

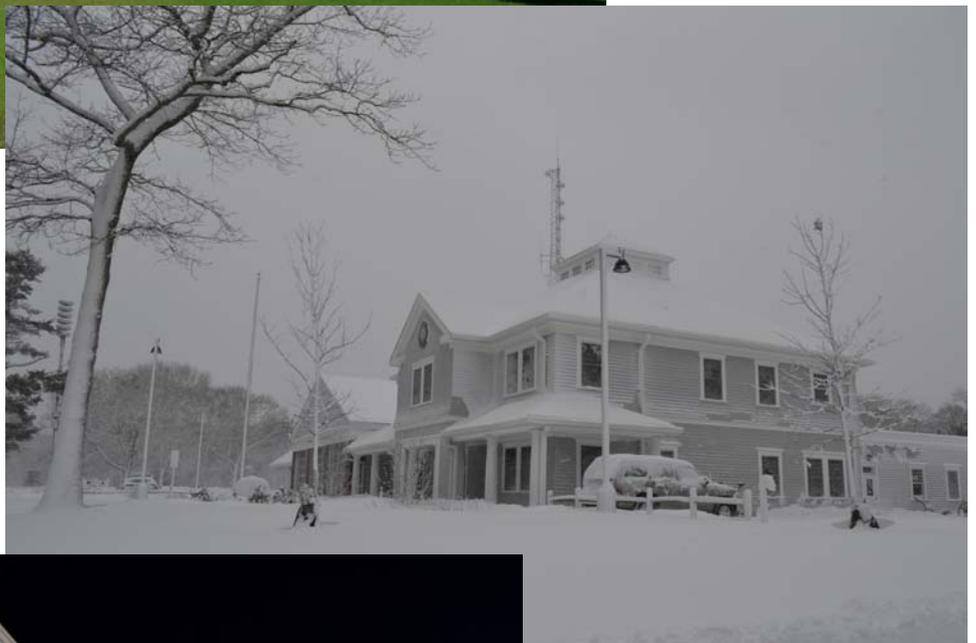
TOWN OF DUXBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the year ended
June 30, 2014**

On the cover: Bay View of the Myles Standish Monument at Sunset
This page: Duxbury Fire Station



*The Town of
Duxbury, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Year
July 1, 2013 through June 30, 2014**

Prepared by the Finance Department

Town of Duxbury, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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Introductory Section



Pathway to the Ocean

Introductory Section

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Finance Director
John Madden

Town of Duxbury, Massachusetts

ACCOUNTING DEPARTMENT

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December 12, 2014

Letter of Transmittal

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

Subsequent to the close of each year, state law requires the Town of Duxbury to publish a complete set of financial statements in conformity with accounting principles 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 year ending June 30, 2014 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. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Duxbury a more easily readable and, therefore, a more easily understandable financial report.

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. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Duxbury's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2014, are fairly presented in conformity with GAAP.

The Town of Duxbury's financial statements have been audited by Powers & Sullivan, LLC, 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 year ended June 30, 2014, 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 principles 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 unmodified opinion on the Town of Duxbury's financial statements for the year ended June 30, 2014, and that they are, in fact, 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 requires 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 complement the 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 also home to the famous Island Creek oyster. Known for their quality and distinctive flavor, these oysters are in great demand and are shipped to points throughout the United States as well as Bermuda, the Caribbean, and Hong Kong. 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. Duxbury is accessible by Route 3, a major highway, as well as secondary roads including Routes 3A and 114. 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 15,560 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.

The Greater Attleboro Taunton Regional Transit Authority provides bus coverage throughout Duxbury to surrounding communities. The Duxbury Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

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 Finance Director is responsible for preparing the budget and reviewing it with the various departments, boards and committees. This budget is then presented to the Town Manager who, in turn, after review, presents 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 also made up of nine citizen volunteers appointed by the Town Moderator 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

Local Economy

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 2014 the average price of a home in Duxbury was \$568,400 (based upon 2013 sales data), an increase of approximately 1.5 % from the previous year. The current economic environment indicates that property values are on the rise. Building permit activity over the last year has been strong; a good indicator that that building construction and renovation will convert to increased tax dollars. 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. All of this has made Duxbury a highly desirable location.

The Town continues to be faced with financial challenges. State Aid has risen, on average, less than 2.5% over the last three years. State & County Assessments, over that same period have risen, on average, 18.9%. Local Receipts showed a one year increase of over 6.5% which is good news. While too early to be considered a trend, the three year average for local Receipts was nearly 4.0%. The Town took advantage of changes in the law regarding Health Insurance Plan Design and continues to reap the benefits of these changes. This will help to control rising health care costs, but still, these and other fixed costs continue to add to the economic pressures. Local receipts have remained flat over the last three years. Additionally, due to the forces of nature, the Town will have to concern itself with the potential substantial drop in License and Permit revenue. During the summer of 2013 the endangered species Piping Plover experienced a significant increase in nesting. This caused the closing of the beach for approximately one month. Time will tell whether patrons of the beach will return to this uncertainty in the future. Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town last approved a Proposition 2½ 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. Constant oversight is 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 2014. A town-wide approach to problem solving in this area has resulted in a five year average of nearly level funding in the health insurance budget.

During the 2014 budget cycle, departments continued to work together to create a budget that did not rely heavily on long-term reserves. The Town further addressed revenue needs with increased fees wherever practical. The community, at the March 2013 ATM, voted to reduce the 3% Community Preservation surcharge to 1%. This vote was not one of displeasure towards the CPA but rather to offset projected increases in the debt budget and mitigate the liability on the taxpayer. The community continues to support the efforts of the CPC and voted to fund numerous community housing initiatives as well as preserve open space and historical properties at the March 2013 Town Meeting.

Long-Term Financial Planning

The Town's long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2½. 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, and the Fiscal Advisory Committee have all provided input.

The Town continues to review and modify its sustainable long-term financial plan. Management recognizes that in order to continue to provide services to the community, while at the same time maintaining its existing infrastructure, a formalized plan is necessary. Issues being discussed include long range capital planning, appropriate reserve levels and new revenue sources. The Town has identified debt usage and increasing reserves such as Stabilization as areas requiring greater attention. During 2014, the Town continued the construction of the Co-Located School as well as on the Powder Point Bridge.

During 2014, the Town dedicated over \$1,600,000 in Free Cash and other one-time revenues to fund the portion of the capital plan related to building and equipment replacement and repair. Going forward, it is the goal of the Town to provide at least one million dollars in "cash" funding on an annual basis. Additionally, \$500,000 was voted to increase reserves such as the Stabilization Fund and Pension Reserve Fund. This figure also includes \$200,000 to fund the Town's OPEB Fund.

