

## **FINANCIAL REPORTS**

### **FINANCE COMMITTEE**

#### **Introduction to the Finance Committee**

Every town in Massachusetts with a property valuation of over \$1 million is required by state law, MGL Ch. 19, Sect. 16, to have a Finance Committee that shall “consider any or all municipal questions for the purpose of making reports or recommendations to the town.” The Finance Committee’s primary responsibility is advisory. It examines the budget and all other warrant articles and makes recommendations to the voters on each article. It also administers the reserve fund to provide for urgent or unforeseen expenditures that might arise between town meetings. Further, the Finance Committee Annual Report should give the people of the town a clear picture of the town’s financial condition.

In Stow, the Moderator appoints five voting and up to five associate members to the Finance Committee. Any voter registered in Stow is eligible to join. As of February 14, 2011 there were five voting members and four associate members on the committee.

#### **Overview of Town Finances and the Fiscal Year 2011 Budget**

The Town balanced the budget for the fiscal year 2011, covering the period July 1, 2010 through June 30, 2011, (“FY11”) without an override. Though no overrides have been required in the past five budgets, the Center School addition and renovation will increase expenditures by an estimated 7% to 10% by fiscal year 2014, depending on the prevailing interest rates when future bonding occurs.

The Finance Committee remains concerned about long-term trends, as well as more recent cyclical conditions. New construction, which increases our tax base, continued to slow; local receipt growth—heavily dependent on the motor vehicle excise tax—decreased significantly and could remain flat in the coming years. State aid, tied very closely to variable and cyclical state tax revenue, saw another decrease in 2011. This decrease in state aid (both municipal and educational aid) may take several years (if ever) to recover back to fiscal year 2009 (“FY09”) levels. The long-term constraints on our finances remain unchanged from prior years. Stow has an undiversified tax base, forcing the town to rely heavily on residential taxation. Beyond that, Stow has large amounts of land exempted or abated from taxes and relatively low amounts of state aid, one of the lowest amounts of state aid per capita in Massachusetts. However, long-term constraints serve to ameliorate the effect of the current economic downturn. The town’s property tax revenue is more stable than income and sales tax revenue, which are the largest determinants of state aid, and residential property taxes are more stable than commercial and industrial real and personal property taxes.

Stow continued to benefit from a 2009 bond rating upgrade, which contributed to favorable interest rates obtained for the ongoing Center School construction project. Bond ratings, which function as the town’s credit rating and are the fundamental basis of our borrowing costs, are determined based on a number of factors; including the overall economy of the town and its residents, the ability of the town to balance budgets and control spending, the debt structure of

the town, the balance of the town's reserve funds and the overall strength and performance of town management, among others. The factors that most likely played a predominant role in the 2009 upgrade were no doubt the town's ability to balance the budget over the previous four years without an override, as well as the solid management of the town by the Town Administrator and various town departments. It cannot be emphasized enough how important the bond rating is to a town, as an upgrade has the potential to save the town millions of dollars in future debt service costs, especially during periods of economic uncertainty when there is a greater value placed on higher quality bonds. Fortunately, despite the additional debt burden of some of the Center School project and the recent economic downturn, Stow was able to maintain that credit rating at the most recent review.

The costs associated with the Center School project will begin to be felt in the coming fiscal year. However, that cost to the taxpayer has been mitigated slightly with the lower-than-expected project costs due to lower-than-expected bids. The overall savings to the town should approximate \$2.5 million, resulting in a final project cost to the town of approximately \$17 million. The remaining cost of the project will be borne by the Commonwealth through the Massachusetts School Building Authority, which has agreed to contribute approximately 51% of the project funding.

One variable that will have a large effect on the overall cost of the Center School Project is the bond rate. Municipal bond rates have been trending upward and many economists predict that this trend will continue. Despite the town Treasurer's proactive monitoring and securing of favorable long-term bond rates on the amounts expended thus far, we are only part way through the project. In other words, the ultimate cost of the project will remain unknown until the project is completed and the project costs are fully bonded.

At the same time, the Finance Committee remains concerned that the Center School project may greatly hamper the tax base's ability to absorb additional spending increases, and may produce a divergence in the budget, which will eventually require additional overrides. Aligning expenditures with potentially declining as well as somewhat unstable and uncertain revenue streams could be challenging for the town over the next few years.

### **Town Meetings**

Stow held two town meetings in 2010, the Annual Town Meeting in May and a Special Town Meeting in November.

The Annual Town Meeting approved the annual budget (largely level services) and various capital items, none over \$80,000. These included repairs to the Randall Library and Highway Department roofs, a new ball field at Hale School to replace the one to be removed at Center School, and repairs to the Town Building.

The Special Town Meeting this past November approved an emergency measure in response to state legislation, which authorized low-interest loans to residents of Harvard Acres. These low-interest loans are for costs associated with installing private wells in response to the imminent bankruptcy of the Assabet Water Company. The loans are funded by the state and administered by the town of Stow.

## Town Revenues

Town Revenue decreased 3% in FY11. Table 1 shows a comparison of revenue sources for FY10 and FY11. The largest source of town revenue, property taxes, increased by only 0.3% in FY11. State aid, not including state aid to the school districts, decreased by 1.6%. Local receipts decreased significantly when compared to FY10. Local receipts include excise tax, investment income, and fines collected by various town departments. The large decrease in the “Other” line item pertains to pass-through related funds for Community Preservation Fund projects, which, despite the anticipation of a large project surrounding the expansion of the Plantation and Pilot Grove developments, saw no activity in 2011. However, as these are pass-through funds, there is a corresponding decrease in Community Preservation Fund expenses (part of the Special Articles).

