TOWN OF SHREWSBURY, MASSACHUSETTS

REPORT ON THE EXAMINATION OF BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2008

TOWN OF SHREWSBURY, MASSACHUSETTS
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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Shrewsbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Shrewsbury, Massachusetts, as of and for the fiscal year ended June 30, 2008 (except for the Shrewsbury Contributory Retirement System, the Shrewsbury Electric and Cable Operations (SELCO) – Electric and the Shrewsbury Electric and Cable Operations (SELCO) – Cable, which are as of and for the year ended December 31, 2007), which collectively comprise the Town of Shrewsbury, Massachusetts's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Shrewsbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Shrewsbury Electric and Cable Operations (SELCO) – Electric, which represents 53% of the assets and 69% of the revenues of the proprietary fund types and the the Shrewsbury Electric and Cable Operations (SELCO) – Cable, which represents 23% of the assets and 26% of the revenues of the proprietary fund types. These financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Shrewsbury Electric and Cable Operations (SELCO) – Electric and the Shrewsbury Electric and Cable Operations (SELCO) – Cable, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Shrewsbury, Massachusetts, as of June 30, 2008, (except for the Shrewsbury Contributory Retirement System, the Shrewsbury Electric and Cable Operations (SELCO) – Electric and the Shrewsbury Electric and Cable Operations (SELCO) – Cable which are as of and for the year ended December 31, 2007),

and the respective changes in financial position and cash flows, where applicable, 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 January 16, 2009, on our consideration of the Town of Shrewsbury, 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 general purpose financial statements of the Town of Shrewsbury, Massachusetts, taken as a whole. 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 general purpose financial statements of the Town of Shrewsbury, Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements taken as a whole.

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

THOMAS J. SCANLON,
Certified Public Accountant

South Deerfield, Massachusetts
January 16, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Shrewsbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2008.

Financial Highlights

- The Town's assets exceeded its liabilities by $181,795,537 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $185,975,953 or a decrease of $4,180,416.

- Total net assets are comprised of the following:
  (1) Capital assets, net of related debt, of $130,387,047 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $17,965,096 are restricted by constraints imposed from outside the Town such as grantors, laws or regulations.
  (3) Unrestricted net assets of $33,443,394 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 $20,903,962 this year. This compares to the prior year ending fund balance of $15,228,289 showing an increase of $5,675,673 during the current year. Unreserved/undesignated fund balance of $5,394,795 for fiscal year 2008 shows a $930,119 increase from the prior year.

- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was $5,394,795, or 5.90% of total General Fund expenditures including transfers and 5.76% of total General Fund revenues including transfers.

- Total liabilities of the Town decreased by $4,842,756 to $96,149,746 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve, as an introduction to the Town of Shrewsbury'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 (including water), education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the sewer, electric light and community cablevision 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 Shrewsbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains the following type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, electric light and community cablevision activities.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Statement of Net Assets Highlights

	Governmental Activities		
	2008	2007	Change
Assets:			
Current assets	$ 36,610,421	$ 41,618,973	$ (5,008,552)
Noncurrent assets (excluding capital assets)	34,156,413	43,564,775	(9,408,362)
Capital assets	124,740,738	121,676,361	3,064,377
Total assets	**195,507,572**	**206,860,109**	**(11,352,537)**
Liabilities:			
Current liabilities (excluding debt)	6,494,107	6,238,712	255,395
Noncurrent liabilities (excluding debt)	859,719	824,497	35,222
Current debt	11,164,128	18,739,232	(7,575,104)
Noncurrent debt	61,796,811	58,810,939	2,985,872
Total liabilities	**80,314,765**	**84,613,380**	**(4,298,615)**
Net Assets:			
Capital assets net of related debt	87,869,225	96,568,996	(8,699,771)
Restricted	11,504,334	11,037,684	466,650
Unrestricted	15,819,248	14,640,049	1,179,199
Total net assets	**115,192,807**	**122,246,729**	**(7,053,922)**

	Business-Type Activities		
	2008	2007	Change
Assets:			
Current assets	$ 33,571,462	$ 33,319,556	$ 251,906
Noncurrent assets (excluding capital assets)	1,160,061	976,353	183,708
Capital assets	47,706,188	45,812,437	1,893,751
Total assets	**82,437,711**	**80,108,346**	**2,329,365**
Liabilities:			
Current liabilities (excluding debt)	3,682,588	3,982,561	(299,973)
Noncurrent liabilities (excluding debt)	6,964,027	6,650,902	313,125
Current debt	1,569,977	1,557,293	12,684
Noncurrent debt	3,618,389	4,188,366	(569,977)
Total liabilities	**15,834,981**	**16,379,122**	**(544,141)**
Net Assets:			
Capital assets net of related debt	42,517,822	40,066,778	2,451,044
Restricted	6,460,762	6,925,722	(464,960)
Unrestricted	17,624,146	16,736,724	887,422
Total net assets	**66,602,730**	**63,729,224**	**2,873,506**

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2008	2007	Change
Program Revenues:			
Charges for services	10,887,504	10,243,055	644,449
Operating grants and contributions	30,713,130	29,959,793	753,337
Capital grants and contributions	1,244,490	2,997,109	(1,752,619)
General Revenues:			
Property taxes	45,782,395	44,415,874	1,366,521
Motor vehicle excise and other taxes	4,932,805	4,470,485	462,320
Hotel room occupancy taxes	61,823	60,720	1,103
Penalties and interest on taxes	207,112	202,231	4,881
Nonrestricted grants	3,769,208	3,647,010	122,198
Unrestricted investment income	2,356,992	1,948,055	408,937
Miscellaneous	9,689	-	9,689
Total revenues	**99,965,148**	**97,944,332**	**2,020,816**
Expenses:			
General government	6,038,121	5,732,951	305,170
Public safety	7,883,437	7,605,023	278,414
Public works (including water)	5,652,960	5,571,341	81,619
Education	54,443,662	49,960,473	4,483,189
Health and human services	2,662,143	2,384,380	277,763
Culture and recreation	2,275,202	2,251,955	23,247
Employee benefits and insurance	16,801,397	14,612,966	2,188,431
State assessments	1,183,974	907,840	276,134
Interest	3,345,328	3,425,168	(79,840)
Total expenses	**100,286,224**	**92,452,097**	**7,834,127**
Special Items - MSBA Grant Reduction	**(7,399,087)**	**-**	**(7,399,087)**
Transfers	**666,241**	**429,195**	**237,046**
Change in net assets	**(7,053,922)**	**5,921,430**	**(12,975,352)**
Net assets - beginning of year	**122,246,729**	**116,325,299**	**5,921,430**
Net assets - end of year	**$ 115,192,807**	**$ 122,246,729**	**$ (7,053,922)**

	Business-Type Activities		
	2008	2007	Change
Program Revenues:			
Charges for services	$ 43,965,967	$ 40,752,007	$ 3,213,960
Operating grants and contributions	610,292	89,211	521,081
Total revenues	**44,576,259**	**40,841,218**	**3,735,041**
Expenses:			
Sewer	2,754,066	2,567,949	186,117
Electric light	28,906,498	26,882,307	2,024,191
Community Cablevision	9,413,748	8,277,559	1,136,189
Total expenses	**41,074,312**	**37,727,815**	**3,346,497**
Transfers	**(628,441)**	**(404,560)**	**(223,881)**
Change in net assets	**2,873,506**	**2,708,843**	**164,663**
Net assets - beginning of year	**63,729,224**	**61,020,381**	**2,708,843**
Net assets - end of year	**$ 66,602,730**	**$ 63,729,224**	**$ 2,873,506**

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 $181,795,537 at the close of FY 2008.

Net assets of $130,387,047 (72%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the net assets $17,965,096 (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* $33,443,394 (18%) 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 and business-type activities.

The governmental activities net assets decreased by $7,053,922 during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenues by $321,076, transfers from the business-type activities of $666,241 and the reduction of the MSBA school construction grant for $7,399,087.

There was an increase of $2,873,506 in net assets reported in connection with the sewer, electric light and community cablevision business-type activities. The sewer department decrease of $373,239 was attributable to operating costs exceeding operating revenues by $391,324, non-operating revenues (expenses) of $2,477 and a net general fund subsidy of $15,608. The electric light department increase at December 31, 2007 of $1,713,971 was attributed to operating revenues exceeding expenditures by $1,410,190, non-operating revenues (expenses) of $493,139 less transfers to the general fund of $189,358. The community cablevision increase at December 31, 2007 of $1,532,774 was attributed to operating revenue exceeding operating expenses of $2,108,195, non-operating revenues (expenses) of ($120,730) less transfers to the general fund of $454,691.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of $20,903,962 an increase of $5,675,673 in comparison with the prior year.

The increase was mainly due to expenditures exceeding revenues by $3,040,568, net transfers from the business-type funds in the amount of $666,241 and proceeds from the issuance of bonds for $8,050,000.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of $20,903,962. Of this year-end total, $5,394,795 is the undesignated general fund balance, indicating availability for continuing Town service requirements. Reserved and designated fund balances include $4,954,218 committed to liquidate encumbrances and carried forward articles remaining from the prior year; $708,222 reserved for payment of debt on the school building projects; $3,977,791 reserved for the 2009 budget; $7,508,105 in special revenue funds; ($3,392,193) in capital projects funds; and $1,753,024 in permanent funds.

The deficit of $(3,392,193) in the capital projects fund includes the Allen Farm property acquisition fund that ended the fiscal year 2008 with a negative fund balance of $6,046,272 due to the fact that interim financing is being accomplished with bond anticipation notes. A total of $6,100,000 in bond anticipation notes were outstanding on this project. Permanent financing will be done once the project nears completion. At that time the deficit will be eliminated.

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 $5,394,795, while total fund balance reached $13,878,661. 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 and transfers. Unreserved/undesignated fund balance represents 5.90% of total general fund expenditures including transfers and total fund balance represents 15.19% of that same amount. Unreserved/undesignated fund balance represents 5.76% of total general fund revenues including transfers and total fund balance represents 14.81% of that same amount.

The fund balance of the general fund increased by $2,348,039. Of this amount $992,743 was attributed to the revenues over expenditures, $666,241 of net transfers from the business-type funds and $689,055 of net transfers from other non-major governmental funds.

The *Stabilization Fund* has accumulated a fund balance of $622,790, or .68% of total general fund expenditures including transfers and .66% of total general fund revenues including transfers. These funds can be used for general or capital purposes upon Town meeting approval.

The fund balance of the stabilization fund increased by $38,598. Of this amount $38,598 was attributed to interest income. Please refer to Note 3G for additional information.

The *New Fire Station Headquarters Construction Fund* has accumulated a fund balance of $468,342, or .51% of total general fund expenditures including transfers and .50% of total general fund revenues including transfers. The fund is used to account for the financial resources to construct a fire station.

The fund balance of the new fire station headquarters construction fund increased by 2,936,244. Of this amount $3,863,756 was attributed to expenditures and $6,800,000 from proceeds from the issuance of bonds,

The Middle School Renovation Fund has accumulated a fund balance of $166,097, or .18% of total general fund expenditures including transfers and .18% of total general fund revenues including transfers. The fund is used to account for the financial resources to renovate the middle school.

