

TOWN OF DUXBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended
June 30, 2006**

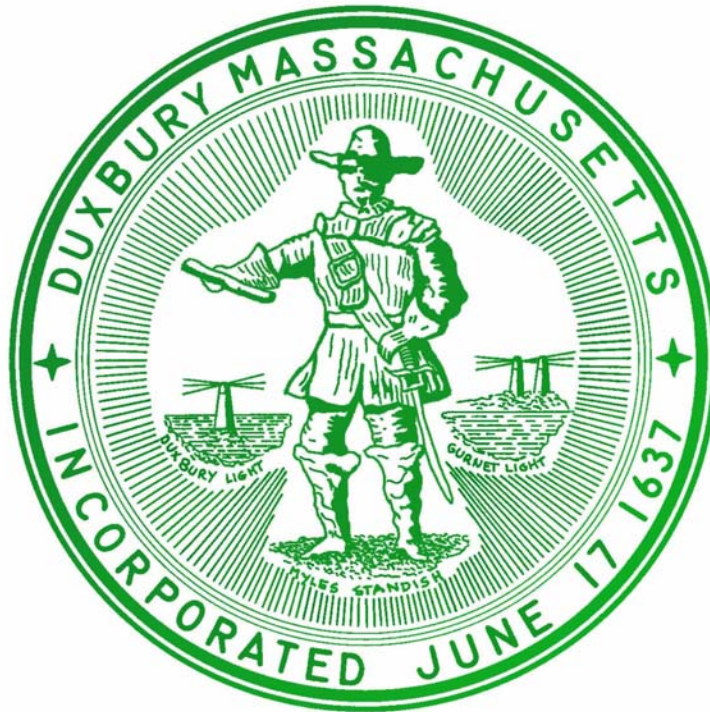
On the cover:
Cranberry Bogs



Cranberry harvesting at local Cranberry Bogs.

The Town has utilized Community Preservation Funds to purchase Cranberry Bogs.

*The Town of
Duxbury, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Fiscal Year
July 1, 2005 through June 30, 2006**

Prepared by the Finance Department

Town of Duxbury, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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Introductory Section



Aerial view of Powder Point Bridge leading to Duxbury Beach

Board of Selectmen

Elizabeth H. Sullivan, Chair

Andre P. Martecchini

John T. Tuffy

Richard MacDonald,

Town Manager



Town Of Duxbury, Massachusetts

November 20, 2006

Letter of Transmittal

To the Honorable Board of Selectmen and Citizens of the Town of Duxbury:

State law requires the Town of Duxbury to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principals generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Duxbury, Massachusetts, for the fiscal year ending June 30, 2006 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters as well as residents and taxpayers of Duxbury.

This report consists of management's representations concerning the finances of the Town of Duxbury. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Duxbury's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Duxbury for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Town of Duxbury's financial statements for the fiscal year ended June 30, 2006, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Duxbury was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Duxbury's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The Town of Duxbury's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Duxbury, incorporated on June 17, 1637, was the home of Captain Myles Standish and John Alden. The Town was originally established as a community with plentiful lands for harvesting crops and other natural resources as well as providing a livelihood for many in the shellfish and fishing industries. Because of its proximity to the ocean and its natural harbor, the harbor became one of the busiest in the world during the "Golden Age of Shipbuilding"

(approximately 1800-1874) and the Town enjoyed a period of great prosperity. During the late 1800's other industries began to develop including shoe manufacturing, cranberry harvesting, charcoal production, and the production of textiles. The first department store in America, "Ford's Store" was established in 1826 and the Franco-American cable was pulled ashore at Duxbury Beach on July 23, 1869, uniting Europe and the United States in the first trans-Atlantic telegraph connection. Duxbury is a town of quiet dignity and stability, with beautiful beaches, tides and marshes combined with Cape Cod homes and Sea Captain's Colonials.

The Town is governed by an open town meeting form of government and is located in Southeastern Massachusetts in Plymouth County approximately 33 miles from Boston. The Town is bordered by the Towns of Pembroke on the west, Marshfield on the north, Kingston on the south and the Atlantic Ocean on the east and southeast. Duxbury occupies an area of approximately 23.76 square miles and its population is 15,241 based on the most recent town census.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water, street maintenance, parks, beaches and other recreational facilities

Local legislative decisions are made by an open Town Meeting. Subject to the legislative decisions made by the Town Meeting, the affairs for the Town are generally administered by a board of three selectmen who are supported by the town manager.

Local school affairs are administered by a school committee of five persons, elected for staggered three-year terms on an at large basis. The Water and Sewer Departments are managed by the same three-person board of selectmen. Local taxes are assessed by a board of three assessors, elected for staggered three-year terms.

Budgetary Controls

The Town Manager is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A nine member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting. A separate Fiscal Advisory Committee reviews capital expenditure plans.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request of the Town Manager, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Factors Affecting Economic Condition

The Town of Duxbury continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. Duxbury has a primarily residential tax base which has grown through rapidly rising home values.

In 2006 the average price of a home in Duxbury was \$649,100 (based upon 2005 sales data), an increase of 1.5% from the previous year. Housing prices have increased over 70% since 2000 because the housing stock is limited and the community is seen as highly desirable. The community has preserved large amounts of open space and has a pristine coastline, as well as having an excellent reputation for academics, athletics, and many cultural and natural amenities. Easy access to the commuter rail in neighboring Kingston facilitates the commute to Boston.

The Town continues to be faced with financial challenges. State funding, which was cut dramatically in 2004, still has not reached the levels realized in fiscal 2002. Rising health care costs and other fixed costs add to the economic pressures. Proposition 2 ½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town last approved a Proposition 2 ½ operating override (in the amount of \$1,000,000) in 1989 and it is unclear whether this will be a viable solution in the near future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards, departments, unions and citizens. This cooperation has led to solid fund balances. Special attention was given to the Health Claims Trust, resulting in an equity position that more than covers the 'incurred but not reported' claims accrual at the end of 2006. During the 2007 budget cycle (March 2006) departments worked together to agree upon a budget that did not rely on long term reserves (compared with fiscal 2004, 2005, and 2006). The Town further addressed revenue needs with increased fees wherever practical. The community continues to support a 3% Community Preservation surcharge and voted to utilize over \$500,000 to preserve open space, cranberry bogs, at the March 2006 town meeting.

The Town recognizes the need for better long term financial planning and creativity in addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2 ½. Discussions are ongoing concerning issues regarding how to provide the community with the level of services it has come to expect under difficult financial conditions. Town Departments, the School Committee, Finance Committee, Fiscal Advisory Committee, and the Government Study Committee have all provided input. Other issues discussed include long range capital planning, appropriate reserve levels, and new revenue sources. The dialog continued with a subsequent public meeting. These dialogues are expected to continue and the parties will need to agree on appropriate fiscal targets.

The Town received nearly \$30 million in governmental reimbursements for several school expansion projects and a related sewer project. The Town successfully maintained its Aa2 bond rating and secured a very favorable interest rate as it issued \$15,552,000 in permanent financing, primarily for its share of these projects, in early December 2005.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Duxbury for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the second year that the Town submitted a CAFR to the GFOA. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to the Finance Department for achieving and maintaining this prestigious honor. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Richard MacDonald', is written over a light gray background.

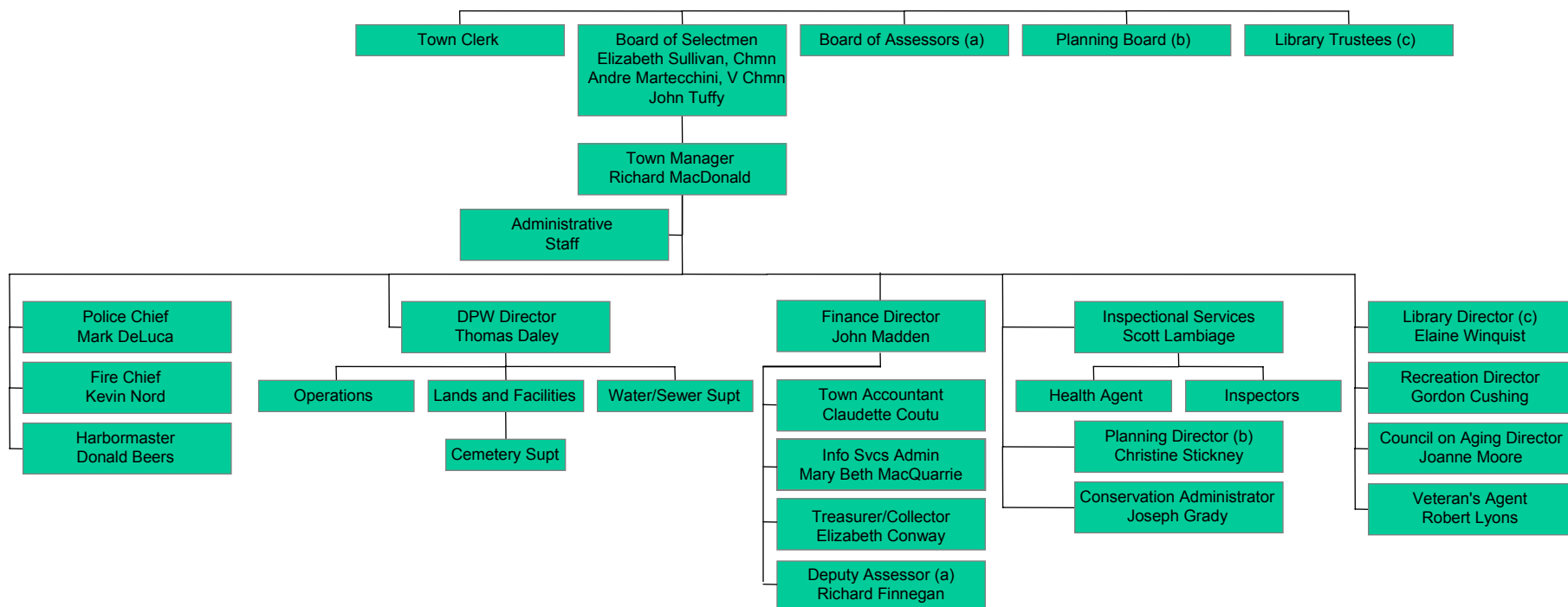
Richard MacDonald
Town Manager

Town of Duxbury, Massachusetts

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Chairman-Board of Selectmen	Elizabeth H. Sullivan	Elected	3 Years	2008
Vice Chairman-Board of Selectmen	Andre P. Martecchini	Elected	3 Years	2009
Selectman	John T. Tuffy	Elected	3 Years	2007
Town Manager	Richard MacDonald	Appointed	Indefinite	N/A
Finance Director	John M. Madden	Appointed	Indefinite	N/A
Town Accountant	Claudette Coutu	Appointed	Indefinite	N/A
Treasurer/Collector	Elizabeth Conway	Appointed	Indefinite	N/A
Town Clerk	Nancy M. Oates	Elected	3 Years	2007
Assessor- Chairman	June Albritton	Elected	3 Years	2008
Assessor	James G. MacNab	Elected	3 Years	2007
Assessor	Linda M. Collari	Elected	3 Years	2009
Superintendent of Schools	Dr. Eileen Williams	Appointed	Indefinite	N/A
School Business Manager	Daniel McGonagle	Appointed	Indefinite	N/A
Superintendent of Public Works	Thomas Daley	Appointed	Indefinite	N/A
Town Moderator	Allen N. Bornheimer	Elected	1 Year	2007
Town Counsel	Robert S. Troy	Appointed	Indefinite	N/A

Town of Duxbury, Massachusetts Organizational Chart



(a), (b) and (c) positions report also to elected boards

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Duxbury
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

Financial Section



In fiscal year 2006, the Town invested in a new 26' boat for the Harbormaster's Department.



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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Duxbury, 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 Duxbury, Massachusetts, as of and for the fiscal year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Duxbury, Massachusetts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Duxbury, Massachusetts, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof 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 November 9, 2006, on our consideration of the Town of Duxbury, 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 made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Duxbury, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and

presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

November 9, 2006

Management's Discussion and Analysis

As management of the Town of Duxbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Duxbury's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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, education, public works, human services, culture and recreation and interest. The business-type activities include the activities of the municipal water department.

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 financing 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 funds* with similar 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 decisions. 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*.

Proprietary funds. The Town maintains two types of propriety funds.

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 municipal water department.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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 statement 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 propriety 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.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Duxbury's government-wide assets exceeded liabilities by \$96 million at the end of fiscal year 2006. 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.

Comparative analysis of the assets, liabilities, net assets, revenues, expense and transfers of the governmental and business-type activities are discussed herein.

Governmental Activities

The results of operations of the governmental activities are discussed in the following paragraphs and tables. Net assets of \$68.6 million (81%) 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 governmental activities' net assets \$2.9 million (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$12.9 million (16%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities net assets increased by \$3.5 million during the current fiscal year. This increase was net result of several factors. Increases in net assets were community preservation taxes of \$3.0 million; capital grant revenue of \$900 thousand that was used to acquire capital assets; a surplus of \$700 thousand in the internal service fund; a \$1.9 million appropriation surplus; and a net decrease of (\$2.8) million of depreciation expense exceeding debt principal expenditures.

	Balance at June 30, 2006	Balance at June 30, 2005
Assets:		
Current assets.....	\$ 22,165,936	\$ 50,922,269
Noncurrent assets (excluding capital).....	561,155	632,738
Capital assets.....	89,455,305	89,454,649
Total assets.....	112,182,396	141,009,656
Liabilities:		
Current liabilities (excluding debt).....	5,601,767	6,753,672
Noncurrent liabilities (excluding debt).....	184,392	177,252
Current debt.....	2,663,906	46,383,862
Noncurrent debt.....	19,229,085	6,731,991
Total liabilities.....	27,679,150	60,046,777
Net Assets:		
Capital assets net of related debt.....	68,589,041	64,789,656
Restricted.....	2,924,351	3,448,411
Unrestricted.....	12,989,854	12,724,812
Total net assets.....	\$ 84,503,246	\$ 80,962,879

	June 30, 2006	June 30, 2005
Program revenues:		
Charges for services.....	\$ 10,172,415	\$ 10,577,070
Operating grants and contributions.....	10,421,134	7,850,107
Capital grants and contributions.....	2,923,241	2,088,395
General Revenues:		
Real estate and personal property taxes.....	35,101,777	33,250,856
Tax liens.....	168,191	88,824
Motor vehicle and other excise taxes.....	2,388,823	2,427,919
Community preservation taxes.....	1,011,323	964,373
Penalties and interest on taxes.....	146,205	130,612
Payments in lieu of taxes.....	3,913	11,417
Nonrestricted grants and contributions.....	991,109	872,488
Unrestricted investment income.....	682,910	444,772
Miscellaneous revenues.....	104,981	808,799
Total revenues.....	64,116,022	59,515,632
Expenses:		
General Government.....	3,328,181	2,982,415
Public Safety.....	7,918,377	7,111,573
Education.....	40,478,391	39,529,289
Public Works.....	5,073,683	4,600,868
Human Services.....	605,610	533,679
Culture and recreation.....	2,333,285	2,296,766
Community Preservation.....	72,667	161,988
Interest.....	1,015,461	1,510,468
Total expenses.....	60,825,655	58,727,046
Excess (deficiency) before transfers.....	3,290,367	788,586
Transfers.....	250,000	250,000
Change in net assets.....	\$ 3,540,367	\$ 1,038,586

Business-type Activities

The results of operations for the business-type activities are discussed in the following paragraphs and tables. For the Town's water business-type activities, assets exceeded liabilities by \$11.8 million at the close of FY2006. Of this amount \$9.3 million (79%) is invested in capital assets, net of related debt and \$2.4 million (21%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

There was an increase of \$758 thousand in net assets related to the Water Department's operations during the fiscal year. The major factors include the acquisition of capital assets from current revenues and conservative budgeting of revenues to cover operating costs.