	FY10	FY10 % of Total	FY11	FY11 % of Total	\$ Change FY10-FY11	% Change FY10-FY11
Property Tax	\$19,357,731	86.25%	\$19,411,078	89.16%	\$53,347	0.28%
State Aid	937,640	4.18%	\$922,904	4.24%	(\$14,736)	-1.57%
Local Receipts	1,523,500	6.79%	\$1,181,000	5.42%	(\$342,500)	-22.48%
Savings and Other Funds	388,701	1.73%	\$256,009	1.18%	(\$132,692)	-34.14%
Override					\$0	
Other (CPF)	236,750	1.05%		0.00%	(\$236,750)	-100.00%
<b>Total</b>	<b>\$22,444,322</b>	<b>100.00%</b>	<b>\$21,770,991</b>	<b>100.00%</b>	<b>(\$673,331)</b>	<b>-3.00%</b>

Source: Town Administrator, Budget Report, Annual Town Meeting

## Town Expenditures

Total Stow expenditures decreased 1.8% in FY11. These expenditures can be divided into three large groups: Education, which decreased 1.2%, Municipal Government, which increased 2.8% and other/special items, which decreased 11.4%. Table 2 shows a comparison of total Stow expenditures for FY10 and FY11.

The Municipal Government showed a marginal increase that was largely related to higher benefit costs along with a slight living wage increase (reduced from the prior year’s increase). Debt Service increased slightly in fiscal year 2011, but may almost double by the time the debt associated with the Center School project takes full effect in 2013 and 2014.

Most of the significant decrease in special article expenditures pertains to decreases in the Community Preservation Fund project expenditures. As indicated in the Revenue section above, these expenses are pass-through in nature and do not affect the tax rate directly. They are funded by Community Preservation Fund balances. These fund balances in turn are funded by 3% of the town’s property tax collections and a partial match of state aid. Use of these funds is voted on in special articles at Town Meeting.

<b>Table 2: Town Expenditures</b>						
	<b>FY10 Voted</b>	<b>FY10 % of Total</b>	<b>FY11 Voted</b>	<b>FY11 % of Total</b>	<b>\$ Change FY10-FY11</b>	<b>% Change FY10-FY11</b>
<b>Municipal Govt</b>						
General	\$948,792.00	4.30%	\$966,711.00	4.44%	\$17,919	1.89%
Public Safety	\$1,944,727.00	8.90%	\$1,999,464.00	9.18%	\$54,737	2.81%
Public Works	\$945,632.00	4.30%	\$949,753.00	4.36%	\$4,121	0.44%
Human Services	\$250,483.00	1.10%	\$258,883.00	1.19%	\$8,400	3.35%
Culture/Rec	\$271,254.00	1.20%	\$276,974.00	1.27%	\$5,720	2.11%
Town Wide Expense	\$733,200.00	3.30%	\$783,620.00	3.60%	\$50,420	6.88%
<b>Total Municipal Govt</b>	<b>\$5,094,088.00</b>	<b>23.20%</b>	<b>\$5,235,405.00</b>	<b>24.05%</b>	<b>\$141,317</b>	<b>2.77%</b>
<b>Education</b>						
Nashoba	\$13,043,439.00	59.50%	\$13,014,640.00	59.78%	-\$28,799	-0.22%
Minuteman	\$750,000.00	3.40%	\$609,427.00	2.80%	-\$140,573	-18.74%
<b>Total Education</b>	<b>\$13,793,439.00</b>	<b>62.90%</b>	<b>\$13,624,067.00</b>	<b>62.58%</b>	<b>-\$169,372</b>	<b>-1.23%</b>
<b>Other</b>						
Debt Service	\$1,275,591.00	5.80%	\$1,297,693.00	5.96%	\$22,102	1.73%
Special Articles	\$775,392.00	3.50%	\$380,312.00	1.75%	-\$395,080	-50.95%
Capital Spending	\$446,000.00	2.00%	\$376,000.00	1.73%	-\$70,000	-15.70%
Recap Items	\$789,993.00	3.60%	\$857,514.00	3.94%	\$67,521	8.55%
<b>Total Other</b>	<b>\$3,286,976.00</b>	<b>15.00%</b>	<b>\$2,911,519.00</b>	<b>13.37%</b>	<b>-\$375,457</b>	<b>-11.42%</b>
<b>Grand Total</b>	<b>\$22,174,503.00</b>		<b>\$21,770,991.00</b>		<b>-\$403,512</b>	<b>-1.82%</b>

Source: Town Administrator, Budget Report, Annual Town Meeting  
 --- Departmental operating budgets include wages and expenses.

### **Town Expenditures: Education**

The Nashoba Regional School District (“NRSD”) is Stow’s largest expense. The total NRSD expense can be divided into our assessment, \$13,014,640, and our portion of NRSD related debt \$361,419 for a total of \$13,376,059, or 61% of total town spending in FY11. When compared to FY 2010, NRSD related costs in FY 2011 were relatively flat. Nevertheless, with the cuts in state aid, to achieve a relatively flat assessment, NRSD’s budget included usage of about \$1 million in Excess and Deficiency (E&D) funds, which was a significant increase over the prior years. E&D funds can be considered part of the school’s reserves and are not necessarily a recurring revenue source. Though an increased use of these funds is expected during economically difficult periods, it should be noted that they are finite in nature and in future periods would need to be substituted by either spending cuts or additional revenue (e.g. state aid, property taxes). The \$361,419 in NRSD related debt only includes a small amount of interest on the Center School Project (about \$150,000) and will increase significantly over the next few years.