The fund balance of the middle school renovation fund increased by $1,416,570. Of this amount $1,658,309 was from the receipt of Massachusetts School Building Authority funds and $241,739 in expenditures.

The *Allen Farm Property Acquisition fund* has a negative fund balance of $6,046,272. The fund is used to account for financial resources to acquire the land and buildings situated in the Town. The fund ended fiscal year 2008 with a negative fund balance due to the fact that interim financing is being accomplished with bond anticipation notes. A total of $6,100,000 in bond anticipation notes were outstanding. Permanent financing will be done once the project nears completion.

The fund balance of the fund decreased by $15,147. Of this amount $15,147 was attributed to expenditures.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The *Sewer Fund* is the financing and operations of the Town's sewer system. The fund shows a decrease of $373,239, attributable to operational costs exceeding revenue by $391,324, intergovernmental revenues (Massachusetts water pollution abatement trust subsidies) of $11,933, interest expense of $9,456 and a net general fund subsidy of $15,608.

The *Electric Light Fund* is used to account for activities of the government's electric distribution operations. The fund at December 31, 2007 shows an increase of $1,713,971, attributed to operating revenues exceeding expenditures by $1,410,190, investment income of $87,134, interest expense of $105,220, other income of $51,513, reliability must run refund of $459,712 and transfers to the general fund of $189,358.

The *Community Cablevision Fund* provides transmission of cable television signals, and the installations necessary for the customers to receive them. The fund at December 31, 2007 shows an increase of $1,532,774, attributed to operating revenue exceeding operating expenses of $2,108,195, interest expense of $120,730 and transfers to the general of $454,691.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2008 was $91,002,602. This was an increase of $5,991,384 over the previous year's budget.

There was an increase of $191,003 between the original budget and the final amended budget. The increase is attributed from the Town amending specific expenditure line items of the final budget, primarily veterans benefits for $25,000; interest on bond anticipation notes for $107,003; a prior year's bill for $3,570; fire department over time for $60,000; building inspection expenses for $10,000; highway snow and ice expenditures for $263,000; health insurance for $150,000 and oil and fuel expenses for $60,000. The Town also transferred various water projects back to the water systems improvement account for $486,333 and also had a salary reserve fund transfer to the sewer fund for $1,237. Of the $6,432,751 in under budget expenditures $4,954,218 has been carried over to fiscal year 2009.

There was a negative variance in property taxes of $146,854 attributed to collections being down for property taxes.

A negative variance of $33,115 exists in state assessments. This was attributed to the expenditures exceeding the budgeted assessments in the charter school assessment for $8,594, in the RMV non-renewal surcharge assessment for $2,400, in the special education assessment for $12,003, in the school choice sending tuition assessment of $16,533 and over assessments in the mosquito control project assessment for $49 and in the regional transit authority assessment for $6,366.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2008, (December 31, 2007 for the electric light fund and the community cablevision fund) amounts to $124,740,738 and $47,706,188, respectively.

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

Major capital acquisitions during the current fiscal year in the governmental type funds included the following:

- Mower for $16,385.
- Six police vehicles for $156,310.
- Police/fire radio tower for $35,400.
- Fire vehicle for $32,305.
- Highway building masonry repairs for $37,500.
- GIS system for $44,285.
- Department of public works and water vehicles for $37,458.
- Water meters for $115,700.
- Road and street paving and reclamations for $534,000.
- Various water projects for $19,805.
- High school serving bars for $23,140.
- Cemetery tractor for $9,400.
- Dean Softball park lights for $93,250.
- Dean Park parking lot paving for $93,150.

Construction in progress projects started during the year consist of the following:

- Fire station for $3,863,755.
- Water mains for $570,350.
- Water system improvements and projects for $637,385.
- Water tanks for $1,274,300.
- Middle school renovations for $241,740.
- Jordan Pond improvements for $66,654.
- Lake Street recreation area for $185,860.

Major capital acquisitions during the current fiscal year in the business-type funds included the following:

In the sewer fund:

- A sewer truck for $31,918.
- Construction in progress of $1,029,585 for a pumping station, lift and sewer mains.

In the electric light and cablevision funds capital acquisitions were $1,557,595 and $2,653,588, respectively.

Debt Administration. The Town's outstanding governmental debt, as of June 30, 2008, totaled $66,860,939. The primary debt is education debt of $55,564,350, senior center building debt of $100,000, conservation land acquisition debt of $2,925,000, fire facility renovations of $6,800,000, a water tank for $1,250,000 and septic Title V debt of $221,589. Debt also includes bond anticipation notes of $6,100,000 for land acquisition.

The business-type funds have $4,188,366 consisting of sewer activity debt of $400,216, electric light activity debt of $1,328,150 (at December 31, 2007) and cablevision activity debt of $2,460,000 (at December 31, 2007). Debt also includes bond anticipation notes of $1,000,000 for the electric light.

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Shrewsbury'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, 100 Maple Avenue, Shrewsbury, Massachusetts.

BASIC FINANCIAL STATEMENTS

TOWN OF SHREWSBURY, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	$ 1,485,153	$ 5,433,944	$ 6,919,097
Investments	29,706,690	10,301,381	40,008,071
Receivables, net of allowance for uncollectibles:			
Property Taxes	708,456	-	708,456
Deferred Property Taxes	23,868	-	23,868
Taxes in Litigation	28,155	-	28,155
Tax Liens	287,573	-	287,573
Excise Taxes	328,935	-	328,935
User Charges	297,956	3,605,764	3,903,720
Other	-	523,867	523,867
Special Assessments	24,084	88,702	112,786
Due from Other Governments	3,719,551	30,437	3,749,988
Loan Receivable	-	11,796	11,796
Materials and Supplies	-	671,077	671,077
Prepaid Expenses	-	2,834,314	2,834,314
Restricted Cash and Investments:			
Depreciation Fund	-	3,067,000	3,067,000
Rate Stabilization Reserve Fund	-	6,956,997	6,956,997
Investment in Other Companies	-	46,183	46,183
Total current assets	36,610,421	33,571,462	70,181,883
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	360,981	925,167	1,286,148
Due from Other Governments	33,795,432	-	33,795,432
Loan Receivable	-	38,964	38,964
Other	-	195,930	195,930
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	23,767,280	1,022,392	24,789,672
Depreciable	100,973,458	46,683,796	147,657,254
Total noncurrent assets	158,897,151	48,866,249	207,763,400
Total Assets	195,507,572	82,437,711	277,945,283
LIABILITIES			
CURRENT:			
Warrants Payable	703,745	3,583,823	4,287,568
Accrued Payroll	2,985,438	5,961	2,991,399
Employee Withholdings	798,187	-	798,187
Tax Refund Payable	53,000	-	53,000
Taxes Collected in Advance	60,892	-	60,892
Accrued Interest	1,178,469	87,342	1,265,811
Other	281,307	3,117	284,424
Compensated Absences	433,069	2,345	435,414
Bond Anticipation Notes	6,100,000	1,000,000	7,100,000
Bonds Payable	5,064,128	569,977	5,634,105
Total current liabilities	17,658,235	5,252,565	22,910,800
NONCURRENT:			
Accumulated Provision for Rate Refund	-	6,956,997	6,956,997
Compensated Absences	859,719	7,030	866,749
Bonds Payable	61,796,811	3,618,389	65,415,200
Total noncurrent liabilities	62,656,530	10,582,416	73,238,946
Total Liabilities	80,314,765	15,834,981	96,149,746
NET ASSETS:			
Invested in Capital Assets, net of related debt	87,869,225	42,517,822	130,387,047
Restricted for:			
Capital Projects	2,707,807	3,393,762	6,101,569
Federal & State Grants	1,707,022	-	1,707,022
Permanent Funds	1,783,024	-	1,783,024
Other Purposes	5,306,481	-	5,306,481
Depreciation	-	3,067,000	3,067,000
Unrestricted	15,819,248	17,624,146	33,443,394
Total Net Assets	$ 115,192,807	$ 66,602,730	$ 181,795,537

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

TOWN OF SHREWSBURY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	$ 6,038,121	$ 336,350	$ 255,114	$ -	$ (5,446,657)	$ -	$ (5,446,657)
Public Safety	7,883,437	1,041,682	274,253	-	(6,567,502)	-	(6,567,502)
Public Works (including Water)	5,652,960	3,610,918	17,330	1,244,490	(780,222)	-	(780,222)
Education	54,443,662	4,348,617	21,818,688	-	(28,276,357)	-	(28,276,357)
Health and Human Services	2,662,143	1,075,379	224,383	-	(1,362,381)	-	(1,362,381)
Culture and Recreation	2,275,202	474,558	260,553	-	(1,540,091)	-	(1,540,091)
Employee Benefits and Insurance	16,801,397	-	6,317,635	-	(10,483,762)	-	(10,483,762)
State Assessments	1,183,974	-	-	-	(1,183,974)	-	(1,183,974)
Interest	3,345,328	-	1,545,174	-	(1,800,154)	-	(1,800,154)
Total Governmental Activities	100,286,224	10,887,504	30,713,130	1,244,490	(57,441,100)	-	(57,441,100)
Business-Type Activities:							
Sewer	2,754,066	2,353,286	11,933	-	-	(388,847)	(388,847)
Electric Light	28,906,498	30,211,468	598,359	-	-	1,903,329	1,903,329
Community Cablevision	9,413,748	11,401,213	-	-	-	1,987,465	1,987,465
Total Primary Government	$ 141,360,536	$ 54,853,471	$ 31,323,422	$ 1,244,490	(57,441,100)	3,501,947	(53,939,153)
General Revenues:							
Property Taxes					45,782,395	-	45,782,395
Motor vehicle and other excise taxes					4,932,805	-	4,932,805
Hotel Room Occupancy Taxes					61,823	-	61,823
Penalties & Interest on Taxes					207,112	-	207,112
Grants & Contributions not restricted to specific programs					3,769,208	-	3,769,208
Unrestricted Investment Income					2,356,992	-	2,356,992
Miscellaneous					9,689	-	9,689
Special Items:							
MSBA Grant Reduction					(7,399,087)	-	(7,399,087)
Transfers, net					666,241	(628,441)	37,800
Total General Revenues, Special Items and Transfers					50,387,178	(628,441)	49,758,737
Change in Net Assets					(7,053,922)	2,873,506	(4,180,416)
Net Assets:							
Beginning of year					122,246,729	63,729,224	185,975,953
End of year					$ 115,192,807	$ 66,602,730	$ 181,795,537