Business-Type Activities:

	Balance at June 30, 2006	Balance at June 30, 2005
Assets:		
Current assets.....	\$ 2,580,155	\$ 2,143,397
Capital assets.....	12,985,263	13,330,575
Total assets.....	15,565,418	15,473,972
Liabilities:		
Current liabilities (excluding debt).....	137,747	218,868
Noncurrent liabilities (excluding debt).....	5,106	5,257
Current debt.....	650,000	1,185,000
Noncurrent debt.....	3,020,000	3,070,000
Total liabilities.....	3,812,853	4,479,125
Net Assets:		
Capital assets net of related debt.....	9,315,263	9,075,575
Unrestricted.....	2,437,302	1,919,272
Total net assets.....	\$ 11,752,565	\$ 10,994,847

Business-Type Activities:

	June 30, 2006	June 30, 2005
Program revenues:		
Charges for services.....	\$ 2,795,272	\$ 2,895,518
Total revenues.....	2,795,272	2,895,518
Expenses:		
Water.....	1,787,554	2,021,809
Total expenses.....	1,787,554	2,021,809
Excess (deficiency) before transfers.....	1,007,718	873,709
Transfers.....	(250,000)	(250,000)
Change in net assets.....	\$ 757,718	\$ 623,709

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 \$12.7 million, an increase of \$43.5 million from the prior year. Most of the increase is attributable to the Town receiving a lump sum of \$28.8 million from the Massachusetts School Building Authority (MSBA) and the issuance of \$15.1 million of general obligation bonds to fund various projects.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5.1 million, while total fund balance is \$5.7 million. 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. Unreserved fund balance represents 8% of total general fund expenditures, while total fund balance represents 11% of that same amount.

The fund balance of the General Fund increased by \$400,000, this resulted primarily from strong overall collections and continued strong controls over departmental budget increases.

The Community Preservation Act Fund had a fund balance at June 30, 2006 of \$2.1 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance increased \$588,000 mainly due to the Town expending less in fiscal year 2006 due to a smaller number of projects undertaken the largest being the Wright Building renovations.

The Highway Improvements Fund is used to account for the construction, reconstruction and improvements of roadways, streets and sidewalks funded by state grants. The fund spent \$518 thousand on projects in FY2006 which was fully supported by the state grant and therefore the fund balance remains at zero at fiscal year end.

The School Renovations Fund is used to account for the Town's major school renovation and construction project related to expanding and renovating the Chandler and Alden schools, including building a performing arts center. The project is substantially complete as the fund had a fiscal year end fund balance of \$98,000. During fiscal year 2006, the Town received a \$27.2 million capital grant from the Massachusetts School Building Authority for the State's share of the project. The grant funds were used to pay down grant anticipation notes. The Town permanently financed their share through the issuance of \$11.6 million in long-term bonds.

The Town Services Fund is a permanent fund used to account for various contributions associated with Town services. Fund balance increased by \$124 thousand in fiscal year 2006 through contributions and investment earnings to reach a level of \$2.1 million.

General Fund Budgetary Highlights

The \$208,000 increase from the original budget to the final amended budget resulted from a spring Special Town Meeting vote to use free cash mainly for the settlement of collective bargaining agreements. The \$852,000 of revenues in excess of budget is due primarily to the continued success in collecting real estate receivables, and improving interest rates. Expenditures were lower than the budget by \$1.9 million due to a decrease in education encumbrances which resulted in a \$1 million surplus in this line item and overall strong departmental controls over spending.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures. The major governmental capital asset activity in fiscal year 2006 includes an addition to construction in progress of approximately \$1.3 million for Community Preservation Act projects including the Wright Building renovation and the Keene Street Field improvements. Approximately \$1.4 million has been transferred from construction in progress to the depreciable capital assets in the Town's water fund.

Capital Assets			
	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
Governmental activities			
<i>Function:</i>			
General government.....	\$ 23,383,071	\$ (506,155)	\$ 22,876,916
Public safety.....	6,521,175	(2,997,700)	3,523,475
Education.....	57,177,110	(14,052,074)	43,125,036
Public works.....	16,494,199	(8,551,206)	7,942,993
Culture and recreation.....	11,216,380	(3,001,164)	8,215,216
Community preservation....	<u>3,771,669</u>	<u>-</u>	<u>3,771,669</u>
Total by function.....	\$ <u>118,563,604</u>	\$ <u>(29,108,299)</u>	\$ <u>89,455,305</u>
Business-type activities			
Water.....	\$ <u>18,378,431</u>	\$ <u>(5,393,168)</u>	\$ <u>12,985,263</u>

The Town of Duxbury's governmental funds had total bonded debt outstanding of \$21.8 million at the end of the current fiscal year. Of this amount, \$1.7 million is related to the renovation of the library, \$1.6 million is related to the senior center project, \$1.6 million relates to sewer projects, \$660,000 relates to land purchases and \$13.7 million is related to school equipment and improvements. The remaining \$2.6 million relates to other capital related projects. The enterprise fund has \$3.6 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy.

For further discussion please refer to Note 5 for major capital activity and Notes 7 and 8 for debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Duxbury'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, 878 Tremont Street, Duxbury, Massachusetts 02332.

Basic Financial Statements

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STATEMENT OF NET ASSETS

JUNE 30, 2006

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 13,948,900	\$ 1,635,161	\$ 15,584,061
Investments.....	3,746,499	-	3,746,499
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	428,597	-	428,597
Tax liens.....	102,331	-	102,331
Motor vehicle and other excise taxes.....	84,047	-	84,047
User fees.....	2,291	944,994	947,285
Departmental and other.....	235,674	-	235,674
Intergovernmental.....	1,914,741	-	1,914,741
Tax foreclosures.....	621,656	-	621,656
Working capital deposit.....	1,081,200	-	1,081,200
Total current assets.....	22,165,936	2,580,155	24,746,091
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	472,181	-	472,181
Real estate tax deferrals.....	88,974	-	88,974
Capital assets:			
Nondepreciable.....	31,101,276	3,067,894	34,169,170
Depreciable.....	58,354,029	9,917,369	68,271,398
Total noncurrent assets.....	90,016,460	12,985,263	103,001,723
TOTAL ASSETS.....	112,182,396	15,565,418	127,747,814
LIABILITIES			
CURRENT:			
Warrants payable.....	2,443,771	29,554	2,473,325
Accrued liabilities.....	1,245,389	-	1,245,389
Health claims payable.....	756,000	-	756,000
Accrued interest.....	75,575	10,694	86,269
Other liabilities.....	394,424	75,605	470,029
Compensated absences.....	686,608	21,894	708,502
Bonds and notes payable.....	2,663,906	650,000	3,313,906
Total current liabilities.....	8,265,673	787,747	9,053,420
NONCURRENT:			
Compensated absences.....	184,392	5,106	189,498
Bonds and notes payable.....	19,229,085	3,020,000	22,249,085
Total noncurrent liabilities.....	19,413,477	3,025,106	22,438,583
TOTAL LIABILITIES.....	27,679,150	3,812,853	31,492,003
NET ASSETS			
Invested in capital assets, net of related debt.....	68,589,041	9,315,263	77,904,304
Restricted for:			
Permanent funds:			
Expendable.....	422,294	-	422,294
Nonexpendable.....	1,666,623	-	1,666,623
Gifts and grants.....	835,434	-	835,434
Unrestricted.....	12,989,854	2,437,302	15,427,156
TOTAL NET ASSETS.....	\$ 84,503,246	\$ 11,752,565	\$ 96,255,811

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government.....	\$ 3,328,181	\$ 402,861	\$ 80,422	\$ 84,500	\$ (2,760,398)
Public safety.....	7,918,377	1,450,223	392,593	-	(6,075,561)
Education.....	40,478,391	4,602,485	8,815,837	-	(27,060,069)
Public works.....	5,073,683	1,635,482	79,989	839,195	(2,519,017)
Human services.....	605,610	121,338	41,257	-	(443,015)
Culture and recreation.....	2,333,285	1,960,026	20,802	-	(352,457)
Community preservation.....	72,667	-	-	1,999,546	1,926,879
Interest.....	1,015,461	-	990,234	-	(25,227)
Total Governmental Activities.....	60,825,655	10,172,415	10,421,134	2,923,241	(37,308,865)
Business-Type Activities:					
Water.....	1,787,554	2,795,272	-	-	1,007,718
Total Primary Government.....	\$ 62,613,209	\$ 12,967,687	\$ 10,421,134	\$ 2,923,241	\$ (36,301,147)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (37,308,865)	\$ 1,007,718	\$ (36,301,147)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	35,101,777	-	35,101,777
Tax liens.....	168,191	-	168,191
Motor vehicle and other excise taxes.....	2,388,823	-	2,388,823
Community preservation taxes.....	1,011,323	-	1,011,323
Penalties and interest on taxes.....	146,205	-	146,205
Payments in lieu of taxes.....	3,913	-	3,913
Grants and contributions not restricted to specific programs.....	991,109	-	991,109
Unrestricted investment income.....	682,910	-	682,910
Gain on sale of capital assets.....	-	-	-
Miscellaneous.....	104,981	-	104,981
<i>Transfers, net</i>	250,000	(250,000)	-
Total general revenues and transfers.....	40,849,232	(250,000)	40,599,232
Change in net assets.....	3,540,367	757,718	4,298,085
<i>Net Assets:</i>			
Beginning of year.....	80,962,879	10,994,847	91,957,726
End of year.....	\$ <u>84,503,246</u>	\$ <u>11,752,565</u>	\$ <u>96,255,811</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2006

	General	Community Preservation Act	Highway Improvements	School Renovations	Town Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents.....	\$ 8,234,533	\$ 2,342,992	\$ -	\$ 98,064	\$ 66,802	\$ 1,301,718	\$ 12,044,109
Investments.....	1,446	-	-	-	2,022,115	1,722,938	3,746,499
Receivables, net of uncollectibles:							
Real estate and personal property taxes.....	428,597	-	-	-	-	-	428,597
Real estate tax deferrals.....	88,974	-	-	-	-	-	88,974
Tax liens.....	102,331	-	-	-	-	-	102,331
Motor vehicle and other excise taxes.....	84,047	-	-	-	-	-	84,047
User fees.....	2,291	-	-	-	-	-	2,291
Departmental and other.....	145,865	-	-	-	-	7,363	153,228
Intergovernmental.....	639,982	1,035,231	711,709	-	-	-	2,386,922
Tax foreclosures.....	621,656	-	-	-	-	-	621,656
Due from other funds.....	15,333	-	-	-	-	-	15,333
TOTAL ASSETS.....	\$ 10,365,055	\$ 3,378,223	\$ 711,709	\$ 98,064	\$ 2,088,917	\$ 3,032,019	\$ 19,673,987
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants payable.....	\$ 1,379,030	\$ 209,895	\$ -	\$ -	\$ -	\$ 82,691	\$ 1,671,616
Accrued liabilities.....	1,245,389	-	-	-	-	-	1,245,389
Other liabilities.....	200,323	-	-	-	-	194,101	394,424
Deferred revenues.....	1,794,045	1,035,231	696,376	-	-	7,363	3,533,015
Due to other funds.....	-	-	15,333	-	-	-	15,333
Notes payable.....	-	-	-	-	-	109,000	109,000
TOTAL LIABILITIES.....	4,618,787	1,245,126	711,709	-	-	393,155	6,968,777
FUND BALANCES:							
Reserved for:							
Encumbrances and continuing appropriations.....	668,372	-	-	-	-	-	668,372
Perpetual permanent funds.....	-	-	-	-	1,666,623	-	1,666,623
Unreserved:							
Designated for subsequent year's expenditures....	1,115,000	-	-	-	-	-	1,115,000
Undesignated, reported in:							
General fund.....	3,962,896	-	-	-	-	-	3,962,896
Special revenue funds.....	-	2,133,097	-	-	-	2,662,878	4,795,975
Capital projects funds.....	-	-	-	98,064	-	(24,014)	74,050
Permanent funds.....	-	-	-	-	422,294	-	422,294
TOTAL FUND BALANCES.....	5,746,268	2,133,097	-	98,064	2,088,917	2,638,864	12,705,210
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 10,365,055	\$ 3,378,223	\$ 711,709	\$ 98,064	\$ 2,088,917	\$ 3,032,019	\$ 19,673,987

See notes to basic financial statements.

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

JUNE 30, 2006

Total governmental fund balances.....	\$ 12,705,210
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	89,455,305
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	3,533,015
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	1,540,282
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(75,575)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable.....	(21,783,991)
Compensated absences.....	<u>(871,000)</u>
Net effect of reporting long-term liabilities.....	<u>(22,654,991)</u>
Net assets of governmental activities.....	<u>\$ 84,503,246</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

	General	Community Preservation Act	Highway Improvements	School Renovations	Town Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 35,160,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,160,519
Tax and trash liens.....	197,592	-	-	-	-	-	197,592
Motor vehicle and other excise taxes.....	2,431,468	-	-	-	-	-	2,431,468
Sewer charges.....	278,132	-	-	-	-	-	278,132
Trash disposal.....	491,862	-	-	-	-	-	491,862
Intergovernmental.....	7,660,747	967,965	517,513	27,216,214	-	4,305,884	40,668,323
Departmental and other.....	3,618,282	-	-	-	-	2,939,202	6,557,484
Special assessments.....	-	1,011,323	-	-	-	-	1,011,323
Contributions.....	-	-	-	-	56,649	50,423	107,072
Investment income.....	604,093	-	-	-	93,534	78,817	776,444
TOTAL REVENUES.....	50,442,695	1,979,288	517,513	27,216,214	150,183	7,374,326	87,680,219
EXPENDITURES:							
Current:							
General government.....	2,020,152	-	-	-	500	220,353	2,241,005
Public safety.....	5,265,380	-	-	-	-	1,013,775	6,279,155
Education.....	24,080,669	-	-	81,066	-	4,416,247	28,577,982
Public works.....	3,545,016	-	517,513	-	9,000	559,231	4,630,760
Human services.....	416,171	-	-	-	-	72,530	488,701
Culture and recreation.....	1,445,968	-	-	-	-	198,357	1,644,325
Community preservation.....	-	1,391,632	-	-	-	-	1,391,632
Pension benefits - Town.....	1,335,123	-	-	-	-	-	1,335,123
Pension benefits - School.....	3,528,000	-	-	-	-	-	3,528,000
Property and liability insurance.....	289,216	-	-	-	-	-	289,216
Employee benefits.....	6,687,718	-	-	-	-	-	6,687,718
State and county charges.....	283,710	-	-	-	-	-	283,710
Debt service:							
Principal.....	1,161,862	-	-	-	-	-	1,161,862
Interest.....	995,249	-	-	-	-	-	995,249
TOTAL EXPENDITURES.....	51,054,234	1,391,632	517,513	81,066	9,500	6,480,493	59,534,438
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(611,539)	587,656	-	27,135,148	140,683	893,833	28,145,781
OTHER FINANCING SOURCES (USES):							
Issuance of long-term bonds.....	-	-	-	11,578,000	-	3,474,000	15,052,000
Premium from issuance of long-term bonds.....	71,608	-	-	-	-	-	71,608
Transfers in.....	950,181	-	-	-	-	10,000	960,181
Transfers out.....	(10,000)	-	-	-	(17,000)	(683,181)	(710,181)
TOTAL OTHER FINANCING SOURCES (USES).....	1,011,789	-	-	11,578,000	(17,000)	2,800,819	15,373,608
NET CHANGE IN FUND BALANCES.....	400,250	587,656	-	38,713,148	123,683	3,694,652	43,519,389
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....	5,346,018	1,545,441	-	(38,615,084)	1,965,234	(1,055,788)	(30,814,179)
FUND BALANCES AT END OF YEAR.....	\$ 5,746,268	\$ 2,133,097	\$ -	\$ 98,064	\$ 2,088,917	\$ 2,638,864	\$ 12,705,210

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds.....	\$	43,519,389
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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.....	4,033,641	
Depreciation expense.....	<u>(4,032,985)</u>	

Net effect of reporting capital assets.....		656
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Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....