Relevant Financial Policies

The Town uses reserves to balance the current budget only as necessary with the goal of replenishing reserves through conservative budgeting.

Major Initiatives

The Town currently has authorized and unissued debt totaling \$58.45 million. This debt is related to the construction of a junior/senior high school and sports field house, repairs to the Powder Point Bridge and water mains. The Town, through its long range planning development and strong financial position, saw its bond rating reaffirmed at AAA status. We are all very proud of this achievement. It was through these efforts that the Town secured such a lofty bond rating.

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 year ended June 30, 2013. This was the ninth year that the Town submitted a CAFR to the GFOA. Based on information available on the GFOA website, twenty-six municipalities in Massachusetts received this distinction. 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 black ink, appearing to read "John Madden", with a long horizontal flourish extending to the right.

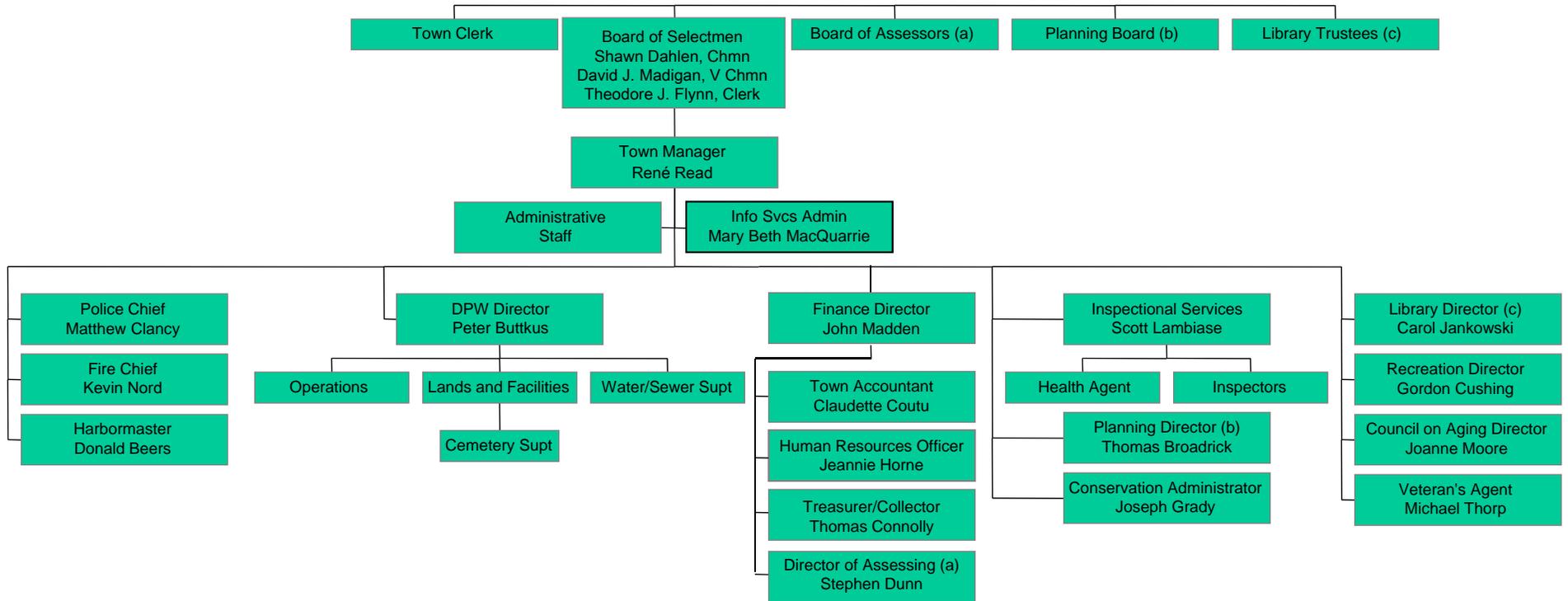
John Madden
Finance Director

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	Shawn Dahlen	Elected	3 Years	2017
Vice Chairman-Board of Selectmen	David J. Madigan	Elected	3 Years	2015
Selectman	Theodore J. Flynn	Elected	3 Years	2016
Town Manager	René Read	Appointed	Indefinite	N/A
Finance Director	John M. Madden	Appointed	Indefinite	N/A
Town Accountant	Claudette Coutu	Appointed	Indefinite	N/A
Treasurer/Collector	Thomas Connolly	Appointed	Indefinite	N/A
Town Clerk	Susan C. Kelley	Elected	3 Years	2016
Assessor-Chairman	Linda M. Collari	Elected	3 Years	2015
Assessor-Vice Chairman	James G. MacNab	Elected	3 Years	2016
Assessor	June E. Albritton, MAA	Elected	3 Years	2017
Superintendent of Schools	Dr. Benedict Tantillo, III	Appointed	Indefinite	N/A
School Business Manager	Susan Nauman	Appointed	Indefinite	N/A
Director of Public Works	Peter Buttkus	Appointed	Indefinite	N/A
Town Moderator	Friend Weiler	Elected	1 Year	2015
Town Counsel	Arthur P. Kreiger	Appointed	Indefinite	N/A

Town of Duxbury, Massachusetts Organizational Chart



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



Government Finance Officers Association

**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, 2013

Executive Director/CEO

Financial Section



Aerial view of Duxbury Harbor

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Duxbury, Massachusetts

Report of the Financial Statements

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 year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

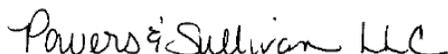
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Duxbury, Massachusetts' basic financial statements. The introductory section, combining statements, individual fund statements and statistical section, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, as listed in the table of contents, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the Town of Duxbury, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Duxbury, Massachusetts' internal control over financial reporting and compliance.



December 12, 2014

Management's Discussion and Analysis

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 year ended June 30, 2014. 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 position* presents information on all assets and liabilities, and deferred inflows/outflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position 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 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, community preservation and interest. The business-type activities include the activities of the municipal water department and the Percy Walker pool.

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 and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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*.

The Town of Duxbury adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary 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 and activity of the Percy Walker pool.

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 statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town maintains three different types of fiduciary funds. The Other Postemployment Benefits Fund is used to report resources held in trust for healthcare benefits for retirees and beneficiaries. The Private-purpose trust fund is used to report the Town's scholarship funds. The Agency fund reports resources held by the Town in a custodial capacity for individuals, private organizations and other governments. The Town's agency funds are used to account for performance bonds, security deposits and licenses and fees collected on-behalf of the state.

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 position may serve over time as a useful indicator of a government's financial position. Duxbury's government-wide assets exceeded liabilities by \$139.8 million at the end of 2014. The Town's total net position increased by \$26.1 million during 2014, this is an indication that the Town's overall financial position improved from the prior year.