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

TOWN OF SHREWSBURY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Stabilization Fund	New Fire Headquaters Construction Fund	Middle School Renovation Fund	Allen Farm Property Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	$ 63,566	$ -	$ -	$ -	$ 53,728	$ 1,367,859	$ 1,485,153
Investments	18,341,388	622,790	468,342	166,097	-	10,108,073	29,706,690
Receivables, net of allowance for uncollectibles:							
Property Taxes	708,456	-	-	-	-	-	708,456
Deferred Property Taxes	23,868	-	-	-	-	-	23,868
Taxes in Litigation	28,155	-	-	-	-	-	28,155
Tax Liens	287,573	-	-	-	-	-	287,573
Excise Taxes	328,935	-	-	-	-	-	328,935
User Charges	297,956	-	-	-	-	-	297,956
Special Assessments	229,716	-	-	-	-	155,349	385,065
Due from Other Governments	35,879,826	-	-	-	-	1,635,157	37,514,983
Total Assets	$ 56,189,439	$ 622,790	$ 468,342	$ 166,097	$ 53,728	$ 13,266,438	$ 70,766,834
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Warrants Payable	$ 663,557	$ -	$ -	$ -	$ -	$ 40,188	$ 703,745
Accrued Payroll	2,836,209	-	-	-	-	149,229	2,985,438
Employee Withholdings	798,187	-	-	-	-	-	798,187
Tax Refund Payable	53,000	-	-	-	-	-	53,000
Taxes Collected in Advance	60,892	-	-	-	-	-	60,892
Accrued Interest on Short-Term Debt	139,130	-	-	-	-	-	139,130
Deferred Revenue:							
Property Taxes	414,456	-	-	-	-	-	414,456
Other	37,064,040	-	-		-	1,262,677	38,326,717
Other	281,307	-	-	-	-	-	281,307
Bond Anticipation Notes Payable	-	-	-	-	6,100,000	-	6,100,000
Total Liabilities	42,310,778	-	-	-	6,100,000	1,452,094	49,862,872
Fund Balance:							
Reserved For:							
Encumbrances and continuing appropriations	4,954,218	-	-	-	-	-	4,954,218
Payment of Debt	708,222	-	-	-	-	-	708,222
Unreserved:							
Designated for subsequent year's expenditures	2,821,426	-	-	-	-	1,156,365	3,977,791
Undesignated, reported in:							
General Fund	5,394,795	-	-	-	-	-	5,394,795
Special Revenue	-	622,790	-	-	-	6,885,315	7,508,105
Capital Projects	-	-	468,342	166,097	(6,046,272)	2,019,640	(3,392,193)
Permanent Funds	-	-	-	-	-	1,753,024	1,753,024
Total Fund Balance	13,878,661	622,790	468,342	166,097	(6,046,272)	11,814,344	20,903,962
Total Liabilities and Fund Balance	$ 56,189,439	$ 622,790	$ 468,342	$ 166,097	$ 53,728	$ 13,266,438	$ 70,766,834

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

TOWN OF SHREWSBURY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Stabilization Fund	New Fire Headquaters Construction Fund	Middle School Renovation Fund	Allen Farm Property Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property Taxes	$ 45,558,173	$ -	$ -	$ -	$ -	$ -	$ 45,558,173
State Receipts	26,193,681	-	-	-	-	-	26,193,681
Excise and Other Taxes	4,965,665	-	-	-	-	-	4,965,665
Licenses, Permits, Fees	6,192,617	-	-	-	-	-	6,192,617
Interest on Taxes	207,112	-	-	-	-	-	207,112
Investment Income	2,318,394	38,598	-	-	-	241,708	2,598,700
Intergovernmental	6,305,652	-	-	-	-	-	6,305,652
Grants and Fees	-	-	-	1,658,309	-	11,102,349	12,760,658
Total Revenues	91,741,294	38,598	-	1,658,309	-	11,344,057	104,782,258
Expenditures:							
Current:							
General Government	5,862,597	-	-	-	15,147	145,473	6,023,217
Public Safety	7,272,543	-	3,863,756	-	-	464,293	11,600,592
Public Works (including Water)	4,861,217	-	-	-	-	3,205,500	8,066,717
Education	42,697,724	-	-	241,739	-	8,219,800	51,159,263
Health and Human Services	2,361,842	-	-	-	-	226,294	2,588,136
Culture and Recreation	1,836,713	-	-	-	-	692,273	2,528,986
Employee Benefits and Insurance	16,801,397	-	-	-	-	-	16,801,397
State Assessments	1,183,974	-	-	-	-	-	1,183,974
Debt Service:							
Principal	4,567,628	-	-	-	-	-	4,567,628
Interest	3,302,916	-	-	-	-	-	3,302,916
Total Expenditures	90,748,551	-	3,863,756	241,739	15,147	12,953,633	107,822,826
Excess of Revenues Over (Under) Expenditures	992,743	38,598	(3,863,756)	1,416,570	(15,147)	(1,609,576)	(3,040,568)
Other Financing Sources (Uses):							
Operating Transfers In	1,967,042		-	-	-	633,938	2,600,980
Operating Transfers Out	(611,746)	-	-	-	-	(1,322,993)	(1,934,739)
Proceeds from Issuance of Bonds	-	-	6,800,000	-	-	1,250,000	8,050,000
Total Other Financing Sources (Uses)	1,355,296	-	6,800,000	-	-	560,945	8,716,241
Net Change in Fund Balances	2,348,039	38,598	2,936,244	1,416,570	(15,147)	(1,048,631)	5,675,673
Fund Balances, Beginning of Year	11,530,622	584,192	(2,467,902)	(1,250,473)	(6,031,125)	12,862,975	15,228,289
Fund Balances, End of Year	$ 13,878,661	$ 622,790	$ 468,342	$ 166,097	$ (6,046,272)	$ 11,814,344	$ 20,903,962

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

TOWN OF SHREWSBURY, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets
For the Year Ended June 30, 2008

Total Governmental Fund Balances		$ 20,903,962
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		124,740,738
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis		38,741,173
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds Payable	$ (66,860,939)	
Compensated Absences	(1,292,788)	(68,153,727)
In statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due		(1,039,339)
Net Assets of Governmental Activities		$ 115,192,807

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

TOWN OF SHREWSBURY, 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, 2008

Net Change in Fund Balances - Total Governmental Funds		$ 5,675,673
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlay Purchases	$ 8,068,327	
Depreciation	(5,003,950)	3,064,377
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		(12,216,197)
The Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:		
Repayment of Debt Principal	4,567,628	
Proceeds from Bonds	(8,050,000)	(3,482,372)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Net Change in Compensated Absences	(52,991)	
Net Change in Accrued Interest on Long-Term Debt	(42,412)	(95,403)
Change in Net Assets of Governmental Activities		$ (7,053,922)

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

TOWN OF SHREWSBURY, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis		
Revenues:					
Property Taxes	$ 45,444,307	$ 45,444,307	$ 45,297,453	$ -	$ (146,854)
State Receipts	25,404,936	25,404,936	26,193,681	-	788,745
Excise and Other Taxes	4,283,400	4,283,400	4,965,665	-	682,265
Licenses, Permits, Fees	5,182,400	5,182,400	6,192,617	-	1,010,217
Interest on Taxes	170,000	170,000	207,112	-	37,112
Interest on Investments	1,500,000	1,500,000	1,787,590	-	287,590
Total Revenues	81,985,043	81,985,043	84,644,118	-	2,659,075
Expenditures:					
Current:					
General Government	7,572,489	7,491,647	5,862,597	1,220,427	408,623
Public Safety	7,319,316	7,436,457	7,272,543	117,940	45,974
Public Works (including Water)	8,575,389	8,398,472	4,861,217	3,289,035	248,220
Education	42,874,352	42,874,352	42,697,724	175,755	873
Health and Human Services	2,542,510	2,577,973	2,361,842	71,173	144,958
Culture and Recreation	1,994,722	2,019,877	1,836,713	79,888	103,276
Employee Benefits and Insurance	10,879,521	11,043,521	10,495,745	-	547,776
State Assessments	1,150,859	1,150,859	1,183,974	-	(33,115)
Debt Service:					
Principal	4,567,628	4,567,628	4,567,628	-	-
Interest	3,334,813	3,441,816	3,429,868	-	11,948
Total Expenditures	90,811,599	91,002,602	84,569,851	4,954,218	1,478,533
Excess of Revenues Over (Under) Expenditures	(8,826,556)	(9,017,559)	74,267	(4,954,218)	4,137,608
Other Financing Sources (Uses):					
Operating Transfers In (Out)	1,776,379	1,288,807	1,355,296	-	66,489
Total Other Financing Sources (Uses)	1,776,379	1,288,807	1,355,296	-	66,489
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(7,050,177)	(7,728,752)	1,429,563	(4,954,218)	4,204,097
Budgetary Fund Balance - Beginning of Year	12,073,207	12,073,207	12,073,207	-	-
Budgetary Fund Balance - End of Year	$ 5,023,030	$ 4,344,455	$ 13,502,770	$ (4,954,218)	$ 4,204,097

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

TOWN OF SHREWSBURY, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2008

	Revenues	Expenditures
Reported on a Budgetary Basis	$ 84,644,118	$ 84,569,851
Net Increase in Revenue from recording Refund Taxes Payable	199,850	
Recognition of intergovernmental Revenue - "on behalf payments"	6,305,652	
Recognition of Expenditures - "on behalf payments"		6,305,652
Net Decrease in Expenditures - Accrued Expenses		(126,952)
Net Increase in Fair Value of Investments	530,804	
Net Increase in Revenue from Recording 60-Day Receipts	60,870	
Reported on a GAAP Basis	$ 91,741,294	$ 90,748,551

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

TOWN OF SHREWSBURY, MASSACHUSETTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Electric Light Fund (as of December 31, 2007)	Community Cablevision Fund (as of December 31, 2007)	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	$ 3,088,264	$ 1,457,862	$ 887,818	$ 5,433,944
Investments	5,854,567	2,763,737	1,683,077	10,301,381
User Charges, net of allowance for uncollectibles	184,940	2,428,246	992,578	3,605,764
Other Receivables	-	523,867	-	523,867
Special Assessments	88,702	-	-	88,702
Due From Other Governments	30,437	-	-	30,437
Materials and Supplies	-	271,551	399,526	671,077
Loan Receivable	-	11,796	-	11,796
Prepaid Expenses	-	2,734,314	100,000	2,834,314
Restricted Cash and Investments:				
Depreciation Fund	-	3,067,000	-	3,067,000
Rate Stabilization Reserve Fund	-	6,956,997	-	6,956,997
Investment in Other Companies	-	46,183	-	46,183
Total current assets	9,246,910	20,261,553	4,062,999	33,571,462
NONCURRENT:				
Special Assessments	925,167	-	-	925,167
Loan Receivable		38,964	-	38,964
Other		195,930	-	195,930
Capital Assets, net of accumulated depreciation:				
Nondepreciable	810,930	208,422	3,040	1,022,392
Depreciable	8,776,706	23,323,666	14,583,424	46,683,796
Total noncurrent assets	10,512,803	23,766,982	14,586,464	48,866,249
Total Assets	19,759,713	44,028,535	18,649,463	82,437,711
LIABILITIES				
CURRENT:				
Accounts Payable	55,232	2,722,132	806,459	3,583,823
Accrued Payroll	5,961	-	-	5,961
Accrued Interest	2,500	75,311	9,531	87,342
Other	-	3,117	-	3,117
Compensated Absences	2,345			2,345
Bond Anticipation Notes	-	1,000,000	-	1,000,000
Bonds Payable	27,477	187,500	355,000	569,977
Total current liabilities	93,515	3,988,060	1,170,990	5,252,565
NONCURRENT:				
Accumulated Provision for Rate Refund	-	6,956,997	-	6,956,997
Compensated Absences	7,030	-	-	7,030
Bonds Payable	372,739	1,140,650	2,105,000	3,618,389
Total noncurrent liabilities	379,769	8,097,647	2,105,000	10,582,416
Total Liabilities	473,284	12,085,707	3,275,990	15,834,981
NET ASSETS:				
Invested in Capital Assets, net of related debt	9,187,420	21,203,938	12,126,464	42,517,822
Restricted for Depreciation	-	3,067,000	-	3,067,000
Restricted for Capital	3,393,762	-	-	3,393,762
Unrestricted	6,705,247	7,671,890	3,247,009	17,624,146
Total Net Assets	$ 19,286,429	$ 31,942,828	$ 15,373,473	$ 66,602,730