For Minuteman Career and Technical High School (“Minuteman”), the Town’s assessment for FY11 was \$609,000, a decrease of more than 19% over the prior fiscal year’s actual assessment of \$750,000. This significant decrease is due to both enrollment decreases for the current school year and a significant overall reduction (7%) in costs in the total Minuteman 2011 budget. The Minuteman assessment can vary significantly from year to year, as the enrollment can vary significantly. In fact, due to enrollment increases, we will probably take back most of the 2011 decrease in FY 2012.

The school budgets have a much heavier reliance on state aid than the municipal government budget and Stow’s assessments are net of the state aid provided to the districts. As mentioned above, FY11 saw noteworthy decreases in state aid to the school districts and, in the current economic climate, there remains a significant amount of uncertainty surrounding the amount of state aid going forward. These cuts in state aid to the districts have to be mitigated either through spending cuts, higher assessments to the towns, or some combination of both.

<b>Table 3: Stow’s School Assessment Budgets</b>						
	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>% Change</b>
Nashoba (incl. debt)	\$11,522,329	\$12,097,908	\$12,970,229	\$13,384,438	\$13,376,059	-0.1%
Minuteman	\$971,371	\$954,573	\$963,952	\$750,000	\$609,427	-18.7%
<b>TOTAL</b>	<b>\$12,493,700</b>	<b>\$13,052,481</b>	<b>\$13,934,181</b>	<b>\$14,134,438</b>	<b>\$14,409,067</b>	<b>1.9%</b>

### **Town Savings**

Town savings increased \$186,503 or 15% in FY11 to \$1,365,701, making it just over 6% of the annual budget. Town savings are “rainy day” accounts that are built up during good times and drawn down in bad times. As indicated previously, town savings is a key determinant of the town credit rating and the credit rating will affect the interest rate the town would pay should it decide to borrow money for some future use. There are two major accounts that reflect the town’s savings, or stored assets: Free Cash and Stabilization Fund. Table 4 shows the status of our stored assets.

Free Cash contains unrestricted funds from operations of the previous fiscal year. It is certified by the state before the calendar year end. These funds are a necessity, not a luxury. Although the fund is available for appropriation, its primary purpose is to provide for unforeseen expenditures. Still, at various times in the past four fiscal years, the town has used Free Cash to fund certain capital articles.

The Stabilization Fund is designed to accumulate amounts for capital and other future spending purposes. A two-thirds vote of town meeting is required to appropriate funds to deposit into the stabilization fund. The level of the Stabilization Fund is examined closely by the bond rating agencies when determining the Town’s bond rating. The last Town Meeting voted to increase the Stabilization Fund by \$50,000 by transferring funds from Free Cash.

The Finance Committee would recommend that town savings remain in the range of 5% to 10%. This would require an additional \$1 million in total savings amounts before we hit the top of the range.

<b>Table 4: Town Savings</b>						
	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11*</b>	<b>\$ Change FY10- FY11</b>	<b>% Change FY10- FY11</b>
Free Cash	\$410,218	\$434,769	\$604,198	\$778,703	\$174,505	28.9%
Stabilization Fund	354,047	\$436,124	\$575,000	\$586,998	\$11,998	2.1%
<b>Total</b>	<b>\$764,265</b>	<b>\$870,893</b>	<b>\$1,179,198</b>	<b>\$1,365,701</b>	<b>\$186,503</b>	<b>15.8%</b>
<b>% of Budget</b>	<b>3.7%</b>	<b>4.0%</b>	<b>5.3%</b>	<b>6.3%</b>	<b>0.9%</b>	

\*Balances at start of FY11

### Effect on Property Taxes

The average valuation of a single-family house in Stow is \$428,744. The effect of changes to the budget on your tax bill is shown in Table 5.

<b>Table 5: Effect on Property Taxes</b>						
	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>% Change FY10- FY11</b>
Tax Rate (per \$1,000 of Valuation)	\$13.82	\$14.73	\$15.28	\$16.58	\$17.05	2.8%
Avg Single Family Valuation	\$483,765	\$471,013	\$463,581	\$445,062	\$428,744	-3.7%
Avg Single Family Tax Bill	\$6,686	\$6,938	\$7,084	\$7,379	\$7,310	-0.9%

### Conclusion

It is our opinion that this is a fair and accurate picture of the Town's financial state. Whether you are pleased or displeased, we remind you that Town Meeting directly controls the rate of growth of town expenses. We encourage your participation.

Respectfully submitted,

Gary Bernklow, Chair  
Ann Deluty, Vice Chair  
Christopher Sarno  
Rick Connelly  
Peter McManus

Patricia Heron, Associate  
Rick Rollins, Associate  
Bruce Walbridge, Associate  
Eric Sears, Associate

## CAPITAL PLANNING COMMITTEE

The Capital Planning Committee is charged by the Town Bylaws to annually study capital outlays proposed for the ensuing five fiscal years that involve the acquisition of land and any expenditure of \$10,000 or more having a useful life of at least three years. The Committee and the Town Administrator together consider the relative need, timing, and cost of these outlays and the effect that each will have on the financial position of the Town.

