-	2,147
<b>Total Permanent Funds</b>	<u>16,295</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>18,395</u>
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds	21,749	728	1,450	-	21,027
Harriet Tidd Cemetery Fund	-	53,203	-	-	53,203
Library Funds	22,575	525	-	-	23,100
Quintas Allen School Fund Districts	12,717	633	-	-	13,350
<b>Total Permanent Funds</b>	<u>57,041</u>	<u>55,089</u>	<u>1,450</u>	<u>-</u>	<u>110,680</u>
<b>Total - Non-Major Governmental Funds</b>	<u>\$ 165,668</u>	<u>\$ 433,551</u>	<u>\$ 348,605</u>	<u>\$ 95,373</u>	<u>\$ 345,987</u>

**TOWN OF GILL, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY 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	\$ -	\$ 1,870,873	\$ 18,099	\$ 1,821,371	\$ 31,403	\$ 31,403
Levy of 2008	81,846	-	7,822	61,138	12,886	12,886
Levy of 2007	10,401	-	747	7,053	2,601	2,321
Levy of 2006	6,358	-	344	4,065	1,949	1,960
Levy of 2005	5,188	-	2,749	2,004	435	336
Prior Years	883	-	(766)	-	1,649	1,649
	104,676	1,870,873	28,995	1,895,631	50,923	50,555
<b>Personal Property Taxes:</b>						
Levy of 2009	-	46,000	936	45,578	(514)	(514)
Levy of 2008	(1,956)	-	-	(2,080)	124	124
Levy of 2007	466	-	-	371	95	95
Levy of 2006	46	-	-	-	46	117
Levy of 2005	265	-	22	-	243	243
Prior Years	1,068	-	-	34	1,034	1,034
	(111)	46,000	958	43,903	1,028	1,099
<b>Rollback Taxes</b>	-	1,546	-	1,546	-	-
<b>Total Real Estate, Personal Property and Rollback Taxes</b>	\$ 104,565	\$ 1,918,419	\$ 29,953	\$ 1,941,080	\$ 51,951	\$ 51,654

**TOWN OF GILL, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE, BOAT EXCISE  
AND FARM ANIMAL 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	\$ -	\$ 169,201	\$ 2,234	\$ 151,562	\$ 15,405	\$ 15,405
Levy of 2008	7,502	54,589	1,391	57,784	2,916	2,915
Levy of 2007	3,996	3,992	-	1,193	6,795	6,743
Levy of 2006	(1,580)	-	-	423	(2,003)	(2,060)
Levy of 2005	1,238	-	-	302	936	532
Prior Years	22,199	-	(283)	281	22,201	21,928
	<u>33,355</u>	<u>227,782</u>	<u>3,342</u>	<u>211,545</u>	<u>46,250</u>	<u>45,463</u>
<b>Boat Excise Taxes:</b>						
Levy of 2009	-	1,797	-	1,400	397	397
Levy of 2008	255	54	-	(37)	346	355
Levy of 2007	1,055	-	181	215	659	659
	<u>1,310</u>	<u>1,851</u>	<u>181</u>	<u>1,578</u>	<u>1,402</u>	<u>1,411</u>
<b>Farm Animal Excise Taxes:</b>						
Levy of 2009	-	520	85	255	180	180
Prior Years	3,952	-	-	-	3,952	3,952
	<u>3,952</u>	<u>520</u>	<u>85</u>	<u>255</u>	<u>4,132</u>	<u>4,132</u>
<b>Total Motor Vehicle Excise, Boat Excise and Farm Animal Excise Taxes</b>	<u>\$ 38,617</u>	<u>\$ 230,153</u>	<u>\$ 3,608</u>	<u>\$ 213,378</u>	<u>\$ 51,784</u>	<u>\$ 51,006</u>

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

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
\$ 82,459	\$ 13,780	\$ 9,385	\$ 10,500	\$ 76,354	\$ 76,354
<b>Tax Liens</b>					

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen  
Town of Gill, Massachusetts

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Town of Gill, Massachusetts, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Gill, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Gill, Massachusetts' financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Gill, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the Town of Gill, Massachusetts in a separate letter dated May 5, 2010.

This report is intended for the information and use of the Town of Gill, Massachusetts' Board of Selectmen, management, and applicable regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Scanlon & Associates, LLC  
May 5, 2010