Comparative analysis of the assets, liabilities, net position, 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 position of \$117.8 million (94%) 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 position, \$4.9 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$2.6 million (2%), may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities net position increased by \$25.4 million during the current year. Increases in net position were partially due to \$22 million in school construction capital grants received from the state's school building assistance program; a \$1 million increase in the Community Preservation Act major fund due to the timing of receipts and project costs; and funds raised through tax levy to increase the Town's stabilization fund. Decreases in net position mainly resulted from the recording of an additional \$1.7 million in other postemployment benefit obligations (OPEB). Although this liability decreased significantly in the Town's new actuarial valuation, the unfunded liability continues to be amortized in accordance with GASB Statement #45. Most functional expenses decreased due to the decrease in the OPEB liability.

Capital assets increased as the Town was in the process of constructing the new co-located school for the majority of the year. A portion of eligible construction costs are funded through the Massachusetts School Building Authority (MSBA) and the remaining costs were funded through the issuance of long-term debt. The decrease in current assets was also a result of the co-located school project as the Town spent down cash received in the prior year.

Noncurrent liabilities (excluding debt) continue to increase as the Town amortizes the liability for OPEB.

Net investment in capital assets increased due to the MSBA capital grant to fund a portion of the new co-located school. Unrestricted net position decreased due mainly to an increase in the OPEB liability of \$1.7 million offset with an increase in the Community Preservation Act fund, which took in \$1.3 million in taxes and state matching funds and spent \$143,000 on projects and transferred \$100,000 to the conservation trust fund.

	Balance at June 30, 2014	Balance at June 30, 2013
	<u>2014</u>	<u>2013</u>
Assets:		
Current assets.....	\$ 55,087,849	\$ 89,451,739
Noncurrent assets (excluding capital).....	674,285	731,882
Capital assets, non depreciable.....	153,585,851	93,815,916
Capital assets, net of accumulated depreciation.....	<u>55,593,685</u>	<u>58,162,927</u>
Total assets.....	<u>264,941,670</u>	<u>242,162,464</u>
Liabilities:		
Current liabilities (excluding debt).....	13,607,248	15,355,443
Noncurrent liabilities (excluding debt).....	28,203,000	26,489,000
Current debt.....	6,972,121	5,628,028
Noncurrent debt.....	<u>90,811,772</u>	<u>94,723,890</u>
Total liabilities.....	<u>139,594,141</u>	<u>142,196,361</u>
Net Position:		
Net investment in capital assets.....	117,755,690	92,575,525
Restricted.....	4,944,484	3,809,125
Unrestricted.....	<u>2,647,355</u>	<u>3,581,453</u>
Total net position.....	<u>\$ 125,347,529</u>	<u>\$ 99,966,103</u>

Operating and capital grant revenues both came in higher than the previous year due to increased state funding and increased state reimbursements for the construction of the co-located school, respectively. The Town is reimbursed by the state program for a portion of eligible project costs related to the construction of the co-located school.

Real estate and personal property taxes increased from the previous year due to an override funding Town capital projects including the co-located school. The tax override allows the Town to assess the required debt service payments in taxes, outside of the normal legal limits, for the approved projects. Many of the functional expense lines reported a decrease from fiscal year 2013 to 2014 due to a decrease in the Town's unfunded OPEB liability. The new actuarial valuation accounted for the Town's partial funding and establishment of a trust fund, which reduced the liability significantly, reducing the annual amortization of the liability. The general government expenses were also down due to the Town's legal fees and a court settlement in fiscal year 2013 with a former employee.

	Year Ended June 30, 2014	Year Ended June 30, 2013
Program Revenues:		
Charges for services.....	\$ 13,858,823	\$ 13,790,750
Operating grants and contributions.....	15,014,771	13,969,717
Capital grants and contributions.....	22,173,296	19,383,562
General Revenues:		
Real estate and personal property taxes.....	52,613,168	45,330,505
Tax liens.....	128,258	74,317
Motor vehicle and other excise taxes.....	2,552,550	2,433,608
Community preservation taxes.....	444,959	1,322,525
Penalties and interest on taxes.....	241,339	208,925
Payments in lieu of taxes.....	12,934	12,956
Nonrestricted grants and contributions.....	995,264	982,014
Unrestricted investment income.....	1,247,143	808,801
Total revenues.....	109,282,505	98,317,680
Expenses:		
General government.....	4,762,290	5,085,169
Public safety.....	11,087,856	11,307,480
Education.....	54,816,225	56,017,363
Public works.....	6,130,939	6,068,943
Human services.....	1,262,417	1,220,090
Culture and recreation.....	2,593,462	2,752,739
Community preservation.....	452,800	255,580
Interest.....	2,682,114	2,351,280
Total expenses.....	83,788,103	85,058,644
Excess before transfers.....	25,494,402	13,259,036
Transfers.....	(112,976)	(138,378)
Change in net position.....	25,381,426	13,120,658
Beginning net position.....	99,966,103	86,845,445
Ending net position.....	\$ 125,347,529	\$ 99,966,103

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 \$14.0 million at the close of 2014. Of this amount \$10.5 million (75%) is net investment in capital assets, and \$3.5 million (25%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

There was an increase of \$645,000 in net position related to the Water Department's operations during the year. Revenue increased \$265,000 due to increases in water usage. Decreases in expenses were the result of a decrease in the annual amortization of the water department's recognition of other postemployment benefit obligation liabilities.

Net position related to the Percy Walker pool increased \$82,000 during the year. The operation of the Pool is partially subsidized by the Town's general fund. The 2014 subsidy totaled \$251,000.

	Balance at June 30, 2014	Balance at June 30, 2013
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 4,347,631	\$ 3,681,265
Capital assets, non depreciable.....	4,721,929	4,423,641
Capital assets, net of accumulated depreciation.....	11,987,991	12,593,307
Total assets.....	<u>21,057,551</u>	<u>20,698,213</u>
Liabilities:		
Current liabilities (excluding debt).....	230,943	144,267
Noncurrent liabilities (excluding debt).....	320,000	519,000
Current debt.....	651,495	1,119,674
Noncurrent debt.....	5,450,336	5,237,831
Total liabilities.....	<u>6,652,774</u>	<u>7,020,772</u>
Net Position:		
Net investment in capital assets.....	10,935,005	10,972,261
Unrestricted.....	3,469,772	2,705,180
Total net position.....	<u>\$ 14,404,777</u>	<u>\$ 13,677,441</u>

	Year Ended June 30, 2014	Year Ended June 30, 2013
Program revenues:		
Charges for services.....	\$ 3,590,210	\$ 3,381,782
Expenses:		
Water.....	2,508,246	2,753,314
Percy Walker Pool.....	467,604	503,243
Total expenses.....	2,975,850	3,256,557
Excess before transfers.....	614,360	125,225
Transfers.....	112,976	138,378
Change in net position.....	727,336	263,603
Beginning net position.....	13,413,838	13,413,838
Ending net position.....	\$ 14,141,174	\$ 13,677,441

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$34.9 million, a decrease of \$32.3 million from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$7.8 million, while total fund balance is \$18.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10% of total general fund expenditures, while total fund balance represents 24% of that same amount.