The continuing economic downturn faced by the Town made the 2011 budget year a challenging one, and the Committee worked hard to ensure that each capital outlay request brought before the Town for consideration would be a valuable expenditure.

Prior to Town Meeting in May, the Committee reviewed and recommended that the Town approve the following capital outlays:

- \$65,000 by the Building Department to fund exterior painting of the Town Building and repair of two areas of the building's trim,
- \$10,000 by Randall Library to repair the Library's slate roof, as well as \$25,000 for mold remediation and interior repairs,
- \$33,000 by the Police Department for a new gas-electric hybrid vehicle,
- \$32,500 by the Nashoba Regional School District to convert the existing softball field at Hale School to a baseball field,
- \$20,000 by the Community Preservation Committee to complete repairs to the historic stone wall around Lower Village Cemetery, and \$48,000 to fund restoration of historically-significant headstones in Lower Village and Hillside Cemeteries,
- \$37,500 by the Fire Department to replace its Command Vehicle, and \$39,000 to cover 10% of the cost to upgrade the Department's radios. The Committee thanks Fire Chief McLaughlin for his efforts to minimize the cost of this radio upgrade to the Town by applying for a federal Department of Homeland Security grant to cover the bulk of the cost,
- \$80,000 by the Highway Department: to replace a six-wheel dump truck that had been in service to the Town since 1984, and \$54,000 to replace the thirty-five year old roof of the Highway Barn.

We appreciate the efforts of Superintendent of Streets Clayton and his Department to maximize the life of the Town's equipment and to save the Town money. This year, the cost of replacing the dump truck was halved when they were able to install a new dump body onto the chassis of the Fire Department's former water supply truck.

The voters approved all of the above-listed outlays at the Annual Town Meeting in May.

The Committee also considered and recommended that the Town not approve the following outlays:

- \$25,000 by the Community Preservation Committee for an archeological reconnaissance survey,
- \$75,000 by the Community Preservation Committee for a conservation restriction on the Corzine Property owned by the Stow Conservation Trust

No action was taken on the archeological survey, and the voters approved the conservation restriction on the Corzine property.

Prior to the Special Town Meeting in October, the Committee reviewed and recommended the Town approve the Community Preservation Committee's request to expend \$45,000 to fund engineering design plan development for the Track Road portion of the Assabet River Rail Trail; the voters subsequently approved this request.

Respectfully submitted,

Steve Jelinek, Chair  
Ross Perry, Clerk and Finance's appointee  
Jean Lynch

Dave Arsenault  
Charles Kern, Selectmen's appointee

## **BOARD OF ASSESSORS**

Continued weakness in the residential real estate market is evident in the final valuations for FY 2011, which has an assessment date of January 1, 2010. Sales of real estate occurring before that date were used to determine your assessment for the current fiscal year. During calendar year 2010, residential real estate has continued on a slight decline in Stow. However, any potential value changes experienced in calendar year 2010 will not affect your tax bill until Fiscal 2012. Any weakening of the real estate market during 2010 will not be evident in your current assessment. Even though assessments may decrease, tax bills may not, because as assessments go down, the tax rate normally increases, presuming that the town's overall expenditures either remain the same or increase. For FY 2011, the average tax bill has shown a slight decrease due to judicious budgeting.

FY 2011 was an interim adjustment year, where the Assessors' office adjusts values to reflect the market, as required by the Department of Revenue. For FY 2011, the residential sector as a whole decreased from the previous fiscal year by 2.6%, and excluding new growth, the decline comes to 4.3%. The total assessed value for FY 2011 has decreased again, down to \$1,138,479,670 from \$1,170,108,445 in FY 2010. New Growth has increased slightly from last year, but remains on the low end historically. The commercial/industrial sector has fallen by 5.4%, while personal property showed a slight increase. Land values have also fallen modestly.

Seniors on fixed incomes can be particularly vulnerable in the current economy. A notebook at the Assessors' window contains information on the details of the various exemptions, deferrals,

and other programs designed to help with taxes. The 41C tax exemption of \$1000 is available for those over the age of 65 that qualify with limited income and assets. Other exemptions are also available. In addition, an article was passed at Town Meeting increasing all exemptions by up to 100% in certain circumstances. Lastly, the interest rate on Tax Deferrals is now at 4%. Do not hesitate to check with the Stow Assessors' office to see whether you qualify for any of these programs.

The Community Preservation Act (CPA) surcharge system continues to be administered by the Assessors' office. The total CPA surcharge raised during FY 2010 was \$440,307, with \$176,222 in matching funds received in September. The percentage of matching funds is no longer at 100%, because more towns take advantage of the CPA program, thus decreasing the percentage each town receives. Exemptions from the surcharge are available for certain income brackets. Please check with the Assessors' office for more information.

John Bolton has resigned from the Board of Assessors, having relocated to Colorado. John has been a valuable member of the Board and his contributions will be missed. We wish him all the best in his future endeavors. Dom Pugliese is the new chairman, and offers his extensive appraisal background to the Board. Mike Dugas, recently appointed to the vacant position, has worked as assessment director in two towns. We welcome Mike to the Board. From time to time, you may see the staff or a sub-contractor collecting data on property in Stow. We hope you will allow these representatives of the Assessors' office to do their job. Our property assessments are reliant on accurate data collection.

The Board of Assessors encourages taxpayers to ask any questions or discuss any matter that might help them better understand their assessments. The staff in the Assessors' office is available every day to assist the public.