(26,750,796)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Proceeds from bonds and notes.....	(15,052,000)	
Debt service principal payments.....	<u>1,161,862</u>	

Net effect of reporting long-term debt.....		(13,890,138)
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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 the governmental funds.

Net change in compensated absences accrual.....	(31,000)	
Net change in accrued interest on long-term debt.....	<u>(20,212)</u>	

Net effect of recording long-term liabilities and amortizing deferred losses.....		(51,212)
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Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with governmental activities.....		<u>712,468</u>
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Change in net assets of governmental activities.....	\$	<u><u>3,540,367</u></u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2006

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 1,635,161	\$ 1,904,791
Receivables, net of allowance for uncollectibles:		
User fees.....	944,994	-
Departmental and other.....	-	82,446
Working capital deposit.....	-	1,081,200
Total current assets.....	2,580,155	3,068,437
NONCURRENT:		
Capital assets:		
Nondepreciable.....	3,067,894	-
Depreciable.....	9,917,369	-
Total noncurrent assets.....	12,985,263	-
TOTAL ASSETS.....	15,565,418	3,068,437
LIABILITIES		
CURRENT:		
Warrants payable.....	29,554	772,155
Health claims payable.....	-	756,000
Accrued interest.....	10,694	-
Other liabilities.....	75,605	-
Compensated absences.....	21,894	-
Bonds and notes payable.....	650,000	-
Total current liabilities.....	787,747	1,528,155
NONCURRENT:		
Compensated absences.....	5,106	-
Bonds and notes payable.....	3,020,000	-
Total noncurrent liabilities.....	3,025,106	-
TOTAL LIABILITIES.....	3,812,853	1,528,155
NET ASSETS		
Invested in capital assets, net of related debt.....	9,315,263	-
Unrestricted.....	2,437,302	1,540,282
TOTAL NET ASSETS.....	\$ 11,752,565	\$ 1,540,282

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
OPERATING REVENUES:		
Employee contributions	\$ -	\$ 2,674,752
Employer contributions	-	6,150,741
Charges for services	2,795,272	-
Other.....	-	363,102
	<u>2,795,272</u>	<u>9,188,595</u>
TOTAL OPERATING REVENUES	<u>2,795,272</u>	<u>9,188,595</u>
OPERATING EXPENSES:		
Cost of services and administration	928,999	8,476,127
Depreciation.....	720,946	-
	<u>1,649,945</u>	<u>8,476,127</u>
TOTAL OPERATING EXPENSES	<u>1,649,945</u>	<u>8,476,127</u>
OPERATING INCOME (LOSS).....	<u>1,145,327</u>	<u>712,468</u>
NONOPERATING REVENUES (EXPENSES):		
Interest expense.....	(137,609)	-
	<u>1,007,718</u>	<u>712,468</u>
INCOME (LOSS) BEFORE TRANSFERS.....	<u>1,007,718</u>	<u>712,468</u>
TRANSFERS:		
Transfers out.....	(250,000)	-
	<u>757,718</u>	<u>712,468</u>
CHANGE IN NET ASSETS.....	<u>757,718</u>	<u>712,468</u>
NET ASSETS AT BEGINNING OF YEAR.....	<u>10,994,847</u>	<u>827,814</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 11,752,565</u>	<u>\$ 1,540,282</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 2,874,149	\$ -
Receipts from interfund services provided.....	-	9,106,149
Payments to vendors.....	(551,518)	(8,426,868)
Payments to employees.....	(449,958)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,872,673	679,281
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....	(250,000)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of bonds and notes.....	600,000	-
Acquisition and construction of capital assets.....	(375,634)	-
Principal payments on bonds and notes.....	(1,185,000)	-
Interest expense.....	(146,404)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,107,038)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	515,635	679,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,119,526	1,225,510
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,635,161	\$ 1,904,791
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 1,145,327	\$ 712,468
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	720,946	-
Changes in assets and liabilities:		
User fees.....	78,877	-
Departmental and other.....	-	(82,446)
Working capital deposit.....	-	(80,300)
Warrants payable.....	(79,977)	239,559
Health claims payable.....	-	(110,000)
Other liabilities.....	9,500	-
Accrued compensated absences.....	(2,000)	-
Total adjustments.....	727,346	(33,187)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,872,673	\$ 679,281

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 46,365	\$ 553,723
Investments.....	<u>972,795</u>	<u>-</u>
TOTAL ASSETS.....	<u>1,019,160</u>	<u>553,723</u>
LIABILITIES		
Warrants payable.....	-	32,093
Liabilities due depositors.....	<u>-</u>	<u>521,630</u>
TOTAL LIABILITIES.....	<u>-</u>	<u>553,723</u>
NET ASSETS		
Held in trust.....	<u>\$ 1,019,160</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2006

	Private Purpose Trust Funds
<u>ADDITIONS:</u>	
Net investment income (loss):	
Interest.....	\$ 24,428
TOTAL ADDITIONS.....	24,428
<u>DEDUCTIONS:</u>	
Scholarships and other.....	22,425
CHANGE IN NET ASSETS.....	2,003
NET ASSETS AT BEGINNING OF YEAR.....	1,017,157
NET ASSETS AT END OF YEAR.....	\$ 1,019,160

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Duxbury, 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 accounting policies are described herein.

A. Reporting Entity

The Town of Duxbury, Massachusetts is a municipal corporation governed by an elected three member Board of Selectmen and an appointed Town Manager.

For financial reporting purposes, the Town has included all funds, organizations, 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. As required by GAAP, these basic financial statements present the Town (the Primary Government) and its component units. The Town did not identify any component units requiring inclusion in the basic financial statements.

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) 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.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal 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.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and water enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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 following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *community preservation act fund* is a special revenue fund used to account for the accumulation of resources for the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *highway improvement fund* is a special revenue fund used to account for construction, reconstruction and improvements of roadways, streets and sidewalks. Funding is provided primarily by state grants.

The *school renovations fund* is a capital projects fund used to account for financial resources to expand and upgrade the Town's school facilities.

The *town services 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.

The nonmajor governmental funds consist of other special revenue and capital projects that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund 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 Funds).

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary fund is reported:

The *water enterprise fund* is used to account for the Town's water activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance.

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 governmental programs. Agency funds have no measurement focus.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's private-purpose trust fund is primarily comprised of scholarships.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund is comprised of performance bonds, special details, deposits, and fees and licenses.

Government-Wide and Fund Financial Statements

For the enterprise funds, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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. Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

Water and Sewer

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist of veterans and ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

F. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund 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 at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases 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. All major general infrastructure assets acquired or significantly reconstructed in fiscal years ending after June 30, 1980 have been recorded at estimated historical cost.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings.....	40
Infrastructure.....	20-40
Vehicles.....	5-15
Computers.....	5
Furniture, Fixtures and Equipment.....	10
Improvements.....	10-20
Library books.....	7
School books.....	3-7

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.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding

between the governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

J. Deferred Revenue

Deferred revenue at the governmental 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.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are reported as restricted when amounts that 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:

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts.

"Gifts and grants" represents restrictions placed on assets from outside parties.

Fund Financial Statements (Fund Balances)

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 balance 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.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2007 operating budget.

L. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

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

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

N. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

O. Post Retirement Benefits*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, the Town provides health insurance coverage for approximately 260 retired employees and their survivors. The Town recognizes the cost of providing health insurance by recording its shares of insurance premiums in the General Fund in the fiscal year paid. For the fiscal year ended June 30, 2006, this expenditure totaled approximately \$1,065,000.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

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 the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. Fund Deficits

At June 30, 2006, the Miscellaneous Capital Projects and the High School Sewage Capital Project funds classified within the Nonmajor Governmental Funds have deficit balances of (\$16,179) and (\$65,575) respectively. These deficits will be funded through grants and future long-term borrowing.

NOTE 3 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Duxbury's deposits may not be returned to it. At fiscal year-end, the carrying amount of deposits totaled \$14,601,958 and the bank balance totaled \$15,590,849. Of the bank balance, \$500,000 was covered by Federal Depository Insurance, \$8,134,367 was collateralized, and \$6,956,482 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town's investment policy limits its custodial credit risk by 1) prequalifying banks, 2) diversifying its investments across several banks and collateralizing deposits where practical.

Investments

As of June 30, 2006, the Town of Duxbury had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
Federal Home Loan Bank.....	\$ 196,953	\$ -	\$ 48,250	\$ 148,703	\$ -
Federal Home Loan Mortgage Corporation.....	133,822	-	-	-	133,823
Federal National Mortgage Association.....	349,317	-	99,531	199,062	50,724
Government National Mortgage Association.....	106,106	-	-	-	106,106
U.S. Treasury Notes.....	<u>1,264,425</u>	<u>296,607</u>	<u>818,269</u>	<u>149,549</u>	<u>-</u>
Total Debt Securities.....	2,050,623	<u>\$ 296,607</u>	<u>\$ 966,050</u>	<u>\$ 497,314</u>	<u>\$ 290,653</u>
<u>Other Investments:</u>					
Equity Securities.....	2,668,671				
MMDT.....	<u>1,582,191</u>				
Total Investments.....	<u>\$ 6,301,485</u>				

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by 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 investments of \$196,953 in Federal Home Loan Bank securities, \$133,822 in Federal Home Loan Mortgage Corporation securities, \$349,317 in Federal National Mortgage Association securities, \$106,106 in Government National Mortgage Association securities, \$1,264,425 in United States Treasury Notes, and \$2,668,671 in equity securities, the Town has some custodial credit risk as the securities are uninsured. The securities are registered to Dunn & Co. as nominee for the Town of Duxbury. The Town of Duxbury investment policy allows for custodial safekeeping in nominee name. It also requires proof that securities purchased from any bank or dealer shall be provided to the Treasurer and recorded on the Town's books.

Interest Rate Risk

The Town's investment policy limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates and to match investment maturities with anticipated cash flow requirements. The Town's investment policy requires investments of operating funds to have a maturity of one year or less from the date of purchase. The Town limits their maximum final stated maturities for other investments to ten (10) years, unless specific authority is given to exceed this limit. Additionally, the policy does not permit the direct investment in securities maturing more than ten (10) years from date of purchase unless the maturities are matched to specific cash flow requirements. Reserve funds are permitted to be invested in securities exceeding ten (10) years if the maturities of such investments are made to coincide, as nearly as practicable, with the expected use of the funds.

Credit Risk

The Town's investment policy states that for Bank Deposits, including Repurchase Agreements; Certificates of Deposit; and Demand Deposits that exceed the FDIC insured amount are to be made in Banks or Savings and Loan Associations with a Moody's Rating of A3 or above; a Standard & Poor's and Finch rating of A or above; or a Thompson Bond Watch Rating of A or B. The Town's investment in MMDT is unrated. However, the investment policy of MMDT limits the Trust's investments to only the highest quality securities as rated by at least two nationally recognized rating services.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5 percent of the Town's investments are in the Federal National Mortgage Association. These investments represent 5.54% of the Town's total investments.

NOTE 4 – RECEIVABLES

At June 30, 2006, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 429,771	\$ (1,174)	\$ 428,597
Real estate tax deferrals.....	88,974	-	88,974
Tax liens.....	102,331	-	102,331
Motor vehicle and other excise taxes.....	229,747	(145,700)	84,047
User fees.....	2,291	-	2,291
Departmental and other.....	235,674	-	235,674
Intergovernmental.....	2,386,922	-	2,386,922
Total.....	<u>\$ 3,475,710</u>	<u>\$ (146,874)</u>	<u>\$ 3,328,836</u>

At June 30, 2006, receivables for the water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water.....	<u>\$ 944,994</u>	<u>\$ -</u>	<u>\$ 944,994</u>

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. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 108,899	\$ -	\$ 108,899
Real estate tax deferrals.....	88,974	-	88,974
Tax liens.....	102,331	-	102,331
Motor vehicle and other excise taxes.....	84,047	-	84,047
User fees.....	2,291	-	2,291
Departmental and other.....	145,865	7,363	153,228
Intergovernmental.....	639,982	1,731,607	2,371,589
Tax foreclosures.....	621,656	-	621,656
Total.....	<u>\$ 1,794,045</u>	<u>\$ 1,738,970</u>	<u>\$ 3,533,015</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 29,406,267	\$ 94,500	\$ -	\$ 29,500,767
Construction in progress.....	274,703	1,325,806	-	1,600,509
Total capital assets not being depreciated.....	29,680,970	1,420,306	-	31,101,276
<u>Capital assets being depreciated:</u>				
Buildings.....	50,395,228	-	-	50,395,228
Infrastructure.....	17,641,886	324,516	(225,736)	17,740,666
Vehicles.....	5,161,585	1,810,529	(799,330)	6,172,784
Computers.....	2,099,279	253,467	(270,256)	2,082,490
Furniture, fixtures and equipment.....	1,791,462	-	-	1,791,462
Improvements.....	7,969,780	-	-	7,969,780
Library books.....	853,369	111,627	(131,891)	833,105
School books.....	669,737	113,196	(306,121)	476,812
Total capital assets being depreciated.....	86,582,326	2,613,335	(1,733,334)	87,462,327
<u>Less accumulated depreciation for:</u>				
Buildings.....	(7,124,041)	(1,180,359)	-	(8,304,400)
Infrastructure.....	(7,876,683)	(878,859)	225,736	(8,529,806)
Vehicles.....	(3,248,131)	(704,172)	799,330	(3,152,973)
Computers.....	(905,320)	(442,903)	270,256	(1,077,967)
Furniture, fixtures and equipment.....	(530,698)	(179,146)	-	(709,844)
Improvements.....	(6,216,405)	(398,489)	-	(6,614,894)
Library books.....	(451,964)	(120,462)	131,891	(440,535)
School books.....	(455,405)	(128,595)	306,121	(277,879)
Total accumulated depreciation.....	(26,808,647)	(4,032,985)	1,733,334	(29,108,298)
Total capital assets being depreciated, net.....	59,773,679	(1,419,650)	-	58,354,029
Total governmental activities capital assets, net.....	\$ 89,454,649	\$ 656	\$ -	\$ 89,455,305

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Enterprise Fund Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,849,437	\$ -	\$ -	\$ 2,849,437
Construction in progress.....	1,570,823	49,223	(1,401,589)	218,457
Total capital assets not being depreciated.....	4,420,260	49,223	(1,401,589)	3,067,894
<u>Capital assets being depreciated:</u>				
Plant, facilities and infrastructure.....	13,498,564	1,548,593	-	15,047,157
Equipment and motor vehicles.....	136,602	179,407	(52,629)	263,380
Total capital assets being depreciated.....	13,635,166	1,728,000	(52,629)	15,310,537
<u>Less accumulated depreciation for:</u>				
Plant, facilities and infrastructure.....	(4,424,926)	(668,270)	-	(5,093,196)
Equipment and motor vehicles.....	(299,925)	(52,676)	52,629	(299,972)
Total accumulated depreciation.....	(4,724,851)	(720,946)	52,629	(5,393,168)
Total capital assets being depreciated, net.....	8,910,315	1,007,054	-	9,917,369
Total Water Enterprise capital assets.....	\$ 13,330,575	\$ 1,056,277	\$ (1,401,589)	\$ 12,985,263

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

Governmental Activities:

General government.....	\$ 76,685
Public safety.....	534,713
Education.....	2,088,333
Public works.....	896,092
Culture and recreation.....	437,162
Total depreciation expense - governmental activities.....	\$ 4,032,985

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2006, interfund payables and receivables between Nonmajor Governmental Funds, totaling \$15,333, were related to the timing of highway projects funding.