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

TOWN OF SHREWSBURY, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Electric Light Fund (as of December 31, 2007)	Community Cablevision Fund (as of December 31, 2007)	Total
Operating Revenues:				
Charges for Services	$ 2,324,456	$ 30,041,472	$ 11,105,371	$ 43,471,299
Other	28,830	169,996	295,842	494,668
Total Operating Revenues	2,353,286	30,211,468	11,401,213	43,965,967
Operating Expenses:				
Salaries & Wages	251,274	-	-	251,274
Operating Expenses	2,147,328	26,169,216	7,099,849	35,416,393
Maintenance Expenses	-	1,284,808	507,496	1,792,304
Depreciation	346,008	1,347,254	1,685,673	3,378,935
Total Operating Expenses	2,744,610	28,801,278	9,293,018	40,838,906
Operating Income (Loss)	(391,324)	1,410,190	2,108,195	3,127,061
Non-Operating Revenues (Expenses):				
Investment Income	-	87,134	-	87,134
Intergovernmental	11,933	-	-	11,933
Reliability Must Run Refund	-	459,712	-	459,712
Other	-	51,513	-	51,513
Interest Expense	(9,456)	(105,220)	(120,730)	(235,406)
Total Non-Operating Revenues (Expenses)	2,477	493,139	(120,730)	374,886
Income (Loss) Before Operating Transfers	(388,847)	1,903,329	1,987,465	3,501,947
Operating Transfers:				
Transfer In	15,608	-	-	15,608
Transfers (Out)	-	(189,358)	(454,691)	(644,049)
Total Operating Transfers	15,608	(189,358)	(454,691)	(628,441)
Change in Net Assets	(373,239)	1,713,971	1,532,774	2,873,506
Net Assets at Beginning of Year	19,659,668	30,228,857	13,840,699	63,729,224
Net Assets at End of Year	$ 19,286,429	$ 31,942,828	$ 15,373,473	$ 66,602,730

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

TOWN OF SHREWSBURY, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Electric Light Fund (as of December 31, 2007)	Community Cablevision Fund (as of December 31, 2007)	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	$ 2,470,070	$ 30,098,782	$ 11,327,837	$ 43,896,689
Receipts from Other Revenues	28,830	459,712	-	488,542
Payments to Vendors and Employees	(2,344,622)	(27,837,935)	(7,429,697)	(37,612,254)
Net Cash Provided by (Used for) Operating Activities	154,278	2,720,559	3,898,140	6,772,977
Cash Flows from Noncapital Financing Activities:				
Transfers from (to) Other Funds	15,608	(189,358)	(454,691)	(628,441)
Net Cash Provided by (Used for) Noncapital Financing Activities	15,608	(189,358)	(454,691)	(628,441)
Cash Flows from Capital and Related Financing Activities:				
Intergovernmental Revenues	52,654	-	-	52,654
Proceeds from Bonds and Notes	-	2,000,000	-	2,000,000
Transfers From Depreciation Fund	-	(139,076)	-	(139,076)
Other	-	(140,322)	-	(140,322)
Acquisition and Construction of Capital Assets	(1,061,503)	(1,557,595)	(2,653,588)	(5,272,686)
Principal Payments on Bonds and Notes	(14,143)	(2,188,150)	(355,000)	(2,557,293)
Interest Expense	(12,160)	(67,739)	(122,002)	(201,901)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,035,152)	(2,092,882)	(3,130,590)	(6,258,624)
Cash Flows from Investing Activities:				
Investment Income	-	87,134	-	87,134
Payments from (to) Customers for Energy Conservation Loans	-	(50,760)	-	(50,760)
Proceeds/(Purchase) of Investments	1,014,977	(2,758,421)	(1,683,077)	(3,426,521)
Net Cash Provided by (Used for) Investing Activities	1,014,977	(2,722,047)	(1,683,077)	(3,390,147)
Net Increase (Decrease) in Cash and Cash Equivalents	149,711	(2,283,728)	(1,370,218)	(3,504,235)
Cash and Cash Equivalents at Beginning of Year	2,938,553	3,741,590	2,258,036	8,938,179
Cash and Cash Equivalents at End of Year	$ 3,088,264	$ 1,457,862	$ 887,818	$ 5,433,944

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

TOWN OF SHREWSBURY, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Electric Light Fund (as of December 31, 2007)	Community Cablevision Fund (as of December 31, 2007)	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating Income (Loss)	$ (391,324)	$ 1,410,190	$ 2,108,195	3,127,061
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	346,008	1,347,254	1,685,673	3,378,935
Reliability Must run Refund		459,712		459,712
Change in Assets and Liabilities:				
Increase (Decrease) in Accounts Payable	55,096	(548,748)	165,002	(328,650)
Increase (Decrease) in Accrued Payroll	(1,054)	-	-	(1,054)
Increase (Decrease) in Compensated Absences	(62)	-	-	(62)
Decrease (Increase) in Materials and Supplies	-	(5,505)	26,291	20,786
Decrease (Increase) in Prepaid Expenses	-	170,342	(13,645)	156,697
Decrease (Increase) in Other Accounts Receivable	-	266,764	-	266,764
Decrease (Increase) in Customer Accounts Receivable	145,614	(379,450)	(73,376)	(307,212)
Total Adjustments	545,602	1,310,369	1,789,945	3,645,916
Net Cash Provided by (Used for) Operating Activities	$ 154,278	$ 2,720,559	$ 3,898,140	$ 6,772,977

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

TOWN OF SHREWSBURY, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	SHREWSBURY Employees Retirement System Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 382,030	$ -	$ 1,022,784
Investments	66,912,953	352,000	31,091
Accrued Interest and Dividends	8,977	-	-
Accounts Receivable	20,365	-	-
Total Assets	67,324,325	352,000	1,053,875
LIABILITIES			
Warrants Payable	67,105	-	-
Due to Others	-	-	137,758
Due to Student Groups	-	-	268,617
Escrows and Deposits	-	-	647,500
Total Liabilities	67,105	-	1,053,875
NET ASSETS:			
Held in Trust for Pension Benefits and Other Purposes	$ 67,257,220	$ 352,000	$ -

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

TOWN OF SHREWSBURY, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	SHREWSBURY Employees Retirement System Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	$ 2,957,059	$ -
Plan Members	1,930,199	-
Transfers/Reimbursements from Other Systems	210,834	-
Federal Grant Reimbursements	89,204	-
Commonwealth of Massachusetts - COLA	177,182	-
Private Donations	-	22,380
Total Contributions	5,364,478	22,380
Investment Income:		
Interest & Dividends	704,199	17,343
Net Change in Fair Value of Investments	5,357,206	4,796
Total Investment Earnings	6,061,405	22,139
Less Investment Expense	(415,593)	-
Net Investment Earnings	5,645,812	22,139
Total Additions	11,010,290	44,519
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	4,195,063	-
Refunds to Members	312,345	-
Transfers to Other Systems	313,785	-
Educational Scholarships	-	28,187
Charitable Expenses	-	45
General Expenses	74,618	-
Total Deductions	4,895,811	28,232
Change in Net Assets	6,114,479	16,287
Net Assets at Beginning of Year	61,142,741	335,713
Net Assets at End of Year	$ 67,257,220	$ 352,000

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Shrewsbury, Massachusetts (the Town) was incorporated in 1727 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete.

Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, part of the Town's operations and so data from these units are combined with data of the primary government. The following component unit is blended within the primary government in the fiduciary funds:

> The Shrewsbury Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen, and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The system did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 100 Maple Avenue, Shrewsbury, Massachusetts.

The Shrewsbury Electric and Cable Operations (SELCO) - The condensed financial statements of the Shrewsbury Electric and Cable Operations (SELCO) (the Department) are included in the Proprietary Fund Types column and Business-Type Activity column of the basic financial statements. The complete financial statements can be obtained from their respective administration offices at 100 Maple Street, Shrewsbury, Massachusetts.

The Town is responsible for electing the governing board of the Shrewsbury Housing Authority. This related organization is excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

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

The accompanying basic financial statements of the Town of Shrewsbury, 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 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.

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.

The *new fire station headquarters construction fund* is used to account for financial resources to construct a fire station headquarters.

The *middle school renovation fund* is used to account for financial resources to remodel, reconstruct and make repairs to the old high school for use as a middle school.

The *Allen farm property acquisition fund* is used to account for financial resources to acquire the land and buildings situated in the Town.

The government reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *electric light fund* is used to account for activities of the government's electric distribution operations.

The *community cablevision fund* provides transmission of cable television signals, and the installations necessary for the customers to receive them.

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 *Shrewsbury Employees Retirement System Pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial custody.

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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

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

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

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments 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.

Investments in the Contributory Retirement System consist of marketable securities, bonds and short-term money market investments.

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, Deferred Property Taxes, Taxes in Litigation, and Tax Liens

Property taxes are based on assessments as of January 1, 2007 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2008 on June 26, 2007, that were due on August 1, 2007 and November 1, 2007 and actual bills on December 26, 2007 that were due on February 1, 2008 and May 1, 2008.

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 2008 is $45,896,770 consisting of a base of $42,708,480 and a debt exclusion of $3,188,290. The total amount raised by taxation was $45,864,506.

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

Excise Taxes

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle 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 tax calculation is the fair market value of the vehicle multiplied by the $25 per $1,000 of value.

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

User Charges

User charges in the governmental funds consist of water that is levied monthly based on individual meter readings and usage and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed each year and included as a lien on the property owner's tax bill.

User charges in the business-type funds consist of sewer, electric light and community cablevision that is levied monthly based on individual meter readings and usage and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed each year and included as a lien on the property owner's tax bill. Sewer liens are recorded as receivables in the fiscal year of the levy.

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

Special Assessments

Special assessments consist of the water and street betterments in the general fund and Title V septic loan repayments in the nonmajor funds and sewer in the business-type funds.

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

Due from Other Governments

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

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

G. Materials and Supplies

Material and supplies in the business-type activities consists of parts and accessories purchased for use in the utility business for construction, operation, maintenance and installation purposes and are stated at cost.