Respectfully submitted,

Dominick Pugliese, Chairman  
John E. Smith  
Michael Dugas

Dorothy K. Wilbur, Principal Assessor  
Louise A. Nejad, Assistant Assessor  
Tina Salvo, Assessors' Clerk

## FISCAL 2011 TAX RATE RECAPITULATION

### TAX RATE SUMMARY

A.	Total Amount to be Raised	\$22,611,312.82
B.	Total Estimated Receipts & Other Revenue	\$ 3,200,234.44
C.	Tax Levy	\$19,411,078.38
D.	Distribution of Tax Rates & Levies	

CLASS	LEVY PERCENTAGE	LEVY BY CLASS	VALUATION BY CLASS	TAX RATES
Residential	91.3034%	\$17,722,977.14	\$1,039,470,800	\$17.05
Open Space	-0-	-0-	-0-	-0-
Commercial	4.7181%	915,835.64	53,714,700	\$17.05
Industrial	1.9834%	384,995.82	22,580,400	\$17.05
Personal	1.9951%	387,269.78	22,713,770	\$17.05
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TOTAL	100%	\$19,411,078.38	\$1,138,479,670	

## TREASURER'S FINANCIAL REPORT

	FY 2009	FY 2010	% Change
<b>BEGINNING CASH BALANCE:</b>	6,509,207	7,505,625	15.3%
<b><u>RECEIPTS:</u></b>			
Property Tax	18,522,913	19,236,746	3.9%
Community Preservation Surcharge	426,121	437,544	2.7%
Motor Vehicle & Other Taxes	898,792	837,481	-6.8%
Tax Titles & Deferrals	103,672	118,715	14.5%
Department & Misc Revenue	1,408,884	1,071,408	-24.0%
State Aid & Grants	1,249,626	2,174,273	74.0%
Bond/Note Receipts	865,000	3,000,000	246.8%
Interest on Investments	153,138	92,680	-39.5%
Offset Payroll Deductions	1,137,005	1,167,403	2.7%
<b>TOTAL RECEIPTS:</b>	24,765,151	28,136,250	13.6%
<b><u>EXPENDITURES:</u></b>			
Payroll	3,597,135	3,766,466	4.7%
Vendor	5,438,617	7,916,791	45.6%
School District Assessments	13,028,604	13,761,948	5.6%
Retirement Assessment	458,974	499,317	8.8%
Debt Payments	1,245,403	1,242,590	-0.2%
<b>TOTAL EXPENDITURES:</b>	23,768,733	27,187,112	14.4%
<b>ENDING CASH BALANCE:</b>	7,505,625	8,454,763	12.6%

Prepared by Pamela Landry  
Treasurer-Collector

**TAX COLLECTOR'S REPORT FY 2010**

<b>Tax &amp; Levy Year</b>	<b>Tax Outstanding as of 7/1/09</b>	<b>New Commitments</b>	<b>Amount Collected</b>	<b>Exemptions &amp; Abatements</b>	<b>Refunds</b>	<b>Tax Takings &amp; Deferrals</b>	<b>Tax Outstanding as of 6/30/10</b>
<b>2010 Real Estate</b>	\$0.00	\$19,040,289.66	\$18,679,658.46	\$64,752.70	\$35,218.95	\$101,578.08	\$229,519.37
<b>2009 Real Estate</b>	\$124,204.72	\$0.00	\$102,634.55	\$13,446.21	\$13,446.21	\$21,545.73	\$24.44
<b>2008 Real Estate</b>	\$29.23	\$0.00	\$29.23	\$0.00	\$0.00	\$0.00	\$0.00
<b>2010 Supplemental RE Tax</b>	\$0.00	\$159,376.29	\$153,386.21	\$1,052.40	\$15,435.40	\$0.00	\$20,373.08
<b>2009 Supplemental RE Tax</b>	\$13,866.20	\$0.00	\$13,866.20	\$0.00	\$0.00	\$0.00	\$0.00
<b>2010 Comm Pres Act</b>	\$0.00	\$451,832.28	\$439,014.50	\$9,308.13	\$3,614.97	\$2,313.28	\$4,811.34
<b>2009 Comm Pres Act</b>	\$3,054.96	\$0.00	\$2,547.78	\$403.38	\$403.38	\$507.18	\$0.00
<b>2010 Personal Property</b>	\$0.00	\$364,707.82	\$350,832.15	\$316.30	\$1,386.96	\$0.00	\$14,946.33
<b>2009 Personal Property</b>	\$2,864.72	\$0.00	\$1,087.52	\$0.00	\$0.00	\$0.00	\$1,777.20
<b>2008 Personal Property</b>	\$3,404.87	\$0.00	\$738.86	\$0.00	\$0.00	\$0.00	\$2,666.01
<b>2007 Personal Property</b>	\$895.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$895.46
<b>2006 Personal Property</b>	\$1,851.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,851.98
<b>2005 Personal Property</b>	\$671.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$671.92
<b>2004 Personal Property</b>	\$909.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$909.28
<b>2010 Motor Vehicle</b>	\$0.00	\$783,595.11	\$696,602.03	\$36,937.45	\$4,689.61	\$0.00	\$54,745.24
<b>2009 Motor Vehicle</b>	\$51,509.83	\$115,830.30	\$146,359.76	\$17,101.72	\$3,279.20	\$0.00	\$7,157.85
<b>2008 Motor Vehicle</b>	\$6,306.95	\$10.00	\$3,310.68	\$1,542.06	\$1,423.51	\$0.00	\$2,887.72
<b>2007 Motor Vehicle</b>	\$3,474.90	\$0.00	\$719.99	\$976.24	\$1,097.48	\$0.00	\$2,876.15
<b>2006 Motor Vehicle</b>	\$3,387.75	\$0.00	\$340.00	\$123.33	\$123.33	\$0.00	\$3,047.75
<b>2005 Motor Vehicle</b>	\$1,700.42	\$0.00	\$152.50	\$0.00	\$0.00	\$0.00	\$1,547.92
<b>2004 &amp; Prior Motor Vehicle</b>	\$3,712.30	\$572.54	\$608.79	\$1,363.02	\$0.00	\$0.00	\$2,313.03
<b>Totals:</b>	\$221,845.49	\$20,916,214.00	\$20,591,889.21	\$147,322.94	\$80,119.00	\$125,944.27	\$353,022.07
<b>Interest &amp; Fees Collected:</b>			\$59,010.34				
<b>Total Collected:</b>			<b>\$20,650,899.55</b>				