The fund balance of the general fund increased by \$384,000 during 2014. This was mainly due to the Town receiving \$425,000 in proceeds from refunding debt which was held and reserved until the debt was called in 2015. Please see Note 7 for additional information.

The Community Preservation Act fund had a fund balance at June 30, 2014 of \$4.7 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 \$983,000 in 2014. This was the net result of \$1.2 million in taxes and state matching funds collected offset by \$143,000 in expenditures on community preservation projects and \$100,000 transferred to the conservation trust fund.

The co-located school major fund was established after the Town passed, by special election, an override of Proposition 2½ allowing the construction of a new middle and high school totaling \$128 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 45.13% of eligible construction costs. The co-located school's fund balance decreased by \$35.4 million in 2014. This was the result of the Town receiving \$22 million in reimbursements from the MSBA offset with construction costs totaling \$57.4 million.

General Fund Budgetary Highlights

The \$843,000 increase from the original budget to the final amended budget resulted from a Spring Special Town Meeting vote to use free cash of \$837,000 and water retained earnings of \$5,600 to supplement various governmental departments and funds. The largest uses of free cash includes \$285,200 for contract negotiations, \$230,000 to fund a snow and ice deficit, \$200,000 to fund the Stabilization Trust Fund, \$100,000 to fund the Pension Reserve Fund, and \$22,000 to supplement the cemetery budget. The transfer from water retained earnings was to for contract negotiations. There were also several transfers approved within budgetary lines.

General Fund revenues came in approximately \$1.6 million more than budgeted. The largest area of the surplus was in departmental and other revenues which made up \$805,000 of the total. This was mainly due to beach permits coming in \$389,000 higher than budgeted, crematory revenue coming in \$106,000 higher than budgeted, as well as inspectional service permits coming in \$123,000 higher than budgeted. Motor vehicle revenue was \$430,000 more than budgeted mainly due to the Town budgeting conservatively in this area.

General fund expenditures and encumbrances were approximately \$879,000 less than budgeted. Key components of this surplus include the \$96,000 in education expenditures, \$292,000 in employee benefits which was due primarily to lower than anticipated claims, \$52,000 in debt service interest, as well as \$193,000 within the public works sub-departments and \$116,000 within the general government sub-departments.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures. The Town's major governmental capital asset activity in 2014 includes additions in construction in progress of \$63.3 million for school buildings, \$2 million for the Powder Point bridge, \$563,000 for the Town Wide Fiber Network and \$328,000 for the police station; \$549,000 for vehicles; \$367,000 for improvements; \$247,000 for furniture, fixtures and equipment; and \$123,000 for infrastructure.

Capital Assets

The main increases to governmental capital assets included the continuing construction on the co-located school which increased by approximately \$57 million and is reported as construction in progress.

	<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.....	\$ 20,712,176	\$ (503,065)	\$ 20,209,111
Public safety.....	17,826,233	(5,201,228)	12,625,005
Education.....	165,731,305	(24,774,075)	140,957,230
Public works.....	24,386,119	(11,047,489)	13,338,630
Culture and recreation.....	9,298,630	(4,136,791)	5,161,839
Community preservation.....	16,287,838	(970,888)	15,316,950
Human services.....	<u>2,411,511</u>	<u>(840,740)</u>	<u>1,570,771</u>
Total governmental.....	<u>\$ 256,653,812</u>	<u>\$ (47,474,276)</u>	<u>\$ 209,179,536</u>
Business-type activities			
Water.....	\$ 26,426,486	\$ (11,888,516)	\$ 14,537,970
Percy Walker Pool.....	<u>2,380,219</u>	<u>(208,269)</u>	<u>2,171,950</u>
Total enterprise.....	<u>\$ 28,806,705</u>	<u>\$ (12,096,785)</u>	<u>\$ 16,709,920</u>

Debt

The Town of Duxbury's governmental funds had total bonded debt outstanding of \$91.2 million at the end of the current year. Of this amount, \$75.1 million is related to school construction and equipment, \$2.4 million is related to the crematory, \$6 million is related to the police station construction, \$3.5 million is related to the fire station renovations, \$2.2 million is related to the Powder Point bridge, \$420,000 is related to the senior center project, \$1.1 million is related to sewer projects and \$450,000 is related to renovation of the library. The remaining \$35,000 relates to other capital related projects.

The water enterprise fund has \$4.4 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy. The Percy Walker pool enterprise fund has \$1.7 million in bonded debt outstanding at the end of the current year, related to Pool facility upgrades.

For further discussion please refer to Note 4 for major capital activity and Notes 6 and 7 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 Finance Director, Town Hall, 878 Tremont Street, Duxbury, Massachusetts 02332.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2014

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 28,254,580	\$ 2,944,583	\$ 31,199,163
Restricted cash and cash equivalents.....	425,000	-	425,000
Investments.....	21,303,419	-	21,303,419
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,005,573	-	1,005,573
Tax liens.....	140,630	-	140,630
Motor vehicle and other excise taxes.....	211,157	-	211,157
User fees.....	16,300	1,421,873	1,438,173
Departmental and other.....	362,387	-	362,387
Special assessments.....	61,261	-	61,261
Intergovernmental.....	2,602,251	-	2,602,251
Tax foreclosures.....	686,466	-	686,466
Internal balances.....	18,825	(18,825)	-
Total current assets.....	55,087,849	4,347,631	59,435,480
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	335,341	-	335,341
Real estate tax deferrals.....	338,944	-	338,944
Capital assets:			
Nondepreciable.....	153,585,851	4,721,929	158,307,780
Depreciable.....	55,593,685	11,987,991	67,581,676
Total noncurrent assets.....	209,853,821	16,709,920	226,563,741
TOTAL ASSETS.....	264,941,670	21,057,551	285,999,221
LIABILITIES			
CURRENT:			
Warrants payable.....	7,163,541	134,222	7,297,763
Accrued payroll.....	2,812,062	13,036	2,825,098
Health claims payable.....	1,019,471	-	1,019,471
Accrued interest.....	1,075,215	42,630	1,117,845
Other liabilities.....	350,959	3,055	354,014
Compensated absences.....	1,186,000	38,000	1,224,000
Notes payable.....	435,000	-	435,000
Bonds payable.....	6,537,121	651,495	7,188,616
Total current liabilities.....	20,579,369	882,438	21,461,807
NONCURRENT:			
Compensated absences.....	338,000	5,000	343,000
Other postemployment benefits.....	27,865,000	315,000	28,180,000
Bonds payable.....	90,811,772	5,450,336	96,262,108
Total noncurrent liabilities.....	119,014,772	5,770,336	124,785,108
TOTAL LIABILITIES.....	139,594,141	6,652,774	146,246,915
NET POSITION			
Net investment in capital assets.....	117,755,690	10,935,005	128,690,695
Restricted for:			
Debt service.....	425,000	-	425,000
Perpetual care and other permanent funds:			
Expendable.....	1,315,325	-	1,315,325
Nonexpendable.....	2,152,855	-	2,152,855
Gifts and grants.....	1,051,304	-	1,051,304
Unrestricted.....	2,647,355	3,469,772	6,117,127
TOTAL NET POSITION.....	\$ 125,347,529	\$ 14,404,777	\$ 139,752,306