H. Prepaid Expenses

Prepaid expenses in the electric light fund consists predominately of prepayments on purchased power. Prepaid expenses in the community cablevision fund are attributable to insurance, maintenance contracts, signal purchases and retirement payments.

I. 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 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 $10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) for the governmental activities are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

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

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

Capital assets of the sewer enterprise fund include construction in progress, machinery, equipment and other, and infrastructure assets (e.g. sewer mains), and are reported in the applicable business type 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.

All purchase and construction costs in excess of $10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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.

The statutory provision for depreciation of the utility plant in the electric light enterprise fund and the cablevision enterprise fund is computed on a straight-line method at 3 percent of cost of plant in service at the beginning of the year, exclusive of land and land rights. Therefore no depreciation is taken in the year of plant additions. Massachusetts law stipulates that SELCO – Electric may exceed the 3 percent depreciation rate only with the approval of the DTE.

SELCO – Electric charges maintenance to expense when incurred. Replacements and betterments are charged to the utility plant. At the time properties are retired, the cost of property retired less accumulated depreciation, salvage value, and any cash proceeds is charged to unappropriated earned surplus.

Property, plant and equipment for the cablevision enterprise fund is computed using percentages ranging from three to twenty percent of the cost of cablevision plant. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

J. Restricted Cash and Cash Equivalents

Certain assets of the electric light fund are classified as restricted because they are maintained in separate bank accounts and their use in limited.

- The *depreciation fund* is restricted to specific uses by the General Laws of Massachusetts. Pursuant to provisions of the Commonwealth's General Laws, cash in an amount equivalent to the annual depreciation expense is to be transferred from unrestricted funds to the depreciation fund. Interest earned on the balance of the fund must also remain in the fund. Such cash may be used for the cost of utility plant, nuclear decommissioning costs, costs of contractual commitments, and deferred costs related to such commitments which the Municipal Light Board determines are above market value.

- The *rate stabilization reserve fund* was created as an aftermath of deregulation. The Municipal Light Departments of Massachusetts Reserve Trust was created and established in anticipation of the restructuring of the electric industry in Massachusetts, and in recognition of the fact that as such restructuring occurs; Massachusetts Municipal Wholesale Electric Company's (MMWEC's) members would face increasing competition from investor-owned utilities and neighboring municipal electric light departments. To maintain competitive posture for MMWEC's members in a deregulated environment, the Trust was created and established to provide and maintain a source of funds which could be accessed on an as needed basis for anticipated escalation in costs, such as the decommissioning of nuclear power plants before the end of their operating license, unusual price spikes in fuel prices and transmission increases. In an effort to mitigate the impact of increased power costs on its customers, SELCO-Electric utilized $728,000 of the rate stabilization fund during 2006. The rate stabilization fund balance at December 31, 2007 was $6,956,997. The increase was interest earned on SELCO-Electric's invested balance. The balance is offset by a corresponding liability for the accumulated provisions for rate refund. SELCO-Electric utilizes the fund solely for its ratepayers.

- The *investment in other companies fund* is used to hold funds of the electric light fund's equity requirements for the Hydro-Quebec phase II interconnection as required under agreements with the New England Hydro-Transmission Electric Company, Inc. and the New England Hydro-Transmission Corporation.

K. 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

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.

L. 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.

M. 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 for by the federal and state government for various programs.

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

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

"Depreciation" represents amounts set aside to pay for capital investments in the electric light department. The fund is allowed by state statute.

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" 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.

"Payment of debt" represents amounts received from the Commonwealth of Massachusetts for school building assistance on school projects. The amounts are to be reserved for the future payment of school construction debt.

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

General Fund:		
Undesignated fund balance		$ 2,821,426
Nonmajor Governmental Funds:		
Sale of cemetery lots	$ 19,000	
Cemetery funds	30,000	
Septic loan repayment fund	15,128	
Coal ash reserve	392,237	
Interest on school borrowing	500,000	
Gifts	200,000	1,156,365
		$ 3,977,791

N. Long-term Debt

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

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

O. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. For Town employees, individuals are provided for a maximum of 20 days of accumulated sick leave. To be eligible, the individual must have accumulated a minimum of 150 days of sick leave and have twenty or more years of continuous service to the Town. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

P. 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 share of insurance premiums at various percentages for retirees, spouses and surviving spouses in the general fund in the fiscal year paid. For the fiscal year ending June 30, 2008, the expense/expenditure totaled approximately $1,483,125 There were approximately 412 participants eligible to receive benefits at June 30, 2008.

Q. 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:

-All boards, officers and committees of the Town shall annually, at the request of the town manager, submit in writing a detailed estimate of the appropriations required for the efficient and proper conduct of their respective departments and offices during the next fiscal year.

-Not less than ninety days prior to the date of the start of the annual Town meeting, the town manager shall submit to each member of the finance committee and of the board of selectmen, a copy of the annual budget.

-The finance committee shall consider the annual budget prepared by the town manager and may confer with Town boards, officers, and committees and may hold hearings if they deem it advisable.

-The finance committee shall thereupon approve or disapprove the amount. The committee shall furnish to the selectmen on or before April 1st of each year a report with the recommendations and the same shall be printed and ready for distribution at the annual Town meeting.

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

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

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

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

For fiscal year 2008, the Town incurred a final budget deficit of $7,728,752 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	$	3,049,548
Prior year's encumbrances		4,679,204
	$	7,728,752

B. Deficit Fund Equity

The following funds had deficits at June 30, 2008 as measured by the balances of unreserved fund balance.

- The Allen farm property acquisition fund had a deficit fund balance of $6,046,272. The Town has bond anticipation notes outstanding for $6,100,000. The deficit will be eliminated when the long term debt is issued.

- The water conservation grant had a deficit fund balance of $852. The deficit will be eliminated upon the future receipt of funds.

- The police task force reimbursement fund had a deficit fund balance of $642. The deficit will be eliminated upon the receipt of additional reimbursements.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits – Town's Financials

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2008 were $11,158,523. Of these, $10,151,478 were exposed to custodial credit risk as uninsured and uncollateralized.

Custodial Credit Risks – Deposits – Shrewsbury Contributory Retirement System

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk.

Deposits at December 31, 2007 were $440,421. Of these, none were exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies – Town Financials

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

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

As of June 30, 2008, the Town had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. Treasury obligations	$ 357,080	$ -	$ 357,080	$ -
U. S. government agencies	27,348,730	-	23,885,082	3,463,648
Corporate bonds	3,499,394	-	2,485,341	1,014,053
Money market mutual fund	3,904,697	3,904,697	-	-
	35,109,901	3,904,697	26,727,503	4,477,701
Other Investments:				
Certificate of deposts	1,050,555			
Equity securities - domestic	182,320			
MMDT	4,048,386			
	$ 40,391,162			

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's $40,391,162 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

Credit Risk

The Town's exposure to credit risk as of June 30, 2008 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings			
		Aaa	A1	A3	Not Rated
Debt Securities:					
U. S Treasury obligations	$ 357,080	$ 357,080	$ -	$ -	$ -
U. S. government agencies	27,348,730	27,348,730	-	-	-
Corporate bonds	3,499,394	850,768	1,742,290	906,336	-
Money market mutual fund	3,904,697	-	-	-	3,904,697
	$ 35,109,901	$ 28,556,578	$ 1,742,290	$ 906,336	$ 3,904,697

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Farm Credit Banks, Federal Home Loan Mortgage Company, Federal Home Loan Bank and Federal National Mortgage Association amounting to 6.34%, 16.03%, 29.50% and 15.84%, respectively, of the Town's total investments.

Investment Policies – Shrewsbury Contributory Retirement System

Under PERAC regulations, every retirement board shall file a statement of investment objectives with PERAC. Among the information to be filed are the investment policy, the rate of return expected, the expected level of risk, the asset mix, the degree of diversification, and other pertinent financial information. At all times, the Board's investments are subject to certain limitations set forth in Massachusetts General Laws, Chapter 32. Any investment not specifically addressed in these guidelines is not allowed.

Specific policies for investments of funds for the system that have been approved by PERAC, are as follows:

- Fixed income investments shall be permitted in obligations of the United States or obligations guaranteed as to principal and interest by the Government of the United States, agency securities, corporate bonds (Yankees and bond-like convertibles), municipal bonds, mortgage-back securities (MBS, CMBS and CMO's), and asset-backed securities.

- Fixed income investments shall be permitted in bonds issued by the State of Israel.

- Fixed income investments shall have a minimum quality rating of Baa/BBB as rated by one or more recognized bond rating service at The time of purchase. Fixed income investments that are downgraded

below Baa/BBB shall be liquidated within a reasonable period of time determined by the manager so as not to be detrimental to the plan. If the manager determines it prudent to hold an investment that has been downgraded below Baa/BBB, they will be required to report at least monthly the status of said bond and reasons for holding said bond.

- No more than five percent of the total market value of all fixed income investments shall be invested in debt obligations of any one fixed income issuer except for securities issued and guaranteed by the United States Government, or its agencies, which may be held without limitations.

- For the purposes of these guidelines, convertible bonds and convertible preferred stocks shall be considered fixed income investments.

- Miscellaneous provisions:
  - Use of swaps, primes, scores or other similar products are prohibited.
  - Use of margin buying is prohibited.
  - Use of derivative investments including but not limited to: Forwards, future options, warrants, hedging, or structured investments which display derivative like characteristics are prohibited. CMO's and mortgage-backed securities are not considered derivative investments for the purposes of these guidelines.
  - Short selling of securities is prohibited.
  - Unregistered or restricted stocks are prohibited.
  - Commodities are prohibited.
  - Commingled or mutual funds with the exception of bank STIF funds are prohibited.
  - Yankee bonds are limited to 5% of the fixed income portfolio.
  - The portfolio shall comply at all times with applicable laws and regulations. For the purposes of these guidelines, if at any time this document is found to be in conflict with applicable laws and regulations, the statute shall prevail.

As of June 30, 2008, the System had the following investments and maturities:

Investment Type	Fair Value	Maturity in Years: Less Than a Year	Maturity in Years: 6 to 10
Debt Securities:			
Money market mutual funds	$ 4,616,397	$ 4,616,397	$ -
Bond mutual fund	15,712,379	-	15,712,379
	20,328,776	4,616,397	15,712,379
Other Investments:			
Equity securities - Domestic	12,295,136		
Equity mutual funds - Domestic	19,058,882		
Equity mutual funds - International	9,533,600		
Pooled real estate funds	5,696,559		
	$ 66,912,953		

The bond mutual fund has an average maturity of 9.9 years.

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System 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 System's $66,912,953 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

Interest Rate Risk

The System 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

The System limits investments in bonds with a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent as rated by one or more recognized bond rating services

The System's exposure to credit risk as of June 30, 2008 is as follows:

Related Debt Instruments	Fair Value	Moody Quality Ratings: AAA	Moody Quality Ratings: Not Rated
Money market mutual fund	$ 4,616,397	$ -	$ 4,616,397
Bond mutual fund	15,712,379	15,712,379	-
	$ 20,328,776	$ 15,712,379	$ 4,616,397

Concentration of Credit Risk

The System may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. There are no qualified investments that are more than 5 percent.