Prepared by: Pamela Landry, Treasurer-Collector

TOWN OF STOW  
 COMBINED BALANCE SHEET (Unaudited)  
 ALL FUND TYPES AND ACCOUNT GROUP  
 June 30, 2010

	<u>Governmental Funds</u>			<u>Fiduciary Funds</u>		General Long-Term Debt Account Group	Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project Funds	Trust And Agency Funds			
<b>Assets</b>							
Cash and Interest Bearing Deposits	\$ 1,960,375	\$ 4,597,708	\$ 1,176,286	\$ 1,306,421	\$ -		\$ 9,040,790
Cash and Investments Held by Trustees				1,021,938			1,021,938
Receivables:							
Real Estate Taxes	229,544						229,544
Personal Property Taxes	23,718						23,718
Less Allowance for Abatements and Exemptions	(289,808)						(289,808)
Motor Vehicle Excise Taxes	74,576						74,576
Tax Liens	277,008	5,940					282,948
Deferred Real Estate Taxes	2,091						2,091
Supplemental Taxes	20,373						20,373
Tax Foreclosures	140,367						140,367
Ambulance	136,687						136,687
CPA Surcharge		4,811					4,811
Due From Other Funds	11,187						11,187
Due From Other Governments		166,730					166,730
Amount to be Provided for Notes and Bonds Payable						7,540,000	7,540,000
<b>Total Assets</b>	<b>\$ 2,586,118</b>	<b>\$ 4,775,189</b>	<b>\$ 1,176,286</b>	<b>\$ 2,328,359</b>	<b>\$ 7,540,000</b>		<b>\$ 18,405,952</b>

TOWN OF STOW  
 COMBINED BALANCE SHEET (Unaudited)  
 ALL FUND TYPES AND ACCOUNT GROUP  
 June 30, 2010

	Governmental Funds			Fiduciary Funds		General Long-Term Debt Account Group	Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project Funds	Trust And Agency Funds			
<b>Liabilities and Fund Equity</b>							
<b>Liabilities</b>							
Warrants Payable	\$ 62,394	\$ 46,116	\$ 405,614	\$ 358	\$ -		\$ 514,482
Accrued Payroll	62,076	4,333		2,034			68,443
Amounts Withheld from Employees and Other Liabilities	43,411			122,482			165,893
Due to Other Funds				11,187			11,187
Deferred Revenue:							
Personal Property and Real Estate Taxes	(36,546)						(36,546)
Motor Vehicle Excise Taxes	74,576						74,576
Tax Liens	277,008	5,940					282,948
Deferred Real Estate Taxes	2,091						2,091
Supplemental Taxes	20,373						20,373
Tax Foreclosures	140,367						140,367
Ambulance	136,687						136,687
CPA Surcharge		4,811					4,811
Other		166,730					166,730
Notes Payable			3,000,000				3,000,000
Bonds Payable						7,540,000	7,540,000
<b>Total Liabilities</b>	<b>782,437</b>	<b>227,930</b>	<b>3,405,614</b>	<b>136,061</b>		<b>7,540,000</b>	<b>12,092,042</b>

**TOWN OF STOW  
 COMBINED BALANCE SHEET (Unaudited)  
 ALL FUND TYPES AND ACCOUNT GROUP  
 June 30, 2010**

	<u>Governmental Funds</u>			<u>Fiduciary Funds</u>	General	Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Project Funds	Trust And Agency Funds	Long-Term Debt Account Group	
<b>Fund Equity</b>						
Retained Earnings (Deficit)			(2,232,614)			(2,232,614)
Reserved for Expenditure	249,500	2,769,455	3,286			3,022,241
Reserved for Encumbrances	15,119					15,119
Reserved for Appropriation	470,211	730,563				1,200,774
Reserved for Endowment				146,045		146,045
Designated for Revolving Funds		82,828				82,828
Undesignated	<b>1,068,851</b>	964,413		2,046,253		4,079,517
<b>Total Fund Equity</b>	<b>1,803,681</b>	<b>4,547,259</b>	<b>(2,229,328)</b>	<b>2,192,298</b>		<b>6,313,910</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 2,586,118</b>	<b>\$ 4,775,189</b>	<b>\$ 1,176,286</b>	<b>\$ 2,328,359</b>	<b>\$ 7,540,000</b>	<b>\$ 18,405,952</b>