Interfund transfers for the fiscal year ended June 30, 2006, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 10,000	\$ 10,000 (1)
Town Services Fund.....	17,000	-	17,000 (2)
Nonmajor Governmental Funds.....	683,181	-	683,181 (3)
Water Enterprise Fund.....	250,000	-	250,000 (4)
Total.....	<u>\$ 950,181</u>	<u>\$ 10,000</u>	<u>\$ 960,181</u>

- (1) Represents a transfer to the conservation nonmajor fund from the general fund.
- (2) Represents budgeted transfers to the general fund from the Freeman and Mayflower town services fund to fund the FY06 operating budget.
- (3) Represents transfers of \$296,321 and \$386,860 to the general fund from various nonmajor funds.
- (4) Represents a transfer to the general fund from the water enterprise fund.

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and water enterprise fund, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2006, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2005	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2006
<i>Governmental Funds</i>							
BAN	Land Acquisition.....	2.75-3.00%	07/14/05	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
GAN	Chapter 90 Highway.....	2.89%	08/29/05	376,000	-	376,000	-
BAN	Departmental Equipment.....	3.25-3.50%	01/13/06	335,000	-	335,000	-
BAN	Animal Shelter.....	3.25-3.50%	01/13/06	75,000	-	75,000	-
BAN	Fire Dept. Equipment.....	3.25-3.50%	01/13/06	500,000	-	500,000	-
BAN	School Bonds.....	3.25-3.50%	01/13/06	39,336,000	-	39,336,000	-
BAN	Sewer Bonds.....	3.25-3.50%	01/13/06	3,100,000	-	3,100,000	-
BAN	Animal Shelter.....	3.50%	06/01/06	-	8,100	8,100	-
BAN	School Bonds.....	3.50%	06/01/06	-	65,575	65,575	-
BAN	Animal Shelter.....	3.90%	03/15/07	-	7,000	-	7,000
BAN	School Bonds.....	3.90%	03/15/07	-	65,575	-	65,575
BAN	Town Building Alarms.....	3.90%	03/15/07	-	11,525	-	11,525
BAN	Departmental Equipment.....	3.90%	03/15/07	-	24,900	-	24,900
<i>Total Governmental Funds.....</i>				<u>45,222,000</u>	<u>182,675</u>	<u>45,295,675</u>	<u>109,000</u>
<i>Enterprise Fund</i>							
BAN	Water Bonds.....	3.25-3.50%	01/13/06	400,000	-	400,000	-
BAN	Water Projects.....	3.25-3.50%	01/13/06	100,000	-	100,000	-
BAN	Water Projects.....	3.90%	03/15/07	-	100,000	-	100,000
<i>Total Enterprise Fund.....</i>				<u>500,000</u>	<u>100,000</u>	<u>500,000</u>	<u>100,000</u>
<i>Total.....</i>				<u>\$ 45,722,000</u>	<u>\$ 282,675</u>	<u>\$ 45,795,675</u>	<u>\$ 209,000</u>

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2006, and the debt service requirements are as follows:

General Obligation Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Departmental Equipment.....	4.45	\$ 30,000	\$ -	\$ 30,000	\$ -
Remodeling.....	4.45	10,000	-	10,000	-
DPW Building Construction.....	4.49	10,000	-	10,000	-
Library.....	5.00	1,880,000	-	160,000	1,720,000
Dredging.....	5.00	15,000	-	15,000	-
Sewer Connections.....	5.00	30,000	-	10,000	20,000
MWPAT 1997.....	5.27	430,509	-	30,277	400,232
Land acquisition.....	3.89	615,000	-	155,000	460,000
School.....	4.99	815,000	-	175,000	640,000
Fire Station.....	4.99	300,000	-	60,000	240,000
Senior Center.....	3.50 - 4.50	1,725,000	-	145,000	1,580,000
MWPAT 2001 Title V.....	4.50	152,188	-	10,872	141,316
Sewer.....	4.00	915,000	-	55,000	860,000
Land Acquisition.....	3.10	235,000	-	35,000	200,000
Departmental Equipment.....	2.80	95,000	-	95,000	-
MWPAT 2004 Title V.....	3.30 - 5.25	171,156	-	10,713	160,443
Fire Truck.....	2.00	465,000	-	155,000	310,000
School.....	4.00	-	11,578,000	-	11,578,000
School Sewer.....	4.00	-	1,457,000	-	1,457,000
Departmental Equipment.....	4.00	-	1,972,000	-	1,972,000
Animal Shelter.....	4.00	-	45,000	-	45,000
Total Bonds and Notes Payable.....		\$ 7,893,853	\$ 15,052,000	\$ 1,161,862	\$ 21,783,991

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

Fiscal Year	Principal	Interest	Total
2007.....	\$ 2,554,906	\$ 854,042	\$ 3,408,948
2008.....	2,538,985	753,236	3,292,221
2009.....	2,349,860	654,445	3,004,305
2010.....	1,530,774	573,979	2,104,753
2011.....	1,321,513	509,150	1,830,663
2012.....	1,312,726	454,961	1,767,687
2013.....	1,303,792	410,589	1,714,381
2014.....	1,269,889	347,464	1,617,353
2015.....	1,266,053	294,123	1,560,176
2016.....	1,267,267	240,556	1,507,823
2017.....	1,268,518	186,663	1,455,181
2018.....	936,558	139,751	1,076,309
2019.....	931,558	101,981	1,033,539
2020.....	920,690	63,491	984,181
2021.....	920,907	24,159	945,066
2022.....	45,000	3,161	48,161
2023.....	45,000	1,057	46,057
Totals.....	\$ <u>21,783,991</u>	\$ <u>5,612,808</u>	\$ <u>27,396,799</u>

Bonds and Notes Payable Schedule – Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Water Projects.....	4.45	\$ 180,000	\$ -	\$ 180,000	\$ -
Municipal Bond.....	3.89	1,400,000	-	225,000	1,175,000
Water.....	4.99	200,000	-	40,000	160,000
Water Projects.....	3.50 - 4.50	150,000	-	25,000	125,000
Water.....	3.10	475,000	-	65,000	410,000
Water.....	2.50 - 4.00	990,000	-	110,000	880,000
Water.....	2.00 - 3.60	360,000	-	40,000	320,000
Water.....	4.00	-	500,000	-	500,000
Total Bonds and Notes Payable.....		\$ <u>3,755,000</u>	\$ <u>500,000</u>	\$ <u>685,000</u>	\$ <u>3,570,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007.....	\$ 550,000	\$ 125,649	\$ 675,649
2008.....	545,000	106,680	651,680
2009.....	545,000	86,955	631,955
2010.....	420,000	69,430	489,430
2011.....	380,000	53,765	433,765
2012.....	375,000	39,615	414,615
2013.....	355,000	25,462	380,462
2014.....	300,000	12,308	312,308
2015.....	50,000	3,000	53,000
2016.....	<u>50,000</u>	<u>1,000</u>	<u>51,000</u>
Totals.....	\$ <u>3,570,000</u>	\$ <u>523,864</u>	\$ <u>4,093,864</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$108,527 and interest costs for \$226,386. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$622,586. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2006 principal and interest subsidies totaled approximately \$6,900 and \$33,400, respectively.

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. The Town has been approved for a grant equal to 67% of allowable costs, as defined, for the construction of the new sewer system for the High School Complex and the renovation and addition to the Alden and Chandler Elementary Schools. During fiscal year 2006 the Town received approximately \$28,800,000 in MSBA grant funding which was used to paydown the Town's temporary borrowing related to these projects. The anticipated future reimbursement of approximately \$640,000 has been recorded as an intergovernmental receivable and deferred revenue in the School Renovations major fund in the fund based financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2006, the Town had the following authorized and unissued debt:

Purpose	Amount
New School Facilities.....	\$ 85,575
Animal Shelter.....	7,000
Water Wells.....	700,000
PCE Water.....	100,000
Town Building Alarms.....	100,000
Pool Dehumidification.....	300,000
Wright Building.....	2,541,316
Water Mains.....	650,000
Water Planning.....	250,000
Equipment.....	317,000
Fire Truck Rehabilitation.....	90,000
Parking Lot Construction.....	65,000
Cemetery Bonds.....	80,000
Total.....	<u>\$ 5,285,891</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2006, the following changes occurred in long-term liabilities:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Current Portion
Governmental Activities:					
Long-Term Bonds and Notes.....	\$ 7,893,853	\$ 15,052,000	\$ (1,161,862)	\$ 21,783,991	\$ 2,554,906
Compensated Absences.....	<u>840,000</u>	<u>693,748</u>	<u>(662,748)</u>	<u>871,000</u>	<u>686,608</u>
Total governmental activity long-term liabilities.....	<u>\$ 8,733,853</u>	<u>\$ 15,745,748</u>	<u>\$ (1,824,610)</u>	<u>\$ 22,654,991</u>	<u>\$ 3,241,514</u>
Business-Type Activities:					
Long-Term Bonds and Notes.....	\$ 3,755,000	\$ 500,000	\$ (685,000)	\$ 3,570,000	\$ 550,000
Compensated Absences.....	<u>29,000</u>	<u>21,743</u>	<u>(23,743)</u>	<u>27,000</u>	<u>21,894</u>
Total business-type activity long-term liabilities.....	<u>\$ 3,784,000</u>	<u>\$ 521,743</u>	<u>\$ (708,743)</u>	<u>\$ 3,597,000</u>	<u>\$ 571,894</u>

Compensated absences liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

NOTE 9 – STABILIZATION AND PENSION TRUST FUNDS

Stabilization Fund – At June 30, 2006, \$639,490 has been set aside in a stabilization fund, which is classified as a nonmajor fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

Pension Trust Fund – At June 30, 2006, \$953,994 has been set aside in a pension trust fund, which is classified as a nonmajor fund in the governmental funds financial statements. The pension trust fund is distinct and separate from the System information in Note 12. The purpose of the fund is to provide a reserve to meet future annual contributions to the System.

NOTE 10 – COMMUNITY PRESERVATION FUNDS

In March of 2001, the Town approved the Community Preservation Act (CPA) which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The CPA requires that the Town spend or set aside for later spending a minimum of ten percent of annual revenues for open space, a minimum of ten percent of annual revenues for historic resources and a minimum of ten percent of annual revenues for community housing.

In accordance with the CPA, the Town has approved a new bylaw establishing a Community Preservation Committee (CPC) to study the needs, possibilities and resources of the Town regarding community preservation and to make recommendations for Town Meeting approval to fund eligible projects using CPA funds.

As of June 30, 2006, the CPA fund has a balance of \$2,133,097 and is reported as a major fund in the governmental funds financial statements.

NOTE 11 – RISK FINANCING

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 for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for employee health insurance activities. These activities are accounted for in the Town's Internal Service Fund where revenues are recorded when earned and expenditures recorded when the liability is incurred.

(a) Employee Health Insurance

The Town estimates its Incurred But Not Reported (IBNR) claims based on a 10% claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$75,000 per claim. At June 30, 2006, the amount of the liability for health insurance claims totaled \$756,000. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2004, are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-End
Fiscal Year 2005.....	\$ 1,627,000	\$	6,166,957	\$	(6,927,957)	\$	866,000
Fiscal Year 2006.....	866,000		7,430,177		(7,540,177)		756,000

(b) Workers' Compensation

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type.

At June 30, 2006, the amount of the liability for workers' compensation claims was immaterial and is therefore not reported.

NOTE 12 – PENSION PLAN

Plan Description - The Town contributes to the Plymouth County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$3,528,000 for the fiscal year ended June 30, 2006, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase 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 Plymouth County Contributory 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 South Russell Street in Plymouth, Massachusetts, 02360.

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 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,308,623, \$1,213,539, and \$1,172,510, respectively, which equaled its required contribution for each fiscal year.

Noncontributory Retirement Allowance – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2006 totaled approximately \$27,000.

NOTE 13 – COMMITMENTS

The Town has various commitments totaling approximately \$5,200,316 for projects related to a sewer treatment plant, pool facilities, building alarms, an animal shelter, equipment, and various water projects and renovation projects.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2006, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2006, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2006.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2006, the following GASB pronouncements were implemented:

The GASB issued *Statement #42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This pronouncement did not significantly impact the basic financial statements.

The GASB issued *Statement #46, Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. It requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This pronouncement did not significantly impact the basic financial statements.

The GASB issued *Statement #47, Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The Statement requires that similar forms of termination benefits be accounted for in the same manner and is intended to enhance both the consistency of reporting for termination benefits and the comparability of financial statements. This pronouncement did not significantly impact the basic financial statements.

The GASB issued Statement #48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues which is required to be implemented in FY2008. Management has elected to implement this GASB early. This pronouncement did not significantly impact the basic financial statements.