The rate stabilization fund and investment in other companies fund are shown as restricted assets and are not in the custody of Town.

B. Receivables

At June 30, 2008, receivables for the individual major governmental funds and non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and non-major governmental funds:			
Property taxes	$ 742,664	$ (34,208)	$ 708,456
Deferred property taxes	23,868	-	23,868
Taxes in litigation	30,539	(2,384)	28,155
Tax liens	304,703	(17,130)	287,573
Excise taxes	614,935	(286,000)	328,935
User charges	302,956	(5,000)	297,956
Special assessments	385,065	-	385,065
Due from other governments	37,514,983	-	37,514,983
	$ 39,919,713	$ (344,722)	$ 39,574,991

At June 30, 2008 and (December 31, 2007 for the electric light and cable enterprise funds), receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer activities:			
Sewer user charges	$ 189,940	$ (5,000)	$ 184,940
Sewer special assessments	1,013,869	-	1,013,869
Due from other governments	30,437	-	30,437
	1,234,246	(5,000)	1,229,246
Electric light activities:			
User charges	2,568,246	(140,000)	2,428,246
Loan receivable	11,796	-	11,796
Other	523,867	-	523,867
	3,103,909	(140,000)	2,963,909
Cablevision activities:			
Cablevision	1,069,578	(77,000)	992,578
	$ 5,407,733	$ (222,000)	$ 5,185,733

The composition of amounts due from other governments as of June 30, 2008 for governmental funds is as follows:

Governmental Funds:		
General Fund:		
Commonwealth of Massachusetts:		
School Building Authority:		
School Building Assistance - Capital Portion	$ 35,867,837	
Department of Veterans Services	5,512	
Executive Office of Public Safety and Homeland Security:		
Quinnn bill	6,477	35,879,826
Nonmajor Governmental Funds:		
U. S. Department of Education		
School title grants	$ 196,498	
Commonwealth of Massachusetts:		
Executive Office of Public Safety and Homeland Security:		
Police details	9,717	
Department of Environmental Protection:		
Water conservation grant	7,673	
Pay-as-you-throw grant	39,504	
Massachusetts Department of Elementary and Secondary Education:		
School grants	272,531	
Massachusetts Highway Department:		
Chapter 90 funded projects	1,108,699	
Police Task Force Reimbursement	535	1,635,157
		$ 37,514,983

Business Type Funds:		
Sewer Fund:		
Massachusetts Water Pollution Abatement Trust		$ 30,437

The composition of other receivables in the electric light enterprise fund as of December 31, 2007 is as follows:

SELCO - Cable	$ 86,190
Due from town departments	93,136
Other	4,109
MMWEC	340,432
	$ 523,867

The accounts receivable from the town departments and SELCO – Cable are for reimbursements to SELCO – Electric for costs in connection with shared operating expenses.

The accounts receivable from MMWEC consists of money received in January of 2008 relating to Select Energy buyout credits.

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, 2008 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 $414,456.

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

General Fund:		
Deferred property taxes	$ 23,868	
Taxes in litigation	28,155	
Tax liens	287,573	
Excise taxes	328,935	
User charges	297,956	
Special assessments	229,716	
Due from other governments	35,867,837	$ 37,064,040
Nonmajor Governmental Funds:		
Special assessments	155,349	
Due from other governments	1,107,328	1,262,677
		$ 38,326,717

C. Capital Assets

Capital assets not being depreciated:				
Land	$ 14,619,065	$ -	$ -	$ 14,619,065
Construction in progress	4,563,721	6,840,044	(2,255,550)	9,148,215
Total capital assets not being depreciated	19,182,786	6,840,044	(2,255,550)	23,767,280
Capital assets being depreciated:				
Buildings and Renovations	111,689,716	2,316,190	-	114,005,906
Machinery, equipment and other	5,892,264	296,143	(234,624)	5,953,783
Infrastructure	19,565,922	871,500	-	20,437,422
Total capital assets being depreciated	137,147,902	3,483,833	(234,624)	140,397,111
Less accumulated depreciation for:				
Buildings and Renovations	25,487,924	3,867,258	-	29,355,182
Machinery, equipment and other	3,950,769	512,948	(234,624)	4,229,093
Infrastructure	5,215,634	623,744	-	5,839,378
Total accumulated depreciation	34,654,327	5,003,950	(234,624)	39,423,653
Total capital assets being depreciated, net	102,493,575	(1,520,117)	-	100,973,458
Total governmental activities capital assets, net	$ 121,676,361	$ 5,319,927	$ (2,255,550)	$ 124,740,738

Depreciation expense was charged to functions/programs of the governmental type activities as follows:

Governmental Activities:	
General government	$ 36,707
Public safety	334,613
Public works	845,317
Education	3,526,786
Health and human services	78,698
Culture and recreation	181,829
Total depreciation expense - governmental activities	$ 5,003,950

Sewer Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 552,085	$ 1,029,585	$ (770,740)	$ 810,930
Total capital assets not being depreciated	552,085	1,029,585	(770,740)	810,930
Capital assets being depreciated:				
Machinery, equipment and other	526,312	31,918	(22,000)	536,230
Infrastructure	13,943,903	770,740	-	14,714,643
Total capital assets being depreciated	14,470,215	802,658	(22,000)	15,250,873
Less accumulated deprecition for:				
Machinery, equipment and other	239,665	51,942	(22,000)	269,607
Infrastructure	5,910,494	294,066	-	6,204,560
Total accumulated depreciation	6,150,159	346,008	(22,000)	6,474,167
Total capital assets being depreciated, net	8,320,056	456,650	-	8,776,706
Total business-type activities capital assets, net	$ 8,872,141	$ 1,486,235	$ (770,740)	$ 9,587,636

Electric light activities
(as of December 31, 2007)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 114,359	$ 24,933	$ -	$ 139,292
Construction in progress	1,271,548	-	(1,177,485)	94,063
Total capital assets not being depreciated	1,385,907	24,933	(1,177,485)	233,355
Capital assets being depreciated:				
Electric utility plant	44,908,537	2,710,147	(160,293)	47,458,391
Total capital assets being depreciated	44,908,537	2,710,147	(160,293)	47,458,391
Less accumulated deprecition for:				
Electric utility plant	22,972,697	1,347,254	(160,293)	24,159,658
Total accumulated depreciation	22,972,697	1,347,254	(160,293)	24,159,658
Total capital assets being depreciated, net	21,935,840	1,362,893	-	23,298,733
Total business-type activities capital assets, net	$ 23,321,747	$ 1,387,826	$ (1,177,485)	$ 23,532,088

Cablevision activities
(as of December 31, 2007)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ -	$ 3,040	$ -	$ 3,040
Total capital assets not being depreciated	-	3,040	-	3,040
Capital assets being depreciated:				
Plant investment	27,634,953	2,650,548	(34,058)	30,251,443
Total capital assets being depreciated	27,634,953	2,650,548	(34,058)	30,251,443
Less accumulated deprecition	14,016,404	1,685,673	(34,058)	15,668,019
Total capital assets being depreciated, net	13,618,549	964,875	-	14,583,424
Total business-type activities capital assets, net	$ 13,618,549	$ 967,915	$ -	$ 14,586,464

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:	
Sewer enterprise fund	$ 346,008
Electric light enterprise fund	1,347,254
Cablevision enterprise fund	1,685,673
Total depreciation expense - business-type activities	$ 3,378,935

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2008, are summarized as follows:

	Transfers In:			
Transfers Out:	General fund	Nonmajor governmental fund	Business-type funds	Total
General fund	$ -	$ 633,938	$ 15,608	$ 649,546
Nonmajor governmental funds	1,322,993	-		1,322,993
Business-type funds	644,049	-		644,049
Total transfers out	$ 1,967,042	$ 633,938	$ 15,608	$ 2,616,588

The remaining $37,800 amount shown on the cable enterprise fund and on the Statement of Activities represents a transfer that occurred when the year end conversion occurred from a fiscal year June 30th end to a calendar year December 31st year end for the cable enterprise fund

E. 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:

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2007	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2008
Bond Anticipation Notes:						
Land acquistion	4.00%	11/21/07	$ 6,100,000	$ -	$ 6,100,000	$ -
Fire station renovations	4.00%	11/21/07	6,000,000	-	6,000,000	-
School renovations	5.40%	07/06/07	1,278,307	-	1,278,307	-
Purchase of fire truck	3.90%	07/06/07	793,297	-	793,297	-
School renovations	5.00%	08/06/07		1,278,307	1,278,307	-
School renovations	4.45%	09/06/07	-	778,307	778,307	-
School renovations	4.45%	09/06/07	-	500,000	500,000	-
School renovations	4.20%	11/21/07	-	778,307	778,307	-
School renovations	4.20%	11/21/07	-	500,000	500,000	-
Municipal purpose loan	3.75%	02/21/08	-	6,800,000	6,800,000	-
Land acquistion	3.75%	11/21/08	-	6,100,000	-	6,100,000
			$ 14,171,604	$ 16,734,921	$24,806,525	$ 6,100,000

Details related to the short-term debt activity of the business-type funds (as of December 31, 2007) are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance January 1, 2007	Renewed/ Issued	Retired/ Redeemed	Outstanding December 31, 2007
Bond Anticipation Notes:						
Electric system improvement	4.00%	09/14/07	$ 1,000,000	$ -	$ 1,000,000	$ -
Electric system improvement	3.90%	11/21/07	-	1,000,000	1,000,000	-
Electric system improvement	3.75%	02/21/08	-	1,000,000	-	1,000,000
			$ 1,000,000	$ 2,000,000	$ 2,000,000	$ 1,000,000

F. 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 both governmental and business-type activities.

Governmental Funds

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2008
Inside Debt:					
Land Acquisition - Conservation	4.74%	06/01/99	06/01/19	3,000,000	$ 1,605,000
Land Acquisition - High School	4.75%	06/01/99	06/01/19	2,400,000	1,320,000
Senior Center	4.36%	06/01/99	06/01/09	1,000,000	100,000
High School Construction	4.46%	08/15/01	08/15/21	58,900,000	43,045,000
Land Acquisition - Conservation	4.35%	08/15/01	08/15/19	2,000,000	1,320,000
School Renovations - Middle School West	4.05%	11/15/04	11/15/24	7,400,000	6,290,000
School Addition - Parker Road Preschool	3.72%	11/15/04	11/15/19	1,250,000	995,000
Elementary School Construction - refunded	4.55%	02/01/05	02/01/16	514,850	401,600
Elementary School Construction - refunded	4.55%	02/01/05	02/01/16	4,520,750	3,512,750
Fire Facilities Renovations	3.44%	02/15/08	02/15/26	6,800,000	6,800,000
Total Inside Debt					65,389,350
Outside Debt:					
Massachusetts Water Pollution Abatement Trust:					
Septic - Title V	N/A	10/25/00	08/01/18	86,947	53,131
Septic - Title V	N/A	02/01/04	08/01/22	105,896	83,343
Septic - Title V	N/A	11/16/05	07/15/25	94,573	85,115
Water Tank	2.96%	02/15/08	02/15/18	1,250,000	1,250,000
Total Outside Debt					1,471,589
Total governmental type debt					$ 66,860,939