Prepared by: Julie Costello  
Town Accountant

TOWN OF STOW  
SCHEDULE OF CHANGES IN FUND EQUITY  
STATE GRANTS & REVOLVING FUNDS  
June 30, 2010

	Beginning Fund Equity	Revenues	Expenditures	Ending Fund Equity
<b>STATE GRANTS:</b>				
Public Safety	\$ (3,088)	\$ 27,095	\$ 58,817	\$ (34,810)
Education Grant	2,469	-	-	2,469
Culture & Recreation	11,323	9,010	5,575	14,758
Council on Aging	-	5,264	5,264	-
Library	8,928	6,127	5,115	9,940
Other Grants	925	49,368	48,898	1,395
<b>TOTAL STATE GRANTS:</b>	<u>\$ 20,557</u>	<u>\$ 96,864</u>	<u>\$ 123,669</u>	<u>\$ (6,248)</u>
<b>REVOLVING FUNDS:</b>				
Recreation	\$ 18,387	\$ 128,744	\$ 125,142	\$ 21,989
Inspectors	26,024	29,827	29,231	26,620
Ambulances Services	-	10,000	10,000	-
<b>TOTAL REVOLVING FUNDS:</b>	<u>\$ 44,411</u>	<u>\$ 168,571</u>	<u>\$ 164,373</u>	<u>\$ 48,609</u>

Prepared by:  
Julie Costello  
Town Accountant

## TRUST FUND FINANCIAL REPORT - FY 2010

The following Town trust funds are managed by Abbey Capital LLC and as of 6/30/10 were invested as follows:  
Government Money Market Fund (8%), Certificates of Deposit (81%), and Equities (11%).

<b>Stabilization Fund</b>	Beginning Balance 7/1/2009	\$500,592.57	
	Disbursements	\$0.00	
	Receipts	\$70,882.03	
	Investment Earnings	\$15,523.41	
	Ending Balance 6/30/2010		<b>\$586,998.01</b>
<b>Affordable Housing Fund</b>	Beginning Balance 7/1/2009	\$243,560.19	
	Disbursements	(\$42,482.50)	
	Receipts	\$0.00	
	Investment Earnings	\$6,690.09	
	Ending Balance 6/30/2010		<b>\$207,767.78</b>
<b>Cemetery Perpetual Care Non-Expendable</b>	Beginning Balance 7/1/2009	\$107,450.00	
	Receipts	\$8,675.00	
	Ending Balance 6/30/2010		<b>\$116,125.00</b>
<b>Expendable</b>	Beginning Balance 7/1/2009	\$43,356.07	
	Disbursements	(\$1,952.49)	
	Investment Earnings	\$4,206.64	
	Ending Balance 6/30/2010		<b>\$45,610.22</b>
<b>Conservation Fund</b>	Beginning Balance 7/1/2009	\$65,168.33	
	Disbursements	(\$6,589.60)	
	Receipts	\$6,645.00	
	Investment Earnings	\$1,925.09	
	Ending Balance 6/30/2010		<b>\$67,148.82</b>

<b>Mabel Hale Fund</b>	Unexpendable Bequest		<b>\$35,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$7,177.92	
	Disbursements	\$0.00	
	Investment Earnings	\$1,159.82	
	Ending Expendable Balance 6/30/2010		<b>\$8,337.74</b>
<b>Mabel Hallock - Brookside Cemetery</b>	Unexpendable Bequest		<b>\$2,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$5,870.94	
	Disbursements	(\$663.12)	
	Investment Earnings	\$216.49	
	Ending Expendable Balance 6/30/2010		<b>\$5,424.31</b>
<b>Mabel Hallock - Common Memorial &amp; Flag</b>	Unexpendable Bequest		<b>\$1,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$548.55	
	Disbursements	(\$186.45)	
	Investment Earnings	\$42.93	
	Ending Expendable Balance 6/30/2010		<b>\$405.03</b>
<b>Otto &amp; Aina Stein Fund</b>	Unexpendable Bequest		<b>\$18,810.00</b>
	Beginning Expendable Balance 7/1/2009	\$19,075.06	
	Disbursements	\$0.00	
	Investment Earnings	\$1,041.79	
	Ending Expendable Balance 6/30/2010		<b>\$20,116.85</b>

<b>Town Farm Fund</b>	Unexpendable Original Deposit		<b>\$8,751.96</b>
	Beginning Expendable Balance 7/1/2009	\$35,991.03	
	Disbursements	\$0.00	
	Investment Earnings	\$1,230.37	
	Ending Expendable Balance 6/30/2010		<b>\$37,221.40</b>
<b>Cyrus H. Whitney Central Common Fund</b>	Unexpendable Bequest		<b>\$1,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$509.75	
	Disbursements	\$0.00	
	Investment Earnings	\$41.51	
	Ending Expendable Balance 6/30/2010		<b>\$551.26</b>
<b>James F. Whitney Central Common Fund</b>	Unexpendable Bequest		<b>\$2,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$1,066.62	
	Disbursements	\$0.00	
	Investment Earnings	\$84.33	
	Ending Expendable Balance 6/30/2010		<b>\$1,150.95</b>
<b>Martha G. Whitney Street Light Fund</b>	Unexpendable Bequest		<b>\$1,000.00</b>
	Beginning Expendable Balance 7/1/2009	\$5,053.13	
	Disbursements	(\$153.44)	
	Investment Earnings	\$165.62	
	Ending Expendable Balance 6/30/2010		<b>\$5,065.31</b>
<b>TOTAL TRUST FUND BALANCE:</b>			<b>\$1,171,484.64</b>

Prepared by: Pamela Landry  
Treasurer-Collector

## **TRUST FUNDS FOR THE BENEFIT OF THE RANDALL LIBRARY**

The policy of the Randall Library Trustees is to spend interest and capital gains in excess of inflation generated by the trust funds for the purchase of library materials, primarily books. Trust funds are combined and are co-managed by the Board of Trustees to target a 60%/40% split between equity and income-based securities, respectively. Highly rated, professionally managed mutual funds are primarily used as investment vehicles.