Other Future GASB Pronouncements:

The GASB issued Statement #43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which is required to be implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts						
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 34,989,840	\$ 34,989,840	\$ 34,989,840	\$ 35,257,522	\$ -	\$ 267,682
Motor vehicle and other excise taxes.....	-	2,300,000	2,300,000	2,300,000	2,431,468	-	131,468
Sewer charges.....	-	220,000	220,000	220,000	278,132	-	58,132
Trash disposal.....	-	480,000	480,000	480,000	491,862	-	11,862
Intergovernmental.....	-	4,051,933	4,051,933	4,051,933	4,132,747	-	80,814
Departmental and other.....	-	3,768,425	3,768,425	3,768,425	3,606,530	-	(161,895)
Investment income.....	-	140,000	140,000	140,000	604,078	-	464,078
TOTAL REVENUES.....	-	45,950,198	45,950,198	45,950,198	46,802,339	-	852,141
EXPENDITURES:							
Current:							
General government							
Town Meeting							
Expenditures.....	-	7,500	7,500	11,077	6,727	-	4,350
Town Moderator							
Salaries.....	-	40	40	40	40	-	-
Selectmen							
Salaries.....	-	224,710	224,710	179,674	179,511	-	163
Expenditures.....	3,577	40,000	43,577	49,000	34,366	-	14,634
Articles.....	49,630	410,000	459,630	459,651	430,937	28,124	590
Total.....	53,207	674,710	727,917	688,325	644,814	28,124	15,387
Finance Committee							
Expenditures.....	-	200	200	200	185	-	15
Articles.....	5,000	-	5,000	5,000	-	-	5,000
Total.....	5,000	200	5,200	5,200	185	-	5,015
Computers							
Salaries.....	-	52,374	52,374	53,946	53,946	-	-
Expenditures.....	295	57,732	58,027	57,137	51,575	2,210	3,352
Articles.....	71,850	24,000	95,850	96,740	45,471	51,269	-
Total.....	72,145	134,106	206,251	207,823	150,992	53,479	3,352
Accounting							
Salaries.....	-	185,479	185,479	194,609	191,194	-	3,415
Expenditures.....	-	42,450	42,450	42,450	6,290	-	36,160
Articles.....	-	60,000	60,000	60,000	-	60,000	-
Total.....	-	287,929	287,929	297,059	197,484	60,000	39,575
Audit							
Expenditures.....	-	40,000	40,000	40,000	40,000	-	-
Assessor							
Salaries.....	-	178,745	178,745	186,162	184,412	-	1,750
Expenditures.....	-	30,000	30,000	30,000	28,427	-	1,573
Total.....	-	208,745	208,745	216,162	212,839	-	3,323
Treasurer/Collector							
Salaries.....	-	238,104	238,104	249,052	227,163	-	21,889
Expenditures.....	2,670	61,000	63,670	63,670	51,133	-	12,537
Total.....	2,670	299,104	301,774	312,722	278,296	-	34,426
Legal							
Expenditures.....	-	173,000	173,000	203,000	185,871	-	17,129

(Continued)

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Personnel Board							
Salaries.....	-	4,500	4,500	4,527	4,527	-	-
Expenditures.....	2,768	3,000	5,768	5,768	3,257	-	2,511
Articles.....	1,539	123,921	125,460	37,870	-	-	37,870
Total.....	4,307	131,421	135,728	48,165	7,784	-	40,381
Town Clerk							
Salaries.....	-	94,722	94,722	96,928	96,275	-	653
Expenditures.....	-	3,075	3,075	3,675	2,912	-	763
Total.....	-	97,797	97,797	100,603	99,187	-	1,416
Election/Registration							
Salaries.....	-	9,142	9,142	9,142	6,720	-	2,422
Expenditures.....	-	12,600	12,600	12,000	9,590	-	2,410
Total.....	-	21,742	21,742	21,142	16,310	-	4,832
Conservation							
Salaries.....	-	81,099	81,099	84,409	81,838	-	2,571
Expenditures.....	-	7,000	7,000	7,000	6,755	-	245
Articles.....	2,520	12,500	15,020	5,019	4,984	-	35
Total.....	2,520	100,599	103,119	96,428	93,577	-	2,851
Planning Board							
Salaries.....	-	83,496	83,496	86,897	77,656	-	9,241
Expenditures.....	2,000	15,000	17,000	17,000	13,393	-	3,607
Articles.....	7,810	-	7,810	7,810	573	6,267	970
Total.....	9,810	98,496	108,306	111,707	91,622	6,267	13,818
Tax Title							
Articles.....	59,319	-	59,319	59,319	4,074	35,245	20,000
Collective Bargaining.....	-	-	-	29,363	29,363	-	-
Cable Advisory							
Expenditures.....	-	250	250	250	100	-	150
Historical Commission							
Expenditures.....	-	250	250	250	250	-	-
Total General Government.....	208,978	2,275,889	2,484,867	2,448,635	2,059,515	183,115	206,005
Public safety							
Police							
Salaries.....	-	2,451,047	2,451,047	2,456,827	2,436,133	-	20,694
Expenditures.....	3,573	222,965	226,538	241,901	222,582	1,071	18,248
Articles.....	1,075	-	1,075	1,162	-	-	1,162
Total.....	4,648	2,674,012	2,678,660	2,699,890	2,658,715	1,071	40,104
Fire							
Salaries.....	-	1,706,833	1,706,833	1,757,102	1,744,237	-	12,865
Expenditures.....	581	157,175	157,756	183,756	181,316	2,204	236
Articles.....	815	16,000	16,815	16,815	13,650	3,000	165
Total.....	1,396	1,880,008	1,881,404	1,957,673	1,939,203	5,204	13,266
Inspectional Services							
Salaries.....	-	357,219	357,219	372,197	368,937	-	3,260
Expenditures.....	-	34,100	34,100	34,100	28,992	110	4,998
Articles.....	600	-	600	600	-	-	600
Total.....	600	391,319	391,919	406,897	397,929	110	8,858

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Animal Control							
Salaries.....	-	40,000	40,000	40,000	33,479	-	6,521
Expenditures.....	-	14,550	14,550	14,550	8,409	1,099	5,042
Total.....	-	54,550	54,550	54,550	41,888	1,099	11,563
Harbormaster/Beach Management							
Salaries.....	-	164,791	164,791	166,644	161,325	-	5,319
Expenditures.....	-	28,000	28,000	27,911	20,368	-	7,543
Articles.....	9,070	32,000	41,070	41,159	31,025	2,449	7,685
Total.....	9,070	224,791	233,861	235,714	212,718	2,449	20,547
Total Public Safety.....	15,714	5,224,680	5,240,394	5,354,724	5,250,453	9,933	94,338
Education.....	1,201,444	24,000,000	25,201,444	25,201,445	24,051,621	42,779	1,107,045
Public works							
DPW Management							
Salaries.....	-	210,035	210,035	216,194	216,194	-	-
Expenditures.....	-	28,150	28,150	38,831	38,681	150	-
Articles.....	456,838	43,000	499,838	493,525	105,739	343,346	44,440
Total.....	456,838	281,185	738,023	748,550	360,614	343,496	44,440
Vehicle Maintenance							
Salaries.....	-	78,959	78,959	75,959	75,687	-	272
Expenditures.....	1,095	68,800	69,895	94,895	87,907	114	6,874
Total.....	1,095	147,759	148,854	170,854	163,594	114	7,146
Highway Department							
Salaries.....	-	325,596	325,596	334,500	334,500	-	-
Expenditures.....	140	58,590	58,730	58,730	49,985	4,238	4,507
Articles.....	-	25,000	25,000	25,000	-	-	25,000
Total.....	140	409,186	409,326	418,230	384,485	4,238	29,507
Snow & Ice							
Salaries.....	-	55,000	55,000	65,924	65,924	-	-
Expenditures.....	150	94,200	94,350	150,456	150,455	-	1
Total.....	150	149,200	149,350	216,380	216,379	-	1
Fuel Depot							
Expenditures.....	2,482	127,052	129,534	251,534	239,249	-	12,285
Land & Natural Resources							
Salaries.....	-	310,392	310,392	321,360	321,360	-	-
Expenditures.....	-	42,555	42,555	42,555	39,041	274	3,240
Articles.....	100	-	100	100	-	-	100
Total.....	100	352,947	353,047	364,015	360,401	274	3,340
Street Lights							
Expenditures.....	-	33,000	33,000	38,500	37,203	-	1,297
Transfer Station							
Salaries.....	-	170,592	170,592	179,759	179,759	-	-
Expenditures.....	16,784	800,528	817,312	759,812	701,074	11,860	46,878
Total.....	16,784	971,120	987,904	939,571	880,833	11,860	46,878
Sewer Department							
Salaries.....	-	4,945	4,945	4,945	-	-	4,945
Expenditures.....	352	191,251	191,603	213,600	211,816	-	1,784
Total.....	352	196,196	196,548	218,545	211,816	-	6,729

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Cemetery							
Salaries.....	-	284,162	284,162	274,374	274,374	-	-
Expenditures.....	8,525	108,000	116,525	151,525	139,919	9,130	2,476
Articles.....	-	39,500	39,500	39,500	-	-	39,500
Total.....	8,525	431,662	440,187	465,399	414,293	9,130	41,976
Central Building							
Salaries.....	-	63,578	63,578	66,561	66,561	-	-
Expenditures.....	261	171,870	172,131	170,530	170,248	-	282
Articles.....	-	25,000	25,000	25,000	-	11,400	13,600
Total.....	261	260,448	260,709	262,091	236,809	11,400	13,882
Building Maintenance							
Expenditures.....	-	32,000	32,000	32,000	31,788	-	212
Tarklin							
Expenditures.....	-	6,500	6,500	6,500	6,455	-	45
Lucy Hathaway: Public Works							
Articles.....	8,829	-	8,829	8,829	1,097	4,770	2,962
Total Public Works.....	495,556	3,398,255	3,893,811	4,140,998	3,545,016	385,282	210,700
Human services							
Council on Aging							
Salaries.....	-	271,991	271,991	279,059	277,249	-	1,810
Expenditures.....	229	79,400	79,629	85,568	85,002	-	566
Articles.....	724	2,500	3,224	3,225	2,218	283	724
Total.....	953	353,891	354,844	367,852	364,469	283	3,100
Veterans							
Salaries.....	-	19,300	19,300	19,877	19,807	-	70
Expenditures.....	126	35,000	35,126	35,126	31,895	24	3,207
	126	54,300	54,426	55,003	51,702	24	3,277
Total Human Services.....	1,079	408,191	409,270	422,855	416,171	307	6,377
Culture and recreation							
Library							
Salaries.....	-	735,058	735,058	741,899	740,148	-	1,751
Expenditures.....	6,574	271,389	277,963	277,300	270,733	4,716	1,851
Articles.....	30,134	17,500	47,634	52,583	15,904	31,190	5,489
Total.....	36,708	1,023,947	1,060,655	1,071,782	1,026,785	35,906	9,091
Recreation							
Salaries.....	-	123,580	123,580	127,723	127,723	-	-
Expenditures.....	250	10,000	10,250	10,250	7,855	750	1,645
Articles.....	3,472	-	3,472	3,472	-	-	3,472
Total.....	3,722	133,580	137,302	141,445	135,578	750	5,117
Pool							
Salaries.....	-	171,708	171,708	164,265	159,482	-	4,783
Expenditures.....	2,819	81,150	83,969	97,031	89,000	6,300	1,731
Articles.....	2,548	-	2,548	2,549	-	-	2,549
Total.....	5,367	252,858	258,225	263,845	248,482	6,300	9,063
North Hill							
Expenditures.....	171	2,500	2,671	2,671	2,314	-	357
Articles.....	5,123	-	5,123	5,123	-	4,000	1,123
Total.....	5,294	2,500	7,794	7,794	2,314	4,000	1,480

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Lifeguards							
Salaries.....	-	15,514	15,514	15,514	13,901	-	1,613
Expenditures.....	-	1,030	1,030	1,030	1,026	-	4
Total.....	-	16,544	16,544	16,544	14,927	-	1,617
Public Celebrations							
Expenditures.....	-	3,500	3,500	3,500	3,246	-	254
Plymouth County Cooperative							
Expenditures.....	-	200	200	200	200	-	-
Total Culture and Recreation.....	51,091	1,433,129	1,484,220	1,505,110	1,431,532	46,956	26,622
Pension benefits							
Contributory Retirement.....	-	1,335,308	1,335,308	1,308,623	1,308,623	-	-
Non-Contributory Retirement.....	-	26,500	26,500	26,500	26,500	-	-
Total.....	-	1,361,808	1,361,808	1,335,123	1,335,123	-	-
Property and liability insurance.....	2,500	327,750	330,250	369,250	289,216	-	80,034
Employee benefits.....	39,000	6,706,341	6,745,341	6,706,341	6,687,718	-	18,623
Reserve fund.....	-	150,000	150,000	20,932	-	-	20,932
State and county charges.....	-	265,400	265,400	265,400	283,710	-	(18,310)
Debt service.....	-	3,018,138	3,018,138	3,010,121	2,873,082	-	137,039
TOTAL EXPENDITURES.....	2,015,362	48,569,581	50,584,943	50,780,934	48,223,157	668,372	1,889,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,015,362)	(2,619,383)	(4,634,745)	(4,830,736)	(1,420,818)	(668,372)	2,741,546
OTHER FINANCING SOURCES (USES):							
Premium from issuance of bonds.....	-	-	-	-	71,608	-	71,608
Transfers in.....	-	916,321	916,321	916,321	950,181	-	33,860
Transfers out.....	-	-	-	(10,000)	(10,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	916,321	916,321	906,321	1,011,789	-	105,468
NET CHANGE IN FUND BALANCE.....	(2,015,362)	(1,703,062)	(3,718,424)	(3,924,415)	(409,029)	(668,372)	2,847,014
BUDGETARY FUND BALANCE, Beginning of year.....	5,852,878	5,852,878	5,852,878	5,852,878	5,852,878	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 3,837,516	\$ 4,149,816	\$ 2,134,454	\$ 1,928,463	\$ 5,443,849	\$ (668,372)	\$ 2,847,014

(Concluded)

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING**A. Budgetary Information**

Municipal Law requires the Town to adopt a balanced budget that is approved at the annual town meeting. The Town Manager presents an annual budget to the Board of Selectmen, Finance Committee and the Fiscal Advisory Committee, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personal services, expenses, debt service and capital outlay and are mandated by Municipal Law.

Supplementary appropriations are voted at special town meetings.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original fiscal year 2006 approved budget for the General Fund includes \$48,569,581 in current year appropriations and other amounts to be raised and \$2,015,362 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2006, the Town approved supplemental appropriations totaling \$207,530.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2006, is presented below:

Net Change in Fund Balance - budgetary basis.....	\$ (409,029)
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	112,356
Net change in expenditure accrual.....	(19,048)
Net change in short-term interest accrual.....	715,971
Recognition of revenue for on-behalf payments.....	3,528,000
Recognition of expenditures for on-behalf payments.....	<u>(3,528,000)</u>
Net Change in Fund Balance - GAAP basis.....	\$ <u>400,250</u>

C. Appropriation Deficits

During fiscal year 2006, expenditures exceeded budgeted appropriations for State and County Charges which is a legal deficit created solely by the Commonwealth and not under the control of the Town.