Debt service requirements for principal and interest for governmental bonds payable in future fiscal years are as follows:

Governmental	Principal	Interest	Total
2009	$ 5,064,128	$ 2,969,698	$ 8,033,826
2010	4,955,478	2,748,425	7,703,903
2011	4,950,128	2,530,736	7,480,864
2012	4,940,128	2,310,929	7,251,057
2013	4,904,963	2,093,459	6,998,422
2014-2018	23,535,497	7,108,254	30,643,751
2019-2023	16,641,433	2,038,548	18,679,981
2024-2026	1,869,184	118,217	1,987,401
	$ 66,860,939	$ 21,918,266	$ 88,779,205

Sewer, Electric Light and Cablevision Enterprise Funds

Business-type debt

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2008
Sewer activities:					
Inside Debt:					
Massachusetts Water Pollution Abatement Trust -					
Assebet River consortium	N/A	07/15/01	02/01/21	490,127	$ 231,563
Assebet River consortium	N/A	07/23/05	07/15/20	168,653	168,653
					400,216
Electric light activities: (as of December 31, 2007)					
Inside Debt:					
Building renovations	4.55%	02/01/05	02/01/10	309,400	228,150
Outside Debt:					
Installation of transformers	4.23%	08/15/01	08/15/17	1,760,000	1,100,000
					1,328,150
Cablevision activities: (as of December 31, 2007)					
Outside Debt:					
Plant	4.56%	06/01/99	06/01/14	5,300,000	2,460,000
Total Business-Type Funds					$ 4,188,366

Debt service requirements for principal and interest for the sewer enterprise fund in future fiscal years are as follows:

Year	Principal	Interest	Total
2009	$ 27,477	$ 11,610	$ 39,087
2010	27,942	11,204	39,146
2011	28,398	10,418	38,816
2012	29,065	9,647	38,712
2013	29,065	8,415	37,480
2014-2018	158,200	28,741	186,941
2019-2021	100,069	3,901	103,970
	$ 400,216	$ 83,936	$ 484,152

Debt service requirements for principal and interest for the electric light enterprise fund as of June 30, 2008 are as follows: (The electric light enterprise bonds at June 30, 2008, reflect a principal payment of $77,500 made on February 1, 2008 and the proceeds from a bond of $1,000,000 on February 15, 2008).

Year	Principal	Interest	Total
2009	$ 386,000	$ 86,770	$ 472,770
2010	384,650	72,989	457,639
2011	310,000	59,250	369,250
2012	310,000	47,750	357,750
2013	310,000	36,250	346,250
2014-2018	550,000	68,750	618,750
	$ 2,250,650	$ 371,759	$ 2,622,409

Debt service requirements for principal and interest for the cablevision enterprise fund as of June 30, 2008 are as follows: (The cablevision enterprise bonds at June 30, 2008, reflect a principal payment of $355,000 on June 1, 2008).

Year	Principal	Interest	Total
2009	$ 355,000	$ 98,750	$ 453,750
2010	350,000	82,775	432,775
2011	350,000	66,675	416,675
2012	350,000	50,400	400,400
2013	350,000	33,775	383,775
2014	350,000	16,975	366,975
	$ 2,105,000	$ 349,350	$ 2,454,350

During the fiscal year ended June 30, 2008 (including the electric light enterprise fund and the cablevision enterprise fund at December 31, 2007), the following changes occurred in long-term liabilities

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	$ 63,141,850	$ 8,050,000	$ 4,552,500	66,639,350	$ 5,049,000
Massachusetts Water Pollution Abatement Trust	236,717	-	15,128	221,589	15,128
Compensated absences	1,239,797	80,339	27,348	1,292,788	433,069
Governmental activity Long-term liabilities	$ 64,618,364	$ 8,130,339	$ 4,594,976	$ 68,153,727	$ 5,497,197

	Balance Beginning	Additions	Reductions	Balance Ending	Amounts Due within One Year
Business type activities:					
Bond Payable:					
General obligation bonds	$ 4,331,300	$ -	$ 543,150	$ 3,788,150	$ 542,500
Massachusetts Water Pollution Abatement Trust	414,359	-	14,143	400,216	27,477
Compensated absences	9,437	-	62	9,375	2,345
Business-type activity long term Long-term liabilities	$ 4,755,096	$ -	$ 557,355	$ 4,197,741	$ 572,322

Massachusetts Water Pollution Abatement Trust

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

-a gross obligation of $128,234 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of $41,287 resulting in a net loan repayment of $86,947.

-a gross obligation of $768,508 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of $320,919 resulting in a net loan repayment of $447,589.

-a gross obligation of $155,178 representing the gross principal and interest repayments amounts; of this loan subsidy amounts consists of $49,282 resulting in a net loan repayment of $105,896.

-a gross obligation of $94,573 representing the gross principal repayment amounts.

-a gross obligation of $168,653 representing the gross principal repayment amounts.

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

No. 97-1055	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	$ 86,947	$ 41,287	$ 128,234	$ 41,287	$ 86,947
Repayments:					
Fiscal Year 2001	-	1,032	1,032	1,032	-
Fiscal Year 2002	4,831	3,774	8,605	3,774	4,831
Fiscal Year 2003	4,831	3,580	8,411	3,580	4,831
Fiscal Year 2004	4,831	3,387	8,218	3,387	4,831
Fiscal Year 2005	4,831	3,194	8,025	3,194	4,831
Fiscal Year 2006	4,830	3,001	7,831	3,001	4,830
Fiscal Year 2007	4,831	2,783	7,614	2,783	4,831
Fiscal Year 2008	4,831	2,542	7,373	2,542	4,831
	$ 53,131	$ 17,994	$ 71,125	$ 17,994	$ 53,131

No. 00-24	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	$ 490,127	$ 278,381	$ 768,508	$ 320,919	$ 447,589
Loan Restructure	(165,987)	(89,932)	(255,919)	(104,517)	(151,402)
	324,140	188,449	512,589	216,402	296,187
Repayments:					
Fiscal Year 2002	3,939	12,011	15,950	8,711	7,239
Fiscal Year 2003	20,355	23,195	43,550	21,245	22,305
Fiscal Year 2004	13,235	18,561	31,796	15,461	16,335
Fiscal Year 2005	13,403	12,901	26,304	12,465	13,839
Fiscal Year 2006	13,622	12,945	26,567	12,411	14,156
Fiscal Year 2007	13,880	12,740	26,620	12,266	14,354
Fiscal Year 2008	14,143	12,160	26,303	11,933	14,370
	$ 231,563	$ 83,936	$ 315,499	$ 121,910	$ 193,589

No. 97-1055-1

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	$ 105,896	$ 49,282	$ 155,178	$ 49,282	$ 105,896
Repayments:					
Fiscal Year 2005	5,849	4,640	10,489	4,640	5,849
Fiscal Year 2006	5,568	4,557	10,125	4,557	5,568
Fiscal Year 2007	5,568	4,390	9,958	4,390	5,568
Fiscal Year 2008	5,568	4,223	9,791	4,223	5,568
	$ 83,343	$ 31,472	$ 114,815	$ 31,472	$ 83,343

No. 97-1055-2

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	$ 94,573	$ -	$ 94,573	$ -	$ 94,573
Repayments:					
Fiscal Year 2007	4,729	-	4,729	-	4,729
Fiscal Year 2008	4,729	-	4,729	-	4,729
	$ 85,115	$ -	$ 85,115	$ -	$ 85,115

No. CW-00-24-A

	Principal	Interest	Total	Less: Loan Subsidy Amount	Net Loan Repayments
Initial Loan Obligation	$ 168,653	$ -	$ 168,653	$ -	$ 168,653
Repayments:					
None	-	-	-	-	-
	$ 168,653	$ -	$ 168,653	$ -	$ 168,653

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2008 totaled $65,940,216.

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, 2008:

Equalized Valuation-Real Estate and Personal Property (2006)		$ 5,041,995,700
Debt Limit: 5 % of Equalized value		$ 252,099,785
Total Debt Outstanding		
General Debt:	$ 66,860,939	
Less: Debt Outside Debt Limit	1,471,589	$ 65,389,350
Business-type Debt:	$ 4,755,866	
Less: Debt Outside Debt Limit	4,205,000	550,866
Total Inside Debt		$ 65,940,216
Inside Debt Excess Borrowing Capacity at June 30, 2008		$ 186,159,569

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. Loan authorizations that have not been issued as permanent long term debt of June 30, 2008 and are not reflected in the Town's financial statements are as follows:

Date of Town Meeting	Purpose	Amount
09/09/02	Acquire land and buildings to the north of Hartford Turnpike also known as Route 20 and the Westerly side of South Street containing approximately 49 acres	$ 6,100,000
05/17/06	Water system improvements along Old Mill Road, Harrington Avenue, Route 9 and Maple	1,750,000
		$ 7,850,000

G. 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, 2008, $622,790 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 2009

Designated for Subsequent Years' Expenditures - The Town of Shrewsbury operates under the "Representative Meeting" concept where each registered voter elects a representative to vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2008 do not reflect the fiscal year 2009 Town Meeting action, with the exception of Unreserved Fund Balance-Designated for Subsequent Years' Expenditures as disclosed below. The Annual Town Meeting on May 19, 2008 authorized a fiscal year 2009 operating and capital budget as follows:

From the tax levy		$ 84,713,208
From sewer fund		2,834,092
From electric light fund		623,154
From community cablevision fund		1,010,105
From sewer construction articles		610,000
From solid waste fund		800,000
From Other Available Funds:		
(Designated for Subsequent Years' Expenditures)		
General fund:		
Undesignated Fund Balance:		
(Free cash)		2,821,426
Nonmajor governmental funds:		
Cemetery sale of lots	$ 19,000	
Septic loan repayment fund	15,128	
Coal ash reserve	392,237	
Interest on school borrowing	500,000	
Cemetery funds	30,000	
Gifts	200,000	1,156,365
		$ 94,568,350

C. Contingent Liabilities

Litigation

Various cases are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

Federal Financial Assistance

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

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

Electric Light Enterprise Fund – Power Sales Agreeement

The Town of Shrewsbury, acting through Shrewsbury Electric and Cable Operations (SELCO) – Electric, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other utilities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other Utilities (Project Participants) under Power Sales Agreements (PSAs).

Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which includes debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should Project Participant fail to make any payment when due, other Project Participants may be required to increase (step up) their payments and correspondingly their Participant's share of Project Capability to an additional amount not exceed 25% of their original Participants' share of that Project's project capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

MMWEC has issued separate issues of bonds for each of the eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which

the bonds relate plus available funds pledged under the Amended and Restated GBR with respect to the bonds of that project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W. F. Wyman Unit No. 4 plant, owned and operated by FPL Energy Wyman IV, a subsidiary of FPL Energy, Inc. and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. (DNCI) the majority owner and a subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear units. In November 2005 the Nuclear Regulatory Commission (NRC) renewed the operating licenses for the Millstone Unit 2 and Unit 3 nuclear units for an additional twenty years. The license for Unit 2 was extended to July 31, 2035, and the license for Unit 3 was extended to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by FPL Energy Seabrook, LLC (FPLE Seabrook), the majority owner and an indirect subsidiary of FPL Group, Inc. In December 2005, the NRC issued an amendment to the operating license that extends the expiration date from October 2026 to March 2030, to recapture the period from 1986 to 1990 during which time Seabrook Station had an operating license, but did not operate. FPLE Seabrook has stated it intention to request an extension of the Seabrook Station operating license beyond March 2030.