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 4,762,290	\$ 687,740	\$ 79,280	\$ -	\$ (3,995,270)
Public safety.....	11,087,856	2,423,439	299,632	-	(8,364,785)
Education.....	54,816,225	6,468,917	14,175,848	21,956,952	(12,214,508)
Public works.....	6,130,939	1,913,976	124,240	134,991	(3,957,732)
Human services.....	1,262,417	173,214	191,419	-	(897,784)
Culture and recreation.....	2,593,462	2,191,537	119,048	-	(282,877)
Community preservation.....	452,800	-	-	81,353	(371,447)
Interest.....	2,682,114	-	25,304	-	(2,656,810)
Total Governmental Activities.....	83,788,103	13,858,823	15,014,771	22,173,296	(32,741,213)
<i>Business-Type Activities:</i>					
Water.....	2,508,246	3,274,399	-	-	766,153
Percy Walker pool.....	467,604	315,811	-	-	(151,793)
Total Business-Type Activities.....	2,975,850	3,590,210	-	-	614,360
Total Primary Government.....	\$ 86,763,953	\$ 17,449,033	\$ 15,014,771	\$ 22,173,296	\$ (32,126,853)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (32,741,213)	\$ 614,360	\$ (32,126,853)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	52,613,168	-	52,613,168
Tax liens.....	128,258	-	128,258
Motor vehicle and other excise taxes.....	2,552,550	-	2,552,550
Community preservation taxes.....	444,959	-	444,959
Penalties and interest on taxes.....	241,339	-	241,339
Payments in lieu of taxes.....	12,934	-	12,934
Grants and contributions not restricted to specific programs.....	995,264	-	995,264
Unrestricted investment income.....	1,247,143	-	1,247,143
<i>Transfers, net</i>	(112,976)	112,976	-
Total general revenues and transfers.....	<u>58,122,639</u>	<u>112,976</u>	<u>58,235,615</u>
Change in net position.....	25,381,426	727,336	26,108,762
<i>Net Position:</i>			
Beginning of year.....	<u>99,966,103</u>	<u>13,677,441</u>	<u>113,643,544</u>
End of year.....	\$ <u><u>125,347,529</u></u>	\$ <u><u>14,404,777</u></u>	\$ <u><u>139,752,306</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	General	Community Preservation Act	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 6,425,529	\$ 4,672,167	\$ 10,103,284	\$ 3,767,758	\$ 24,968,738
Investments.....	14,375,509	-	-	3,662,014	18,037,523
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	996,292	9,281	-	-	1,005,573
Real estate tax deferrals.....	338,944	-	-	-	338,944
Tax liens.....	137,722	2,908	-	-	140,630
Motor vehicle and other excise taxes.....	211,157	-	-	-	211,157
User fees.....	16,300	-	-	-	16,300
Departmental and other.....	264,349	-	-	46,568	310,917
Special assessments.....	396,602	-	-	-	396,602
Intergovernmental.....	-	99,378	1,427,836	1,075,037	2,602,251
Tax foreclosures.....	686,466	-	-	-	686,466
Due from other funds.....	25,735	-	-	-	25,735
Restricted assets:					
Cash.....	425,000	-	-	-	425,000
TOTAL ASSETS.....	\$ 24,299,605	\$ 4,783,734	\$ 11,531,120	\$ 8,551,377	\$ 49,165,836
LIABILITIES					
Warrants payable.....	\$ 612,376	\$ -	\$ 6,031,488	\$ 518,927	\$ 7,162,791
Accrued payroll.....	2,702,227	135	-	109,242	2,811,604
Other liabilities.....	52,904	666	-	297,389	350,959
Due to other funds.....	-	-	-	6,910	6,910
Notes payable.....	-	-	435,000	-	435,000
TOTAL LIABILITIES.....	3,367,507	801	6,466,488	932,468	10,767,264
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	2,763,565	111,567	-	620,811	3,495,943
FUND BALANCES					
Nonspendable.....	-	-	-	2,152,855	2,152,855
Restricted.....	6,612,344	4,671,366	5,064,632	4,845,243	21,193,585
Committed.....	2,257,522	-	-	-	2,257,522
Assigned.....	1,474,689	-	-	-	1,474,689
Unassigned.....	7,823,978	-	-	-	7,823,978
TOTAL FUND BALANCES.....	18,168,533	4,671,366	5,064,632	6,998,098	34,902,629
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 24,299,605	\$ 4,783,734	\$ 11,531,120	\$ 8,551,377	\$ 49,165,836

See notes to basic financial statements.

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

JUNE 30, 2014

Total governmental fund balances.....		\$ 34,902,629
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		209,179,536
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		3,495,943
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 position.....		5,582,529
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,075,215)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(97,348,893)	
Compensated absences.....	(1,524,000)	
Other postemployment benefits obligation.....	(27,865,000)	
Net effect of reporting long-term liabilities.....		<u>(126,737,893)</u>
Net position of governmental activities.....		<u>\$ 125,347,529</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