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Other Supplementary Information

Combining and Individual Fund Statements and Schedules

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Fund Description

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than permanent funds or major capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's special revenue funds are grouped into the following categories:

- ***School Lunch Fund*** – accounts for the operations of the public school lunch program.
- ***School Grants*** – accounts for educational programs specifically financed by grants and other restricted revenues.
- ***Recreation Revolving*** – accounts for self-supporting recreational programs and activities.
- ***Town Grants*** – accounts for various grants and legally restricted revenues for special programs administered by Town departments.
- ***Stabilization*** – accounts for the accumulation of resources to be used for general and/or capital purposes upon approval of Town Meeting.
- ***Pension Trust*** – accounts for the accumulation of resources to meet future annual contributions to the County Retirement System.
- ***Special Revenue Trust Funds*** – accounts for statutory trust accounts that may be spent to support the government.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for non-major capital project funds is as described as follows:

- ***Old Pool Roof/Crematory*** – represents the balance of two old capital projects.
- ***Miscellaneous Small Projects*** – accounts for non-major capital projects. The balance currently includes a Fire Alarms project and construction of a new Animal Shelter.
- ***Wadsworth Shared Septic*** – accounts for the construction of a shared septic disposal system for 35 homeowners along the bay.
- ***Land Acquisition*** – accounts for various land acquisition projects, primarily the Camp Wing project.

- **Senior Center** – accounts for the construction of a new senior center.
- **High School Sewerage Plant** – accounts for the construction of a sewerage plant at the High School. The Town expects 52% reimbursement from the Commonwealth (exempt debt).

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET**

JUNE 30, 2006

Special Revenue Funds								
ASSETS	School Lunch	School Grants	Recreation Revolving	Town Grants	Stabilization	Pension Trust	Special Revenue Trust Funds	Subtotal
Cash and cash equivalents.....	\$ 89,737	\$ 640,354	\$ 134,673	\$ 186,085	\$ 15,473	\$ 23,079	\$ 127,331	\$ 1,216,732
Investments.....	-	-	-	-	624,017	930,915	168,006	1,722,938
Receivables, net of uncollectibles:								
Departmental and other.....	-	-	-	7,363	-	-	-	7,363
TOTAL ASSETS.....	\$ 89,737	\$ 640,354	\$ 134,673	\$ 193,448	\$ 639,490	\$ 953,994	\$ 295,337	\$ 2,947,033
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Warrants payable.....	\$ 11,124	\$ 28,933	\$ 35,765	\$ 6,008	\$ -	\$ -	\$ 861	\$ 82,691
Other liabilities.....	-	105,193	88,908	-	-	-	-	194,101
Deferred revenues.....	-	-	-	7,363	-	-	-	7,363
Notes payable.....	-	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	11,124	134,126	124,673	13,371	-	-	861	284,155
FUND BALANCES:								
Unreserved:								
Undesignated, reported in:								
Special revenue funds.....	78,613	506,228	10,000	180,077	639,490	953,994	294,476	2,662,878
Capital projects funds.....	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	78,613	506,228	10,000	180,077	639,490	953,994	294,476	2,662,878
TOTAL LIABILITIES AND FUND BALANCES..	\$ 89,737	\$ 640,354	\$ 134,673	\$ 193,448	\$ 639,490	\$ 953,994	\$ 295,337	\$ 2,947,033

(Continued)

Capital Projects Funds								Total Nonmajor Governmental Funds
Old Pool Roof/ Crematory	Miscellaneous Small Projects	Wadworth Share Septic	Land Acquisition	Senior Center	High School Sewerage Plant	Subtotal		
\$ -	\$ 27,246	\$ 9,792	\$ 29,512	\$ 18,436	\$ -	\$ 84,986	\$	1,301,718
-	-	-	-	-	-	-		1,722,938
-	-	-	-	-	-	-		7,363
\$ -	\$ 27,246	\$ 9,792	\$ 29,512	\$ 18,436	\$ -	\$ 84,986	\$	3,032,019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	82,691
-	-	-	-	-	-	-		194,101
-	-	-	-	-	-	-		7,363
-	43,425	-	-	-	65,575	109,000		109,000
-	43,425	-	-	-	65,575	109,000		393,155
-	-	-	-	-	-	-		2,662,878
-	(16,179)	9,792	29,512	18,436	(65,575)	(24,014)		(24,014)
-	(16,179)	9,792	29,512	18,436	(65,575)	(24,014)		2,638,864
\$ -	\$ 27,246	\$ 9,792	\$ 29,512	\$ 18,436	\$ -	\$ 84,986	\$	3,032,019

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds							
	School Lunch	School Grants	Recreation Revolving	Town Grants	Stabilization	Pension Trust	Special Revenue Trust Funds	Sub-total
REVENUES:								
Intergovernmental.....	\$ 980,410	\$ 1,376,533	\$ -	\$ 371,516	\$ -	\$ -	\$ -	\$ 2,728,459
Departmental and other.....	-	2,533,423	219,304	185,375	-	-	-	2,938,102
Contributions.....	-	-	-	1,383	-	-	49,040	50,423
Investment income.....	-	-	-	-	28,732	38,112	11,973	78,817
TOTAL REVENUES.....	980,410	3,909,956	219,304	558,274	28,732	38,112	61,013	5,795,801
EXPENDITURES:								
Current:								
General government.....	-	-	-	157,516	-	-	62,837	220,353
Public safety.....	-	-	-	359,470	-	-	-	359,470
Education.....	749,114	3,667,133	-	-	-	-	-	4,416,247
Public works.....	-	-	-	-	-	-	-	-
Human services.....	-	-	-	72,530	-	-	-	72,530
Culture and recreation.....	-	-	170,444	26,830	-	-	-	197,274
TOTAL EXPENDITURES.....	749,114	3,667,133	170,444	616,346	-	-	62,837	5,265,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	231,296	242,823	48,860	(58,072)	28,732	38,112	(1,824)	529,927
OTHER FINANCING SOURCES (USES):								
Proceeds from bonds and notes.....	-	-	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	-	10,000	10,000
Transfers out.....	(189,000)	(189,000)	(48,860)	-	(164,500)	(54,821)	(37,000)	(683,181)
TOTAL OTHER FINANCING SOURCES (USES)....	(189,000)	(189,000)	(48,860)	-	(164,500)	(54,821)	(27,000)	(673,181)
NET CHANGE IN FUND BALANCES.....	42,296	53,823	-	(58,072)	(135,768)	(16,709)	(28,824)	(143,254)
FUND BALANCES AT BEGINNING OF YEAR.....	36,317	452,405	10,000	238,149	775,258	970,703	323,300	2,806,132
FUND BALANCES AT END OF YEAR.....	\$ 78,613	\$ 506,228	\$ 10,000	\$ 180,077	\$ 639,490	\$ 953,994	\$ 294,476	\$ 2,662,878

(Continued)

Capital Project Funds								Total Nonmajor Governmental Funds
Old Pool Roof/ Crematory	Miscellaneous Small Projects	Wadworth Share Septic	Land Acquisition	Senior Center	High School Sewerage Plant	Sub-total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,577,425	\$ 1,577,425	\$	4,305,884
-	1,100	-	-	-	-	1,100		2,939,202
-	-	-	-	-	-	-		50,423
-	-	-	-	-	-	-		78,817
-	1,100	-	-	-	1,577,425	1,578,525		7,374,326
-	-	-	-	-	-	-		220,353
-	654,305	-	-	-	-	654,305		1,013,775
-	-	-	-	-	-	-		4,416,247
10,692	548,142	397	-	-	-	559,231		559,231
-	-	-	-	-	-	-		72,530
-	-	-	-	1,083	-	1,083		198,357
10,692	1,202,447	397	-	1,083	-	1,214,619		6,480,493
(10,692)	(1,201,347)	(397)	-	(1,083)	1,577,425	363,906		893,833
-	2,017,000	-	-	-	1,457,000	3,474,000		3,474,000
-	-	-	-	-	-	-		10,000
-	-	-	-	-	-	-		(683,181)
-	2,017,000	-	-	-	1,457,000	3,474,000		2,800,819
(10,692)	815,653	(397)	-	(1,083)	3,034,425	3,837,906		3,694,652
10,692	(831,832)	10,189	29,512	19,519	(3,100,000)	(3,861,920)		(1,055,788)
\$ -	\$ (16,179)	\$ 9,792	\$ 29,512	\$ 18,436	\$ (65,575)	\$ (24,014)	\$	2,638,864

(Concluded)

Agency Fund

Fund Description

Agency Funds are used to account for assets held in a purely custodial capacity. The Town's Agency Fund's activity consists primarily of performance bonds, off duty details, security deposits, and licenses and fees collected on-behalf of the state.

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2006

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
<u>ASSETS</u>				
Cash and cash equivalents.....	\$ <u>483,002</u>	\$ <u>744,179</u>	\$ <u>(673,458)</u>	\$ <u>553,723</u>
<u>LIABILITIES</u>				
Warrants payable.....	\$ 26,080	\$ 32,093	\$ (26,080)	\$ 32,093
Liabilities due depositors:				
Performance Bonds.....	497,114	251,930	(202,963)	546,081
Special Details.....	(66,483)	419,678	(404,264)	(51,069)
Deposits.....	21,340	2,452	-	23,792
Fees and Licenses.....	<u>4,951</u>	<u>38,026</u>	<u>(40,151)</u>	<u>2,826</u>
TOTAL LIABILITIES.....	\$ <u>483,002</u>	\$ <u>744,179</u>	\$ <u>(673,458)</u>	\$ <u>553,723</u>

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Ambulance 1 is a 2005 PL Custom. It was placed in service on 10/28/05 and serves as the Town's new Advanced Life Support Ambulance.

Statistical Section

This part of the Town of Duxbury's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt.....	\$ 60,550,060	\$ 65,929,104	\$ 64,789,656	\$ 68,589,041
Restricted.....	3,664,001	3,316,195	3,448,411	2,924,351
Unrestricted.....	9,289,298	10,678,994	12,724,812	12,989,854
Total governmental activities net assets.....	<u>\$ 73,503,359</u>	<u>\$ 79,924,293</u>	<u>\$ 80,962,879</u>	<u>\$ 84,503,246</u>
Business-type activities				
Invested in capital assets, net of related debt.....	8,203,366	7,565,168	9,075,575	9,315,263
Unrestricted.....	1,752,689	2,805,970	1,919,272	2,437,302
Total business-type activities net assets.....	<u>\$ 9,956,055</u>	<u>\$ 10,371,138</u>	<u>\$ 10,994,847</u>	<u>\$ 11,752,565</u>
Primary government				
Invested in capital assets, net of related debt.....	\$ 68,753,426	\$ 73,494,272	\$ 73,865,231	\$ 77,904,304
Restricted.....	3,664,001	3,316,195	3,448,411	2,924,351
Unrestricted.....	11,041,987	13,484,964	14,644,084	15,427,156
Total primary government net assets.....	<u>\$ 83,459,414</u>	<u>\$ 90,295,431</u>	<u>\$ 91,957,726</u>	<u>\$ 96,255,811</u>

Changes in Net Assets

Last Four Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government.....	\$ 2,956,056	\$ 3,023,855	\$ 2,982,415	\$ 3,328,181
Public safety.....	6,479,713	7,208,099	7,111,573	7,918,377
Education.....	33,955,030	35,450,143	39,529,289	40,478,391
Public works.....	4,418,446	3,417,632	4,600,868	5,073,683
Human services.....	507,138	516,163	533,679	605,610
Culture and recreation.....	2,184,149	2,272,190	2,296,766	2,333,285
Community Preservation.....	55,620	238,645	161,988	72,667
Interest.....	1,193,807	1,299,940	1,510,468	1,015,461
Total government activities expenses.....	<u>51,749,959</u>	<u>53,426,667</u>	<u>58,727,046</u>	<u>60,825,655</u>
Business-type activities:				
Sewer.....	1,539,972	1,469,322	2,021,809	1,787,554
Total primary government expenses.....	<u>\$ 53,289,931</u>	<u>\$ 54,895,989</u>	<u>\$ 60,748,855</u>	<u>\$ 62,613,209</u>
Program Revenues				
Governmental activities:				
Charges for services.....	\$ 7,542,923	\$ 8,353,608	\$ 10,577,070	\$ 10,172,415
Operating grants and contributions.....	8,286,268	7,893,943	7,850,107	10,421,134
Capital grant and contributions.....	10,746,357	5,998,907	2,088,395	2,923,241
Total government activities program revenues.....	<u>26,575,548</u>	<u>22,246,458</u>	<u>20,515,572</u>	<u>23,516,790</u>
Business-type activities:				
Charges for services.....	2,058,068	2,054,405	2,895,518	2,795,272
Total business-type activities program revenues.....	<u>2,058,068</u>	<u>2,054,405</u>	<u>2,895,518</u>	<u>2,795,272</u>
Total primary government program revenues.....	<u>\$ 28,633,616</u>	<u>\$ 24,300,863</u>	<u>\$ 24,404,027</u>	<u>\$ 26,312,062</u>
Net (Expense)/Revenue				
Governmental activities.....	\$ (25,174,411)	\$ (31,180,209)	\$ (38,211,474)	\$ (37,308,865)
Business-type activities.....	518,096	585,083	873,709	1,007,718
Total primary government net expense.....	<u>\$ (24,656,315)</u>	<u>\$ (30,595,126)</u>	<u>\$ (36,344,828)</u>	<u>\$ (36,301,147)</u>
General Revenues and other Changes in Net Assets				
Governmental activities:				
Real estate and personal property taxes, net of tax refunds payable.....	\$ 31,571,815	\$ 33,164,957	\$ 33,250,856	\$ 35,101,777
Tax liens.....	167,821	154,882	88,824	168,191
Motor vehicle and other excise taxes.....	1,898,153	2,377,327	2,427,919	2,388,823
Community preservation taxes.....	938,570	925,304	964,373	1,011,323
Penalties and interest on taxes.....	190,307	169,501	130,612	146,205
Payments in lieu of taxes.....	-	6,369	11,417	3,913
Grants and contributions not restricted to specific programs.....	44,901	33,508	872,488	991,109
Unrestricted investment income.....	511,843	118,867	444,772	682,910
Miscellaneous.....	463,544	480,428	808,799	104,981
Transfers.....	156,000	170,000	250,000	250,000
Total governmental activities.....	<u>35,942,954</u>	<u>37,601,143</u>	<u>39,250,060</u>	<u>40,849,232</u>
Business-type activities:				
Transfers.....	(170,000)	(170,000)	(250,000)	(250,000)
Total primary government.....	<u>\$ 35,772,954</u>	<u>\$ 37,431,143</u>	<u>\$ 38,007,123</u>	<u>\$ 40,599,232</u>
Changes in Net Assets				
Governmental activities.....	\$ 10,768,543	\$ 6,420,934	\$ 1,038,586	\$ 3,540,367
Business-type activities.....	348,096	415,083	623,709	757,718
Total primary government.....	<u>\$ 11,116,639</u>	<u>\$ 6,836,017</u>	<u>\$ 1,662,295</u>	<u>\$ 4,298,085</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved.....	\$ 1,213,026	\$ 1,246,611	\$ 963,360	\$ 953,225	\$ 906,448	\$ 1,370,601	\$ 1,221,077	\$ 1,116,553	\$ 878,160	\$ 668,372
Unreserved.....	4,354,017	4,853,773	5,582,973	5,269,895	4,776,441	4,774,661	5,161,562	3,830,999	4,467,858	5,077,896
Total general fund.....	<u>\$ 5,567,043</u>	<u>\$ 6,100,384</u>	<u>\$ 6,546,333</u>	<u>\$ 6,223,120</u>	<u>\$ 5,682,889</u>	<u>\$ 6,145,262</u>	<u>\$ 6,382,639</u>	<u>\$ 4,947,552</u>	<u>\$ 5,346,018</u>	<u>\$ 5,746,268</u>
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,030,069	\$ 1,631,623	\$ 1,666,623	\$ 1,666,623
Unreserved, reported in:										
Special revenue funds.....	1,735,306	502,798	669,065	785,024	907,667	1,662,547	4,905,845	5,563,192	4,351,573	4,795,975
Capital projects funds.....	(3,457,137)	(3,202,710)	(1,864,576)	(398,179)	(2,345,357)	(19,972,705)	(36,368,107)	(41,614,779)	(42,477,004)	74,050
Permanent funds.....	-	-	-	-	-	-	79,872	256,055	298,611	422,294
Total all other governmental funds....	<u>\$ (1,721,831)</u>	<u>\$ (2,699,912)</u>	<u>\$ (1,195,511)</u>	<u>\$ 386,845</u>	<u>\$ (1,437,690)</u>	<u>\$ (18,310,158)</u>	<u>\$ (29,352,321)</u>	<u>\$ (34,163,909)</u>	<u>\$ (36,160,197)</u>	<u>\$ 6,958,942</u>