Pursuant to the PSAs the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

Shrewsbury Electric Light Plant has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC payable solely from Department revenues. Under the PSAs, each participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

As of December 31, 2007, total capital expenditures amounted to $1,538,931,000, of which $73,207,000 represents the amount associated with the Department's Project Capability of the projects in which it participates, although such amount is not allowed to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds

totaling $641,630,000, of which $32,026,000 is associated with the Department's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Department. As of December 31, 2007, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is $763,040,000, of which $38,149,000 is anticipated to be billed to the Department in the future.

The estimated aggregate amount of SELCO Electric's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at December 31, 2007, and estimated for future years is shown below.

For years ended December 31, 2008	$ 4,963,000
2009	4,450,000
2010	4,077,000
2011	4,040,000
2012	4,033,000
2013 to 2017	15,948,000
2018 to 2019	638,000
	$ 38,149,000

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSA's were $9,460,000 and $9,247,000 for the years ended December 31, 2007 and 2006, respectively.

Cablevision Enterprise Fund – Commitments and Contingencies

The cablevision enterprise fund is committed under long-term signal purchase contracts expiring on various dates through 2014.

The following is a schedule by years of the aggregate amount of such required purchases as of December 31, 2007:

2008	$ 4,222,655
2009	2,956,987
2010	2,482,598
2011	1,969,612
2012	1,349,581
2013-2014	2,466,829
	$ 15,448,262

Signal purchase expense under these contracts was $3,933,804 and $3,613,232 in 2007 and 2006, respectively.

D. Pension Plan

Plan Description

The Town, as a member of the Shrewsbury Contributory Retirement System participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Shrewsbury Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of the Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately $6,305,652 for the fiscal year ending June 30, 2008, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

Employee membership data as of December 31, 2007 is as follows

Active Members	672
Inactive Members	90
Retired Members, Beneficiaries and Survivors	232
	994

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 Shrewsbury 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 100 Maple Avenue, Shrewsbury, 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, 2008, 2007 and 2006 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2008	$ 2,957,060
2007	2,233,389
2006	2,161,575

The following schedules are presented in accordance with the GASB No. 25.

Schedule of Funding Progress
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Vale of Assets (A)	Actuarial Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	$ 65,665	$ 85,257	$ 19,591	77.0%	$ 22,403	87.4%
01/01/06	54,148	75,979	21,831	71.3%	19,897	109.7%
01/01/04	50,857	65,277	14,419	77.9%	17,996	80.1%
01/01/02	46,779	59,313	12,534	78.9%	16,774	74.7%
01/01/00	48,072	49,487	1,415	97.1%	14,065	10.1%

The last actuarial valuation was prepared by Buck Consultants 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 8.5% compounded annually and (b) projected salary, including longevity, increases of 5.5% per year per member.

The unfunded actuarial liability for the system is $19,591,281.

Reporting Policies

The funds of the Shrewsbury Contributory 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 SHREWSBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fund Balances July 1, 2007	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2008
Special Revenue:					
Federal and State Grants:					
School Grants	$ 269,814	$ 1,848,829	$ 1,958,686	$ -	$ 159,957
Arts Lottery Council Grant	9,860	7,969	8,312	-	9,517
Elderly Programs	1,849	35,068	27,407	-	9,510
Extended Polling Hours	-	4,218	4,217	-	1
Health Tobacco Control Program	2,234	-	85	-	2,149
Highway Grants	-	1,110,070	1,110,070	-	-
Lakes and Ponds Grants	-	90,324	49,388	-	40,936
Landfill Capping Grant	-	-	105,000	105,000	-
Library Grants	194,498	60,175	36,904	-	217,769
Pay As You Throw Assistance	-	39,504	39,504	-	-
Public Safety Grants	149,671	64,634	91,672	(80,768)	41,865
Technical Assistance Grants	150,000	-	35,535	-	114,465
United States Postal Service Projects	4,378	-	-	-	4,378
Water Conservation Grant	-	7,674	8,526	-	(852)
Schools:					
School Lunch Program	219,093	1,955,910	2,048,818	-	126,185
School Lunch Commodities	-	90,823	90,823	-	-
Revolving Accounts	1,651,474	2,712,148	2,315,949	-	2,047,673
State Special Education Reimbursement Fund	756,412	1,229,813	1,608,207	-	378,018
Other:					
Arts Scholarship Revolving	564	-	-	-	564
Council on Aging Van Revolving	26,753	24,003	13,388	-	37,368
Coal Ash Reserve	905,182	22,729	-	(530,000)	397,911
Composting Revolving	925	4,775	1,941	-	3,759
Donahue Rowing Center Revolving	4,412	84,120	43,505	(37,605)	7,422
Filing Fees	206,069	96,006	73,740	-	228,335
Gifts and Donations	1,063,102	268,081	448,557	(150,000)	732,626
Infiltration and Inflow	512,682	60,612	-	-	573,294
Insurance Reimbursements	625,919	72,987	95,887	-	603,019
Interest on School Borrowing	1,580,953	83,527	-	(500,000)	1,164,480
Law Enforcement Fund	24,500	1,904	-	-	26,404
Parks and Recreation Revolving	326,649	339,766	331,962	(34,196)	300,257
Police Off Duty Revolving	3,414	189,509	178,755	-	14,168
Police Task Force Reimbursement	-	2,428	3,070	-	(642)
Total Special Revenue Page 66	$ 8,690,407	$ 10,507,606	$ 10,729,908	$ (1,227,569)	$ 7,240,536

TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fund Balances July 1, 2007	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2008
Continued from Page 66	$ 8,690,407	$ 10,507,606	$ 10,729,908	$ (1,227,569)	$ 7,240,536
Special Revenue (continued):					
Other (continued):					
Pump Grinder Program	6,125	8,800	-	-	14,925
Recycling Revolving	4,295	14,440	12,704	-	6,031
Regional Drug Seizure	31,445	1,139	22,273	-	10,311
Sale of Cemetery Lots	24,845	22,028	-	(18,000)	28,873
Sale of Real Estate	96,402	-	-	(96,402)	-
Septic Loan Program	10,743	-	-	-	10,743
Septic Loan Repayment Fund	89,168	49,007	-	(15,128)	123,047
Special Needs Recreation Fund	-	18,451	34,141	34,197	18,507
Surety Defaults	63,536	40,500	-	-	104,036
Traffic and Sewer Improvement Engineering	27,671	-	-	-	27,671
Rowing Center Fund	324,901	22,446	-	37,605	384,952
Workers Compensation Fund	42,048	-	-	-	42,048
Total Special Revenue Funds	9,411,586	10,684,417	10,799,026	(1,285,297)	8,011,680
Capital Projects:					
Fire Truck	26,410	-	26,319	(91)	-
Lakeway State Grant	249,241	-	-	-	249,241
Land Acquisition Bonds	197,176	-	-	-	197,176
Public Works Projects	36,324	520,835	469,382	-	87,777
School Construction	155,543	-	-	-	155,543
Senior Center	15,628	-	-	-	15,628
Water Projects	1,084,114	-	1,616,172	1,846,333	1,314,275
Total Capital Projects	1,764,436	520,835	2,111,873	1,846,242	2,019,640
Permanent Funds:					
Cemetery Funds	1,054,972	97,339	22,488	-	1,129,823
Library Funds	631,981	41,466	20,246	-	653,201
Total Permanent Funds	1,686,953	138,805	42,734	-	1,783,024
Total - Non-Major Governmental Funds	$ 12,862,975	$ 11,344,057	$ 12,953,633	$ 560,945	$ 11,814,344

TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND SUPPLEMENTAL TAXES AND DEFERRED PROPERTY TAXES
JULY 1, 2007 TO JUNE 30, 2008

	Uncollected Taxes July 1, 2007	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2008	Uncollected Taxes Per Detail June 30, 2008
Real Estate Taxes:						
Levy of 2008	$ -	$ 45,439,428	$ 428,520	$ 44,404,868	$ 606,040	$ 606,040
Levy of 2007	466,141	-	101,402	351,712	13,027	13,027
Levy of 2006	14,060	-	22,460	(7,730)	(670)	(670)
Levy of 2005	(1,015)	-	327	(327)	(1,015)	(1,015)
Levy of 2004	(47)	-	-	-	(47)	(47)
Prior Years	884	-	-	-	884	884
	480,023	45,439,428	552,709	44,748,523	618,219	618,219
Personal Property Taxes:						
Levy of 2008	-	425,283	55	407,467	17,761	17,761
Levy of 2007	19,379	-	12	219	19,148	19,148
Levy of 2006	19,628	-	-	42	19,586	19,586
Levy of 2005	19,847	-	-	24	19,823	19,823
Levy of 2004	5,525	-	-	22	5,503	5,503
Prior Years	30,674	-	-	-	30,674	30,674
	95,053	425,283	67	407,774	112,495	112,495
Supplemental Taxes	22,983	38,683	876	48,840	11,950	11,950
Total Real Estate, Personal Property, and Supplemental Taxes	$ 598,059	$ 45,903,394	$ 553,652	$ 45,205,137	$ 742,664	$ 742,664
Deferred Property Taxes	$ 21,604	$ 2,264	$ -	$ -	$ 23,868	$ 23,868

TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2007 TO JUNE 30, 2008

	Uncollected Taxes July 1, 2007	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2008	Uncollected Taxes Per Detail June 30, 2008
Motor Vehicle Excise Taxes:						
Levy of 2008	$ -	$ 4,117,587	$ 136,880	$ 3,781,981	$ 198,726	$ 198,726
Levy of 2007	180,839	795,226	62,164	852,963	60,938	60,938
Levy of 2006	61,933	188,222	11,373	200,447	38,335	38,335
Levy of 2005	33,261	26,679	3,830	29,984	26,126	26,126
Levy of 2004	25,479	-	60	1,773	23,646	23,646
Prior Years	272,460	-	338	4,958	267,164	267,164
Total Motor Vehicle Excise Taxes	$ 573,972	$ 5,127,714	$ 214,645	$ 4,872,106	$ 614,935	$ 614,935

TOWN OF SHREWSBURY, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAXES IN LITIGATION
JULY 1, 2007 TO JUNE 30, 2008

	Uncollected Accounts July 1, 2007	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2008	Uncollected Accounts Per Detail June 30, 2008
Tax Liens	$ 180,189	$ 223,041	$ -	$ 98,527	$ 304,703	$ 307,992
Taxes in Litigation	$ 11,055	$ 21,123	$ 1,639	$ -	$ 30,539	$ 30,539