	General	Community Preservation Act	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 52,513,892	\$ -	\$ -	\$ -	\$ 52,513,892
Tax and trash liens.....	34,594	-	-	-	34,594
Motor vehicle and other excise taxes.....	2,630,758	-	-	-	2,630,758
Sewer charges.....	296,186	-	-	-	296,186
Trash disposal.....	599,680	-	-	-	599,680
Intergovernmental.....	13,334,964	774,591	21,956,952	2,568,914	38,635,421
Departmental and other.....	4,697,096	-	-	5,846,136	10,543,232
Community preservation taxes.....	-	444,959	-	-	444,959
Contributions.....	-	-	-	290,207	290,207
Investment income.....	721,952	6,520	-	343,964	1,072,436
TOTAL REVENUES.....	74,829,122	1,226,070	21,956,952	9,049,221	107,061,365
EXPENDITURES:					
Current:					
General government.....	3,393,186	-	-	455,100	3,848,286
Public safety.....	7,214,379	-	-	900,949	8,115,328
Education.....	31,005,937	-	57,351,015	5,670,705	94,027,657
Public works.....	4,495,559	-	-	2,006,286	6,501,845
Human services.....	678,664	-	-	270,225	948,889
Culture and recreation.....	1,572,812	-	-	302,970	1,875,782
Community preservation.....	-	143,375	-	-	143,375
Pension benefits - Town.....	2,520,817	-	-	4,565	2,525,382
Pension benefits - School.....	7,487,437	-	-	-	7,487,437
Property and liability insurance.....	280,147	-	-	-	280,147
Employee benefits.....	6,916,638	-	-	-	6,916,638
State and county charges.....	448,529	-	-	-	448,529
Debt service:					
Principal.....	4,301,886	-	-	-	4,301,886
Interest.....	4,576,710	-	-	-	4,576,710
TOTAL EXPENDITURES.....	74,892,701	143,375	57,351,015	9,610,800	141,997,891
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(63,579)	1,082,695	(35,394,063)	(561,579)	(34,936,526)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term bonds.....	-	-	-	2,200,000	2,200,000
Issuance of refunding bonds.....	425,000	-	-	-	425,000
Premium from issuance of bonds and notes.....	119,049	-	-	-	119,049
Transfers in.....	154,154	-	-	100,000	254,154
Transfers out.....	(251,111)	(100,000)	-	(16,019)	(367,130)
TOTAL OTHER FINANCING SOURCES (USES).....	447,092	(100,000)	-	2,283,981	2,631,073
NET CHANGE IN FUND BALANCES.....	383,513	982,695	(35,394,063)	1,722,402	(32,305,453)
FUND BALANCES AT BEGINNING OF YEAR.....	17,785,020	3,688,671	40,458,695	5,275,696	67,208,082
FUND BALANCES AT END OF YEAR.....	\$ 18,168,533	\$ 4,671,366	\$ 5,064,632	\$ 6,998,098	\$ 34,902,629

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**

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds.....		\$ (32,305,453)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	61,056,139	
Depreciation expense.....	<u>(3,855,446)</u>	
Net effect of reporting capital assets.....		57,200,693
<p>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.....</p>		
		(939,509)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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.</p>		
Issuance of bonds.....	(2,200,000)	
Premium from issuance of bonds, net of issue costs.....	826,139	
Debt service principal payments.....	4,301,886	
Issuance of refunding bonds.....	<u>(425,000)</u>	
Net effect of reporting long-term debt.....		2,503,025
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(94,000)	
Net change in accrued interest on long-term debt.....	949,408	
Net change in other postemployment benefits obligation.....	<u>(1,689,000)</u>	
Net effect of recording long-term liabilities.....		(833,592)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with governmental activities.....		<u>(243,738)</u>
Change in net position of governmental activities.....		<u>\$ 25,381,426</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 2,944,583	\$ -	\$ 2,944,583	\$ 3,285,842
Investments.....	-	-	-	3,265,896
Receivables, net of allowance for uncollectibles:				
User fees.....	1,421,873	-	1,421,873	-
Departmental and other.....	-	-	-	51,470
Total current assets.....	<u>4,366,456</u>	<u>-</u>	<u>4,366,456</u>	<u>6,603,208</u>
NONCURRENT:				
Capital assets:				
Nondepreciable.....	4,721,929	-	4,721,929	-
Depreciable.....	<u>9,816,041</u>	<u>2,171,950</u>	<u>11,987,991</u>	<u>-</u>
Total noncurrent assets.....	<u>14,537,970</u>	<u>2,171,950</u>	<u>16,709,920</u>	<u>-</u>
TOTAL ASSETS.....	<u>18,904,426</u>	<u>2,171,950</u>	<u>21,076,376</u>	<u>6,603,208</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	130,489	3,733	134,222	750
Accrued payroll.....	12,250	786	13,036	458
Health claims payable.....	-	-	-	1,019,471
Accrued interest.....	26,665	15,965	42,630	-
Other liabilities.....	-	3,055	3,055	-
Due to other funds.....	-	18,825	18,825	-
Compensated absences.....	38,000	-	38,000	-
Bonds payable.....	<u>491,495</u>	<u>160,000</u>	<u>651,495</u>	<u>-</u>
Total current liabilities.....	<u>698,899</u>	<u>202,364</u>	<u>901,263</u>	<u>1,020,679</u>
NONCURRENT:				
Compensated absences.....	5,000	-	5,000	-
Other postemployment benefits.....	298,000	17,000	315,000	-
Bonds payable.....	<u>3,900,336</u>	<u>1,550,000</u>	<u>5,450,336</u>	<u>-</u>
Total noncurrent liabilities.....	<u>4,203,336</u>	<u>1,567,000</u>	<u>5,770,336</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>4,902,235</u>	<u>1,769,364</u>	<u>6,671,599</u>	<u>1,020,679</u>
NET POSITION				
Net investment in capital assets.....	10,455,441	479,564	10,935,005	-
Unrestricted.....	<u>3,546,750</u>	<u>(76,978)</u>	<u>3,469,772</u>	<u>5,582,529</u>
TOTAL NET POSITION.....	<u>\$ 14,002,191</u>	<u>\$ 402,586</u>	<u>\$ 14,404,777</u>	<u>\$ 5,582,529</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
<u>OPERATING REVENUES:</u>				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 2,985,942
Employer contributions.....	-	-	-	6,431,292
Charges for services.....	3,274,399	315,811	3,590,210	-
TOTAL OPERATING REVENUES.....	3,274,399	315,811	3,590,210	9,417,234
<u>OPERATING EXPENSES:</u>				
Cost of services and administration.....	1,370,046	351,093	1,721,139	9,835,679
Depreciation.....	1,033,371	59,506	1,092,877	-
TOTAL OPERATING EXPENSES.....	2,403,417	410,599	2,814,016	9,835,679
OPERATING INCOME (LOSS).....	870,982	(94,788)	776,194	(418,445)
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Investment income.....	-	-	-	174,707
Interest expense.....	(104,829)	(57,005)	(161,834)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(104,829)	(57,005)	(161,834)	174,707
INCOME (LOSS) BEFORE TRANSFERS.....	766,153	(151,793)	614,360	(243,738)
<u>TRANSFERS:</u>				
Transfers in.....	-	251,111	251,111	-
Transfers out.....	(120,327)	(17,808)	(138,135)	-
TOTAL TRANSFERS.....	(120,327)	233,303	112,976	-
CHANGE IN NET POSITION.....	645,826	81,510	727,336	(243,738)
NET POSITION AT BEGINNING OF YEAR.....	13,356,365	321,076	13,677,441	5,826,267
NET POSITION AT END OF YEAR.....	\$ 14,002,191	\$ 402,586	\$ 14,404,777	\$ 5,582,529