Fiscal years 1997 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 22,478,954	\$ 23,514,570	\$ 24,622,846	\$ 25,628,018	\$ 26,765,959	\$ 28,660,751	\$ 30,724,161	\$ 32,372,355	\$ 33,264,076	\$ 35,160,519
Tax and trash liens.....	-	-	-	-	-	-	304,438	189,612	123,322	197,592
Motor vehicle and other excise taxes.....	1,618,149	1,899,389	1,849,084	2,162,522	2,049,525	2,154,425	2,171,066	2,263,043	2,551,451	2,431,468
Sewer charges.....	70,735	62,364	111,427	120,143	117,694	175,866	340,968	285,785	335,133	278,132
Trash disposal.....	269,807	343,564	307,626	373,048	373,696	371,836	488,487	500,169	502,110	491,862
Intergovernmental.....	5,247,142	5,040,788	4,637,842	6,465,524	8,264,487	8,202,770	9,069,066	9,847,182	9,402,279	40,668,323
Departmental and other.....	5,471,393	4,139,018	4,453,079	4,559,444	4,830,356	5,279,641	5,741,560	5,530,992	7,765,978	6,557,484
Special assessments.....	-	-	-	-	-	835,838	925,304	938,570	964,373	1,011,323
Contributions.....	203,183	194,945	-	-	-	-	195,041	121,006	89,395	107,072
Investment income.....	562,232	540,945	621,539	577,622	523,287	308,217	667,517	(94,259)	527,828	776,444
Total Revenues.....	35,921,595	35,735,583	36,603,443	39,886,321	42,925,004	45,989,344	50,627,608	51,954,455	55,525,945	87,680,219
Expenditures:										
General government.....	1,493,798	1,645,034	1,653,730	1,678,486	1,852,488	1,875,804	1,943,055	2,035,932	2,130,676	2,043,729
Public safety.....	3,896,786	4,105,049	4,174,150	4,667,509	4,775,718	4,930,916	4,917,121	4,897,076	5,058,061	5,416,025
Education.....	17,961,570	19,086,911	20,493,776	21,895,301	23,274,255	24,609,729	25,637,518	27,335,609	27,657,108	28,301,899
Public works.....	4,266,199	3,249,969	3,271,811	3,181,537	3,713,629	3,737,060	3,426,003	3,539,164	3,742,100	3,364,200
Human services.....	147,628	196,052	203,820	212,307	263,775	279,839	398,116	407,892	416,302	488,701
Culture and recreation.....	965,185	1,240,487	1,320,273	1,427,400	1,569,421	1,561,039	1,730,232	1,571,731	1,626,560	1,532,698
Community preservation.....	-	-	-	-	-	-	2,200,620	238,645	2,296,065	72,667
Pension benefits - Town.....	783,606	750,051	872,953	972,696	1,008,290	1,047,329	1,069,489	1,201,990	1,243,039	1,335,123
Pension benefits - School.....	-	-	-	1,793,000	2,043,000	1,939,139	2,190,000	2,861,000	3,193,000	3,528,000
Property and liability insurance.....	156,721	161,315	182,440	202,532	230,195	259,633	206,191	233,699	276,747	289,216
Employee benefits.....	2,194,098	2,178,481	2,036,645	2,330,151	2,598,116	2,821,794	3,995,801	6,209,929	6,097,345	6,687,718
Claims and judgements.....	61,230	-	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	24,936	17,956	-	-
State and county charges.....	390,317	396,837	313,078	435,557	429,410	398,380	364,458	328,705	327,869	283,710
Capital outlay.....	4,848,521	4,434,127	946,866	833,603	3,805,115	18,759,381	18,468,402	5,871,672	857,979	4,033,641
Debt service.....										
Principal.....	1,367,646	730,604	831,080	1,051,536	1,272,052	1,253,478	1,133,085	1,323,432	1,366,138	1,161,862
Interest.....	-	347,792	371,471	400,563	420,982	234,919	845,097	921,698	1,084,778	995,249
Total Expenditures.....	38,533,305	38,522,709	36,672,093	41,082,178	47,256,446	63,708,440	68,550,124	58,996,130	57,373,767	59,534,438
Excess (deficiency) of revenues over (under) expenditures..	(2,611,710)	(2,787,126)	(68,650)	(1,195,857)	(4,331,442)	(17,719,096)	(17,922,516)	(7,041,675)	(1,847,822)	28,145,781
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	3,915,000	1,835,000	2,300,000	1,785,676	1,029,000	1,815,582	625,000	-	15,052,000
Premium from issuance of bonds.....	-	-	-	-	-	-	-	-	-	71,608
Transfers in.....	76,650	460,649	485,314	455,382	484,758	594,908	545,764	1,131,445	1,237,914	960,181
Transfers out.....	-	(219,649)	(301,314)	(300,382)	(303,758)	(314,909)	(389,764)	(961,445)	(987,914)	(710,181)
Total other financing sources (uses).....	76,650	4,156,000	2,019,000	2,455,000	1,966,676	1,308,999	1,971,582	795,000	250,000	15,373,608
Net change in fund balance.....	\$ (2,535,060)	\$ 1,368,874	\$ 1,950,350	\$ 1,259,143	\$ (2,364,766)	\$ (16,410,097)	\$ (15,950,934)	\$ (6,246,675)	\$ (1,597,822)	\$ 43,519,389
Debt service as a percentage of noncapital expenditures.....	4.06%	3.16%	3.37%	3.61%	3.90%	3.31%	5.74%	4.39%	4.64%	3.89%

Notes:

Fiscal years 1997 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

In fiscal year 2000, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

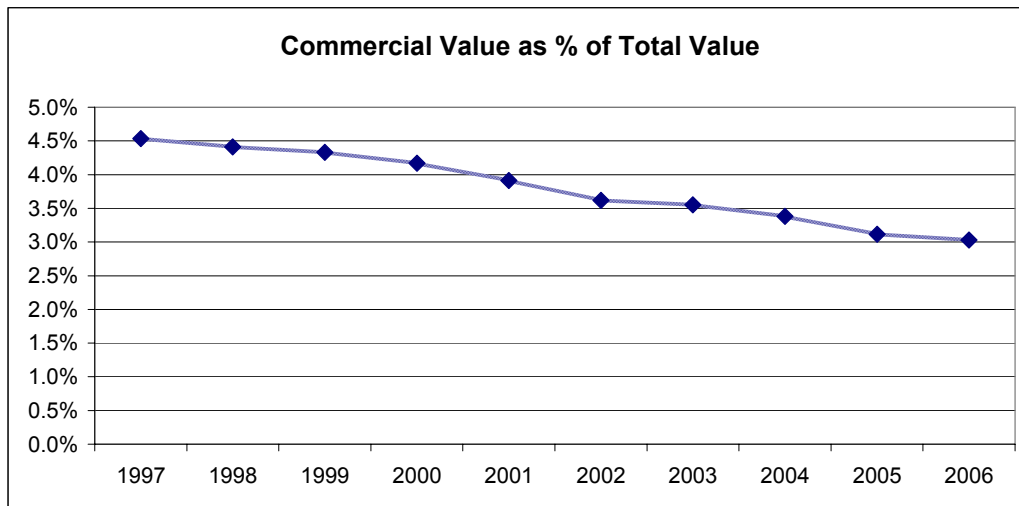
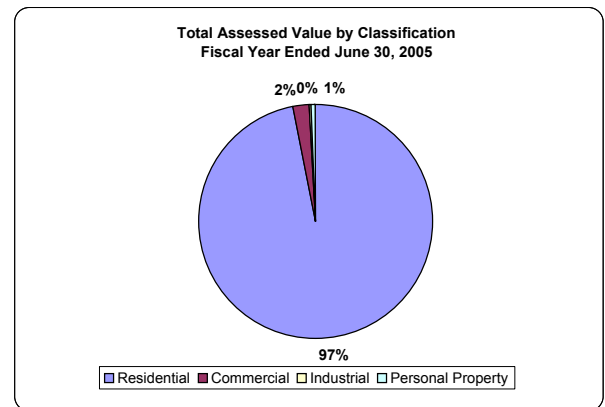
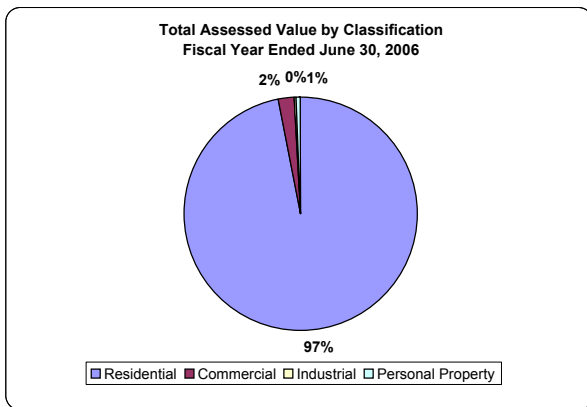
In fiscal year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

Debt service interest and principal expenditures for 1997 are combined.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates							
		Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value
1997	(1)	\$1,322,615,822	\$16.30	\$44,728,624	\$668,100	\$17,456,830	\$62,853,554	\$1,385,469,376
1998		\$1,357,392,194	\$16.60	\$44,372,820	\$668,100	\$17,602,060	\$62,642,980	\$1,420,035,174
1999		\$1,447,489,529	\$16.25	\$46,775,022	\$668,100	\$18,114,280	\$65,557,402	\$1,513,046,931
2000	(1)	\$1,662,032,405	\$14.84	\$52,865,687	\$1,631,200	\$17,836,700	\$72,333,587	\$1,734,365,992
2001		\$1,966,361,045	\$13.17	\$59,424,509	\$1,846,200	\$18,818,640	\$80,089,349	\$2,046,450,394
2002		\$2,209,062,754	\$12.42	\$61,518,646	\$1,924,500	\$19,451,200	\$82,894,346	\$2,291,957,100
2003	(1)	\$2,483,838,545	\$12.06	\$70,975,755	\$1,986,300	\$18,557,010	\$91,519,065	\$2,575,357,610
2004		\$2,778,019,842	\$11.33	\$73,961,358	\$2,195,500	\$21,033,140	\$97,189,998	\$2,875,209,840
2005		\$3,194,763,079	\$10.14	\$78,663,121	\$2,003,400	\$22,077,720	\$102,744,241	\$3,297,507,320
2006		\$3,484,297,092	\$9.84	\$83,823,108	\$2,042,500	\$23,009,700	\$108,875,308	\$3,593,172,400



(1) Revaluation year.

Source: Assessor's Department, Town of Duxbury

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers

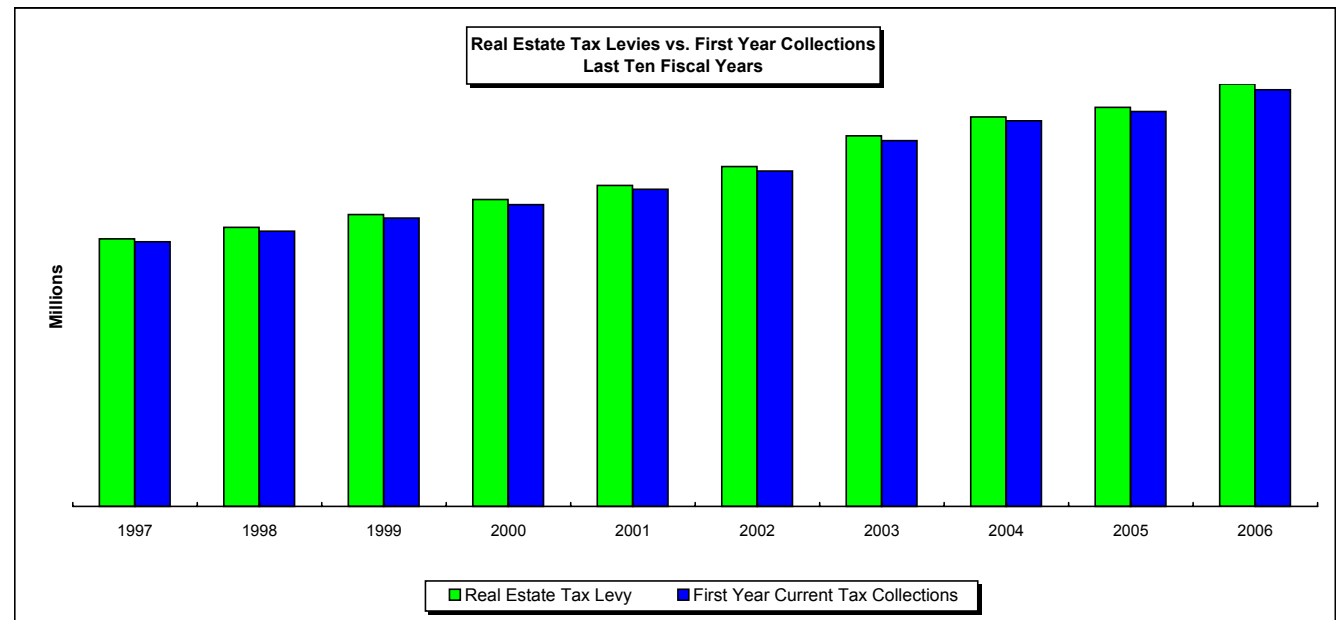
Current Year and Nine Years Ago

Name	Nature of Business	2006			1997		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
The Village at Duxbury	Retirement community	\$37,590,470	1	1.05%	\$18,000,000	1	1.30%
Village at Duxbury Homeowners	Retirement community	\$12,468,800	2	0.35%	-	-	-
Nstar Services	Utility	\$8,975,130	3	0.25%	-	-	-
Sheehan, Gerald V.	Residence	\$8,922,600	4	0.25%	\$2,063,200	10	0.15%
Reed, Cynthia L.	Residence	\$8,679,900	5	0.24%	-	-	-
Welch, Thomas F.	Nursing Home	\$8,008,670	6	0.22%	\$5,924,800	2	0.43%
Dunn, Steven M. & Mary B	Residence	\$6,882,600	7	0.19%	-	-	-
Standish LLC	Medical Office Building	\$6,176,200	8	0.17%	-	-	-
Kellywood Nominee Trust	Residence	\$4,530,500	9	0.13%	-	-	-
McGrath, Edward J.	Residence	\$4,407,100	10	0.12%	-	-	-
Island Creek Village	Real Estate	-	-	-	\$3,968,000	3	0.28%
Schofield, Albert	Real Estate - Condos	-	-	-	\$2,792,000	5	0.20%
Trapelo Realty, Inc.	Real Estate	-	-	-	\$2,750,000	6	0.20%
Nynex	Utility	-	-	-	\$2,609,700	7	0.19%
Duxbury Yacht Club	Private Club	-	-	-	\$2,422,100	9	0.17%
Cavanaugh, D. J. and Rubin J. A.	Real Estate	-	-	-	\$2,798,100	4	0.20%
Baystate Gas	Utility	-	-	-	\$2,442,100	8	0.17%
Totals		<u>\$106,641,970</u>		<u>2.97%</u>	<u>\$45,770,000</u>		<u>3.29%</u>
Source: Assessor's Department							