Based on the Beusch formula method of calculating annual disbursements by the Trustees, a disbursement of \$17,000 was authorized and used for the benefit of Randall Library patrons. The current and past year ending values, cash flow and fund performance for the 2010 Calendar Year are shown in the CY 2010 Report.

Respectfully submitted,

Randall Library Trustees  
Robert A. Aldape (2013), Treasurer  
Harold B. Donahue, Jr. (2012)  
Jane Sproule Epstein (2012)  
Amante Brooks Gaines (2013)  
Carolyn C. Howe (2011)

John J. O'Keefe III (2013)  
Timothy H. Reed (2011), Chair

Susan Wysk, Library Director  
Denise, Children's Librarian

**Statement of Sources & Uses of Funds, CY '10:**

**January 1, 2010 Opening Balance** \$ **493,439.03**

**Sources of Funds:**

Contributions and Donations

Hale High School Fund	\$	10,000.00
Community Chest	\$	1,247.65
Stow Cultural Council	\$	1,000.00
Miscellany	\$	1,880.15

Net Investment Income \$ 7,829.06

Capital Gain \$ 50,728.57

Total \$ 72,685.44

**Uses of Funds:**

Books	\$	(11,392.87)
Periodicals	\$	(2,953.66)
Reference	\$	(6,655.09)
DVD	\$	(2,294.30)

Children's Programming	\$	(2,521.25)
Audio	\$	(2,871.40)
Copier	\$	(1,617.30)
Software	\$	(78.59)
Misc. Supplies	\$	(34.07)
 Total	\$	 (30,418.53)
 <b>December 31, 2010 Ending Balance</b>	\$	 <b>535,705.95</b>

**Randall Library Trust Funds Statement of Assets and Liabilities, CY '10**

<b>Assets</b>		01/01/10 Balance		12/31/10 Balance
Cash and Bank Accounts				
Family Federal Savings i-Checking Account	\$	8,370.39	\$	9,079.70
Total Cash and Bank Accounts	\$	8,370.39	\$	9,079.70
Investment Trusts				
Combined Trust Funds	\$	485,068.64	\$	526,626.25
<b>Total Assets</b>	\$	493,439.03	\$	535,705.95
<b>Liabilities</b>	\$	0.00	\$	0.00
<b>Overall Total</b>	\$	<b>493,439.03</b>	\$	<b>535,705.95</b>

**Randall Library Trust Funds Statement of Investment Income,  
CY'10**

**Investment Income:**

Family Federal i-Checking Interest	\$	0.00
Combined Trust Fund Income	\$	7,829.06
<b>Total Investment Income</b>	<b>\$</b>	<b>7,829.06</b>

Rob Aldape  
Treasurer, Randall Library Trustees

February 22, 2011

### **RANDALL RELIEF FUND**

Balance January 1, 2010	\$ 52,768.22
Interest received	128.66
Contributions received	0
Repayments received	0
Payments	(1,500.00)
	<hr/>
Balance December 31, 2010	\$ 51,396.88
(Citizens Bank Insured Money Market Account)	

### **RANDALL TOWN FUND**

Balance January 1, 2010	\$ 20,000.00
Previous accumulated CD interest earned	369.61
Paid to Town Treasurer	(369.61)
Current interest earned	331.15
Payable to Town Treasurer	(331.15)
	<hr/>
Balance December 31, 2010	\$ 20,000.00
(Citizens Bank 3-year Certificate of Deposit)	

Respectfully submitted,

Louise E. Peacock  
Jeffrey D. Smith  
Dorothy G. Sonnichsen, Treasurer  
Randall Relief and Town Fund Trustees

**HALE HIGH SCHOOL FUND ANNUAL REPORT**  
**INCOME/EXPENSE - 7/1/2009- 6/30/2010**

INCOME

Dividends	\$ 10,675.20
Bond Interest	12,844.86
Mutual Fund Income	670.19
Total Income	\$24,190.25

EXPENSE

Avidia Bank – Management services	\$ 2,467.94
Greenfield Savings Bank- Management Services	\$ 4,205.99
Total Expense	\$6,673.93

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**HALE HIGH SCHOOL FUND PORTFOLIO HOLDINGS**

Assets Held	Value	% of Portfolio
STOCKS		
ADRS	\$ 5,746.95	
Common Stock	155,550.02	
Funds – Domestic	17,478.98	
Funds – International	42,455.53	
Total Stocks	\$221,231.48	47.95%
BONDS		
Agencies	\$ 60,494.20	
Corporate	125,532.80	
Funds/ETFs	19,741.00	
Total Bonds	\$205,768.00	44.60%
MONEY MARKET		
Total Money Market	\$ 34,345.83	7.45%
<b>Total Market Value</b>	<b>\$461,345.31</b>	

Respectfully submitted,

Hale High School Fund Trustees:  
 Robert F. Derby  
 Ray S. Frost

Wayne A. Fletcher  
 Linda E. Hathaway  
 Jeffery D. Smith