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 3,097,526	\$ 315,811	\$ 3,413,337	\$ -
Receipts from interfund services provided.....	-	-	-	9,766,043
Payments to vendors.....	(672,210)	(150,195)	(822,405)	(9,653,908)
Payments to employees.....	(770,756)	(214,628)	(985,384)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,654,560	(49,012)	1,605,548	112,135
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	-	251,111	251,111	-
Transfers out.....	(120,327)	(17,808)	(138,135)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(120,327)	233,303	112,976	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	1,742,000	-	1,742,000	-
Acquisition and construction of capital assets.....	(789,249)	-	(789,249)	-
Principal payments on bonds and notes.....	(1,837,674)	(160,000)	(1,997,674)	-
Interest expense.....	(107,345)	(57,938)	(165,283)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(992,268)	(217,938)	(1,210,206)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments.....	-	-	-	2,087,622
Purchase of investments.....	-	-	-	(3,265,896)
Investment income.....	-	-	-	174,707
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	(1,003,567)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	541,965	(33,647)	508,318	(891,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,402,618	33,647	2,436,265	4,177,274
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,944,583	\$ -	\$ 2,944,583	\$ 3,285,842
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 870,982	\$ (94,788)	\$ 776,194	\$ (418,445)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	1,033,371	59,506	1,092,877	-
Changes in assets and liabilities:				
User fees.....	(176,873)	-	(176,873)	-
Departmental and other.....	-	-	-	348,809
Warrants payable.....	97,098	(4,669)	92,429	(2,926)
Accrued payroll.....	1,982	(886)	1,096	(66)
Due to other funds.....	-	18,825	18,825	-
Accrued compensated absences.....	(2,000)	-	(2,000)	-
Other postemployment benefits obligation.....	(170,000)	(27,000)	(197,000)	-
Total adjustments.....	783,578	45,776	829,354	530,580
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,654,560	\$ (49,012)	\$ 1,605,548	\$ 112,135

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 9,113	\$ 39,390	\$ 217,956
Investments:			
Equity mutual funds.....	703,865	-	-
Government sponsored enterprises.....	-	1,139,847	-
Corporate bonds.....	-	183,307	-
Equity securities.....	-	1,329,619	-
TOTAL ASSETS.....	712,978	2,692,163	217,956
LIABILITIES			
Warrants payable.....	-	-	11,398
Accrued liabilities.....	-	-	377
Liabilities due depositors.....	-	-	206,181
TOTAL LIABILITIES.....	-	-	217,956
NET POSITION			
Held in trust for other postemployment benefits and other purposes.....	\$ <u>712,978</u>	\$ <u>2,692,163</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

	<u>Other Postemployment Benefits Fund</u>	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 315,060	\$ -
Private donations.....	<u>-</u>	<u>920</u>
Net investment income:		
Interest.....	<u>71,466</u>	<u>248,577</u>
TOTAL ADDITIONS.....	<u>386,526</u>	<u>249,497</u>
<u>DEDUCTIONS:</u>		
Scholarships and other.....	<u>-</u>	<u>23,475</u>
CHANGE IN NET POSITION.....	386,526	226,022
NET POSITION AT BEGINNING OF YEAR.....	<u>326,452</u>	<u>2,466,141</u>
NET POSITION AT END OF YEAR.....	<u>\$ 712,978</u>	<u>\$ 2,692,163</u>

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 position and the statement of changes in net position) 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 total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 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. However, the effect of interfund services provided and used between functions is not eliminated as the 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 generally are recorded when the fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after 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 funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 3% surcharge on property taxes and to receive matching state grant 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 *co-located school fund* is a capital project fund used to account for the design and construction of the new co-located school.

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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 funds are reported:

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

The *Percy Walker pool enterprise fund* is used to account for the operating activities at the Town's pool.

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 *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

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, security deposits, and fees and licenses collected on behalf of the state.

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. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

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 year of the levy.

Real estate tax liens are processed yearly after the close of the valuation year on delinquent properties and are recorded as receivables in the 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 and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the 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. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

User Fees

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 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 year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments in the general fund consist of apportioned and unapportioned road improvement and septic system betterments assessed to homeowners whose properties were improved through Town-run construction projects.

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

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 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
Plant, Facilities and Infrastructure.....	20-40
Vehicles.....	5-15
Furniture, Fixtures and Equipment.....	10
Improvements.....	10-20

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 year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town did not have any items that qualify for reporting in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

I. 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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position 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.

J. 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 activities. 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.

K. Unavailable Revenue

Unavailable 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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

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

Net position has been “restricted for” the following:

“Perpetual care and other 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.

“Perpetual care and other permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance which generally only exists temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. 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 position. 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.

N. 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.

O. 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.

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 year. Actual results could vary from estimates that were used.

Q. Individual Fund Deficits

Individual fund deficit exists within the nonmajor special revenue and capital projects funds. These deficits will be funded through grants, available funds, and bond proceeds in future years.

R. 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 – 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 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, the custodial credit risk is the risk that, in the event of a bank failure the Town’s deposits may not be recovered. At year-end, the carrying amount of deposits totaled \$30,825,891 and the bank balance totaled \$31,659,271. Of the bank balance, \$2,697,386 was covered by Federal Depository Insurance, \$503,142 was covered by Share Insurance Fund, \$437,392 was collateralized, and \$28,021,351 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town’s investment policy limits its custodial credit risk by 1) pre-qualifying banks, 2) diversifying its investments across several banks and 3) collateralizing deposits where practical.

The Town’s investment policy states that 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.

Investments

As of June 30, 2014, 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>					
Government Sponsored Enterprises.....	\$ 7,410,461	\$ 206,615	\$ 5,433,814	\$ 1,656,308	\$ 113,724
Corporate Bonds.....	988,013	-	907,054	80,959	-
U.S. Treasury Notes.....	7,856,528	887,771	3,172,977	1,893,420	1,902,360
Total Debt Securities.....	16,255,002	\$ 1,094,386	\$ 9,513,845	\$ 3,630,687	\$ 2,016,084
<u>Other Investments:</u>					
Equity Securities.....	7,166,568				
Money Market Mutual Funds.....	231,010				
Equity Mutual Funds.....	1,238,487				
MMDT.....	833,721				
Total Investments.....	\$ 25,724,788				

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months.