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1997	(1)	\$22,583,151	\$247,547	\$22,335,604	98.90%	\$22,098,628	98.9%	\$236,976	\$22,335,604	100.00%
1998		\$23,572,583	\$262,975	\$23,309,608	98.88%	\$22,970,756	98.5%	\$338,852	\$23,309,608	100.00%
1999		\$24,587,013	\$223,540	\$24,363,473	99.09%	\$24,065,194	98.8%	\$298,279	\$24,363,473	100.00%
2000	(1)	\$25,737,991	\$124,136	\$25,613,855	99.52%	\$25,206,187	98.4%	\$407,668	\$25,613,855	100.00%
2001		\$26,951,751	\$154,035	\$26,797,716	99.43%	\$26,481,552	98.8%	\$316,164	\$26,797,716	100.00%
2002		\$28,466,107	\$101,481	\$28,364,626	99.64%	\$28,008,980	98.7%	\$355,646	\$28,364,626	100.00%
2003	(1)	\$31,058,813	\$126,554	\$30,932,259	99.59%	\$30,546,914	98.8%	\$385,345	\$30,932,259	100.00%
2004		\$32,576,128	\$74,104	\$32,502,024	99.77%	\$32,184,832	99.0%	\$317,192	\$32,502,024	100.00%
2005		\$33,436,724	\$113,945	\$33,322,779	99.66%	\$32,956,365	98.9%	\$416,659	\$33,373,024	100.15%
2006		\$35,356,818	\$94,249	\$35,262,569	99.73%	\$34,780,185	98.6%	\$0	\$34,780,185	98.63%



(1) Revaluation year.

(2) Includes tax liens.

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1997	14,661	391,410,068	\$1,408,233,000	\$3,550,000	\$0	\$242	0.91%	0.25%
1998	14,480	406,924,048	\$1,408,233,000	\$6,110,000	\$0	\$422	1.50%	0.43%
1999	14,880	440,173,730	\$1,578,071,900	\$7,140,000	\$0	\$480	1.62%	0.45%
2000	14,890	463,652,153	\$1,734,365,922	\$8,415,000	\$0	\$565	1.81%	0.49%
2001	14,847	486,645,472	\$2,046,450,394	\$7,170,000	\$0	\$483	1.47%	0.35%
2002	14,696	507,048,516	\$2,291,957,100	\$8,574,000	\$0	\$583	1.69%	0.37%
2003	15,121	549,170,602	\$2,575,357,610	\$9,103,000	\$0	\$602	1.66%	0.35%
2004	15,127	578,303,697	\$2,875,209,840	\$8,454,997	\$0	\$559	1.46%	0.29%
2005	15,210	612,080,820	\$3,297,507,320	\$7,893,853	\$0	\$519	1.29%	0.24%
2006	15,241	643,993,214	\$3,593,172,400	\$21,783,991	\$0	\$1,429	3.38%	0.61%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1997	\$2,328,000	\$0	\$5,878,000	\$401	1.50%	0.42%
1998	\$2,173,947	\$0	\$8,283,947	\$572	2.04%	0.59%
1999	\$4,691,316	\$0	\$11,831,316	\$795	2.69%	0.75%
2000	\$4,844,780	\$0	\$13,259,780	\$891	2.86%	0.76%
2001	\$4,340,404	\$0	\$11,510,404	\$775	2.37%	0.56%
2002	\$4,061,926	\$0	\$12,635,926	\$860	2.49%	0.55%
2003	\$4,155,841	\$0	\$13,258,841	\$877	2.41%	0.51%
2004	\$5,249,991	\$0	\$13,704,988	\$906	2.37%	0.48%
2005	\$3,755,000	\$0	\$11,648,853	\$766	1.90%	0.35%
2006	\$3,570,000	\$0	\$25,353,991	\$1,664	3.94%	0.71%

(1) Sewer Fund

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2006

<u>Town of Duxbury, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Plymouth County.....	\$ 1,143,212	5.85%	\$ 66,878
Massachusetts Bay Transportation Authority.....	3,210,005,000	0.09%	<u>2,889,005</u>
Subtotal, overlapping debt.....			2,955,882
Town direct debt.....			<u>21,783,991</u>
Total direct and overlapping debt.....			<u><u>\$ 24,739,874</u></u>

Source: Plymouth County and Massachusetts Bay Transportation Authority

Computation of Legal Debt Margin

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Equalized Valuation.....	\$ 1,408,233	\$ 1,408,233	\$ 1,578,072	\$ 1,578,072	\$ 1,892,796	\$ 1,892,796	\$ 2,564,487	\$ 2,564,487	\$ 3,133,658	\$ 3,837,216
Debt Limit -5% of Equalized Valuation.....	\$ 70,412	\$ 70,412	\$ 78,904	\$ 78,904	\$ 94,640	\$ 94,640	\$ 128,224	\$ 128,224	\$ 156,683	\$ 191,861
Less:										
Outstanding debt applicable to limit.....	8,522	8,279	11,831	13,060	13,302	12,636	13,451	13,705	11,649	25,354
Authorized and unissued debt.....	5,228	7,875	2,540	5,955	47,999	48,492	45,889	47,276	51,297	5,286
Legal debt margin.....	<u>\$ 56,662</u>	<u>\$ 54,258</u>	<u>\$ 64,533</u>	<u>\$ 59,889</u>	<u>\$ 33,339</u>	<u>\$ 33,512</u>	<u>\$ 68,884</u>	<u>\$ 67,243</u>	<u>\$ 93,737</u>	<u>\$ 161,221</u>
Total debt applicable to the limit as a percentage of debt limit.....	19.53%	22.94%	18.21%	24.10%	64.77%	64.59%	46.28%	47.56%	40.17%	15.97%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	14,661	391,410,068	\$26,697	37.2	2,868	2.5%
1998	14,480	406,924,048	\$28,102	37.2	2,940	2.2%
1999	14,880	440,173,730	\$29,582	37.2	2,961	2.2%
2000	14,890	463,652,153	\$31,138	37.2	3,048	1.6%
2001	14,847	486,645,472	\$32,777	40.3	3,085	1.8%
2002	14,696	507,048,516	\$34,502	40.3	3,150	2.7%
2003	15,121	549,170,602	\$36,318	40.3	3,191	3.9%
2004	15,127	578,303,697	\$38,230	40.3	3,231	3.9%
2005	15,210	612,080,820	\$40,242	40.3	3,282	3.2%
2006	15,241	643,993,214	\$42,254	40.3	3,405	3.8%

Source: U. S. Census, Division of Local Services

Median age is based on most recent census data

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2006			1997*		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bay Path Nursing Home	Nursing Home	185	1	2.53%	180	1	2.27%
Various Utilities	Utilities	130	2	1.78%	-	-	-
The Village at Duxbury	Retirement Condos	100	3	1.37%	100	2	1.26%
Battelle Labs	Research	70	4	0.96%	80	4	1.01%
Duxbury Yacht Club	Yacht Club	45	5	0.62%	45	5	0.57%
US Post Office	Mail	33	6	0.45%	33	6	0.42%
Verc Enterprises	Convenience Store, Gasoline Sales	30	7	0.41%	-	-	-
Millbrook Motors	Automotive	18	8	0.25%	16	8	0.20%
A&P Food Store	Grocery	-	-	-	98	3	1.24%
Verc Garage	Automotive	-	-	-	30	7	0.38%
Goodrich	Building Supplies	-	-	-	11	9	0.14%
Shawn Dahlen Co. Inc.	Builder	-	-	-	10	10	0.13%
*Actual numbers from fiscal 1995							

Town employment third quarter, 2006: 7,313
Town employment third quarter, 1997: 7,917

FY2006 only has information on the 8 largest employers.

Source: Massachusetts Department of Employment and Training

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function										
General government.....	19	19	22	22	22	22	23	22	22	28
Public safety.....	64	66	66	66	66	66	66	67	67	62
Education.....	260	237	236	231	275	277	286	286	297	305
Public works.....	37	38	38	38	42	42	42	42	43	46
Human services.....	2	2	2	2	2	2	3	3	3	3
Culture and recreation.....	14	14	20	20	20	22	22	19	19	21
Total	<u>396</u>	<u>376</u>	<u>384</u>	<u>379</u>	<u>427</u>	<u>431</u>	<u>442</u>	<u>439</u>	<u>451</u>	<u>465</u>

Source: Various Town Departments

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	2003	2004	2005	2006
Fire Department										
Fire related calls.....	n/a	n/a	n/a	n/a	878	671	785	645	794	881
Rescue/EMS.....	n/a	n/a	n/a	n/a	877	1,115	1,104	1,163	1,138	1,113
Inspectional Services Department										
Number of building permits (quick and zoning).....	408	491	577	513	511	554	717	631	507	668
Number of electrical permits.....	477	508	514	544	516	551	585	553	360	510
Number of plumbing/gas permits.....	407	415	555	589	567	602	644	635	436	668
Water/Sewer										
Number of gallons pumped (millions).....	574,234	584,433	541,120	480,278	530,384	501,266	523,613	487,600	550,523	583,674
Number of new services added.....	39	47	38	36	11	41	44	40	20	16
Number of additional mains installed.....	3	3	4	3	-	-	4	4	1	1
Number of main improvements.....	2	17	16	7	6	2	7	4	2	-
Highway										
Number of miles completed-road rehab.....	6.08	9.11	5.92	4.9	n/a	n/a	n/a	n/a	n/a	7
Number of snow operations.....	17	n/a	33	17	43	25	n/a	28		35
Recreation										
Number of programs offered.....	22	25	28	35	36	41	45	48	52	52
Number of participants-winter.....	n/a	n/a	n/a	n/a	584	592	609	587	n/a	491
Number of participants-spring.....	n/a	n/a	n/a	n/a	362	380	331	358	260	253
Number of participants-summer.....	n/a	n/a	n/a	n/a	793	774	794	781	789	802
Number of participants-fall.....	n/a	n/a	n/a	n/a	439	453	602	444	550	573
Parking Sticker Sales										
Non resident oversand.....	n/a	2,200	2,700	2,544	2,742	3,114	3,076	2,834	2,507	2,561
Oversand.....	n/a	2,600	2,700	2,757	2,748	2,846	2,822	2,850	3,131	2,763
Parking lot.....	n/a	3,500	3,600	3,627	3,588	3,586	3,367	3,396	3,380	3,569
Transfer station.....	n/a	7,500	7,800	7,476	7,972	7,310	7,349	6,192	6,046	6,371
Senior Center										
Number of visitors.....	n/a	n/a	n/a	n/a	n/a	7,500	13,352	17,776	19,600	23,776
Number of activities.....	n/a	n/a	n/a	n/a	132	477	622	663	697	2,208
Number of congregate meals.....	n/a	n/a	n/a	n/a	1,560	n/a	7,129	7,657	5,493	4,169
Number of delivered meals.....	n/a	n/a	n/a	n/a	n/a	n/a	3,269	3,756	6,904	7,213
Number of paying rentals.....	n/a	n/a	n/a	n/a	n/a	12	59	64	84	108
Number of committee meetings.....	n/a	n/a	n/a	n/a	n/a	46	71	128	164	293
Duxbury Free Library										
	Wright Bldg	New Building								
Holdings.....	86,952	90,226	101,688	98,663	104,163	107,478	111,584	114,928	116,131	119,524
Reference questions answered.....	8,316	8,926	8,736	7,213	10,249	13,536	12,878	10,854	9,935	9,957
Print materials loaned.....	119,150	141,368	156,134	160,377	162,300	166,131	170,188	169,868	153,802	153,603
Videos loaned.....	17,573	23,972	31,122	37,881	43,216	48,020	46,287	54,176	49,047	49,239
All loans.....	158,631	190,357	216,941	231,098	239,644	246,765	259,480	257,439	235,680	237,464
Loans provided to other towns.....	12,731	13,488	17,468	17,115	19,772	24,551	22,451	22,816	19,123	31,390
Materials borrowed from other towns.....	10,640	14,148	16,240	17,648	19,728	21,978	22,509	20,648	21,869	22,330
Children's programs held.....	134	241	306	300	317	327	332	262	218	235
Children's program attendance.....	3,526	5,743	6,213	6,914	7,430	7,999	7,568	6,015	6,229	6,372
Adult & Teen programs held.....	9	18	21	20	202	202	135	138	119	180
Adult & Teen program attendance.....	625	1,232	480	525	3,728	3,381	2,546	2,525	3,065	3,740
Public computers.....	10	21	21	23	27	30	28	28	30	30
Public meeting room use.....	n/a	n/a	n/a	n/a	768	739	834	709	640	805

Source: Various Town Departments

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Number of buildings.....	5	5	5	5	5	5	5	5	5	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Animal control facilities.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	2	2	2	2	2	2	2
Antique apparatus storage.....	1	1	1	1	1	1	1	1	1	1
Harbormaster										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	3	3	3	3	3	3	3	3	3	3
Public landings.....	16	16	16	16	16	16	16	16	16	16
Education										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Performing arts center.....	-	-	-	-	-	-	1	1	1	1
Public Works										
Water pumping stations.....	13	13	13	13	13	13	13	13	13	13
Water towers.....	2	2	2	2	2	2	2	2	2	2
Water other.....	3	3	3	3	3	3	3	3	3	3
Sewage treatment plant.....	1	1	1	1	1	1	1	1	1	1
Shared septic systems.....	2	2	2	2	2	2	2	2	2	2
Public works buildings.....	11	11	11	11	11	11	11	11	11	11
Crematories.....	1	1	1	1	1	1	1	1	1	1
Cemetery buildings.....	3	3	3	3	3	3	3	3	3	3
Human Services										
Council on aging - senior center.....	-	-	-	-	-	1	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	28.3	28.3	28.3	28.3	28.3	28.3	28.3	28.3	32.8	32.8
Playgrounds*.....	-	-	-	-	1	2	2	3	3	3
Ball fields*.....	24	24	24	24	24	24	24	24	29	29
Basketball courts.....	2	2	2	2	2	2	2	2	3	3
Tennis courts.....	13	13	13	13	13	13	13	13	14	14
Pools.....	1	1	1	1	1	1	1	1	1	1
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	4	4	4	4	4	4	4	4	4	4
Libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

* The Town has significantly improved fields/recreational facilities during the last ten years. Most of the fields have new irrigation systems.



Duxbury's proximity to the ocean and natural harbor make it an attractive home for marine life.