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. The

Town’s investments of \$16,255,002 in debt securities and \$7,166,568 in equity securities are exposed to custodial credit risk as the securities are uninsured. The shares of MMDT and open end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The securities are registered to Dunn & Co. as nominee for the Town of Duxbury. The Town of Duxbury’s investment policy allows for custodial safekeeping in the name of a nominee. It also requires proof that securities purchased from any bank or dealer 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

Credit risk is the risk of loss due to the failure of the security issuer or backer. At June 30, 2014 the Town’s investments were rated as follows:

<u>Quality Ratings</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AA+.....	\$ 7,410,461	\$ -
A+.....	-	209,818
A-.....	-	477,044
BBB+.....	-	184,667
Other.....	-	116,484
Fair Value.....	<u>\$ 7,410,461</u>	<u>\$ 988,013</u>

The Town’s investment in money market mutual funds is unrated. The Town’s investment in MMDT is unrated.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town’s investments are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Bank.....	8.53%
Federal Home Loan Mortgage Corporation.....	13.29%
Federal National Mortgage Association.....	6.65%

NOTE 3 – RECEIVABLES

At June 30, 2014, receivables for the individual major and nonmajor 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.....	\$ 1,021,850	\$ (16,277)	\$ 1,005,573
Real estate tax deferrals.....	338,944	-	338,944
Tax liens.....	140,630	-	140,630
Motor vehicle and other excise taxes.....	326,796	(115,639)	211,157
User fees.....	16,300	-	16,300
Departmental and other.....	510,473	(148,086)	362,387
Special assessments.....	396,602	-	396,602
Intergovernmental.....	2,602,251	-	2,602,251
Total.....	<u>\$ 5,353,846</u>	<u>\$ (280,002)</u>	<u>\$ 5,073,844</u>

At June 30, 2014, receivables for the water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 1,421,873	\$ -	\$ 1,421,873

Governmental funds report *unavailable 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 year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Community Preservation Act	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes.....	\$ 713,481	\$ 9,281	\$ -	\$ 722,762
Real estate tax deferrals.....	338,944	-	-	338,944
Tax liens.....	137,722	2,908	-	140,630
Motor vehicle and other excise taxes.....	211,157	-	-	211,157
User fees.....	16,300	-	-	16,300
Departmental and other.....	262,893	-	46,568	309,461
Special assessments.....	396,602	-	-	396,602
Intergovernmental.....	-	99,378	574,243	673,621
Tax foreclosures.....	686,466	-	-	686,466
Total.....	<u>\$ 2,763,565</u>	<u>\$ 111,567</u>	<u>\$ 620,811</u>	<u>\$ 3,495,943</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 36,259,450	\$ 44,886	\$ -	\$ 36,304,336
Construction in progress.....	<u>57,556,466</u>	<u>59,974,331</u>	<u>(249,282)</u>	<u>117,281,515</u>
Total capital assets not being depreciated.....	<u>93,815,916</u>	<u>60,019,217</u>	<u>(249,282)</u>	<u>153,585,851</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	53,094,220	-	-	53,094,220
Building improvements.....	7,592,552	-	-	7,592,552
Infrastructure.....	19,627,125	123,396	(305,238)	19,445,283
Vehicles.....	7,333,815	548,756	(483,909)	7,398,662
Furniture, fixtures and equipment.....	5,206,856	247,183	(629,064)	4,824,975
Improvements.....	<u>10,345,400</u>	<u>366,869</u>	<u>-</u>	<u>10,712,269</u>
Total capital assets being depreciated.....	<u>103,199,968</u>	<u>1,286,204</u>	<u>(1,418,211)</u>	<u>103,067,961</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(16,367,153)	(1,212,954)	-	(17,580,107)
Building improvements.....	(424,351)	(189,814)	-	(614,165)
Infrastructure.....	(12,004,813)	(804,235)	305,238	(12,503,810)
Vehicles.....	(4,731,156)	(483,859)	483,909	(4,731,106)
Furniture, fixtures and equipment.....	(3,358,659)	(879,904)	629,064	(3,609,499)
Improvements.....	<u>(8,150,909)</u>	<u>(284,680)</u>	<u>-</u>	<u>(8,435,589)</u>
Total accumulated depreciation.....	<u>(45,037,041)</u>	<u>(3,855,446)</u>	<u>1,418,211</u>	<u>(47,474,276)</u>
Total capital assets being depreciated, net.....	<u>58,162,927</u>	<u>(2,569,242)</u>	<u>-</u>	<u>55,593,685</u>
Total governmental activities capital assets.....	<u>\$ 151,978,843</u>	<u>\$ 57,449,975</u>	<u>\$ (249,282)</u>	<u>\$ 209,179,536</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Enterprise Fund Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,899,437	\$ -	\$ -	\$ 2,899,437
Construction in progress.....	1,524,204	670,017	(371,729)	1,822,492
Total capital assets not being depreciated.....	4,423,641	670,017	(371,729)	4,721,929
<u>Capital assets being depreciated:</u>				
Plant, facilities and infrastructure.....	20,874,456	389,998	-	21,264,454
Equipment and motor vehicles.....	475,182	97,563	(132,642)	440,103
Total capital assets being depreciated.....	21,349,638	487,561	(132,642)	21,704,557
<u>Less accumulated depreciation for:</u>				
Plant, facilities and infrastructure.....	(10,604,325)	(971,033)	-	(11,575,358)
Equipment and motor vehicles.....	(383,462)	(62,338)	132,642	(313,158)
Total accumulated depreciation.....	(10,987,787)	(1,033,371)	132,642	(11,888,516)
Total capital assets being depreciated, net.....	10,361,851	(545,810)	-	9,816,041
Total Water Enterprise capital assets.....	\$ 14,785,492	\$ 124,207	\$ (371,729)	\$ 14,537,970
Percy Walker Pool Enterprise Fund Activities:				
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 2,380,219	\$ -	\$ -	\$ 2,380,219
<u>Less accumulated depreciation for:</u>				
Buildings.....	(148,763)	(59,506)	-	(208,269)
Total Percy Walker Pool Enterprise capital assets.....	\$ 2,231,456	\$ (59,506)	\$ -	\$ 2,171,950

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

Governmental Activities:

General government.....	\$	38,551
Public safety.....		598,350
Education.....		1,728,403
Public works.....		920,294
Human services.....		58,627
Culture and recreation.....		319,407
Community preservation.....		<u>191,814</u>

Total depreciation expense - governmental activities..... \$ 3,855,446

Business-Type Activities:

Water.....	\$	1,033,371
Percy Walker Pool.....		<u>59,506</u>

Total depreciation expense - business-type activities..... \$ 1,092,877

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2014, the Town has interfund receivable/payable of \$25,735 which exists between the general fund and highway improvements fund (\$6,910) and the general fund and the Percy Walker Pool enterprise fund (\$18,825). The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds and departmental revenues.

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:			Total
	General Fund	Nonmajor Governmental Funds	Percy Walker Pool Enterprise Fund	
General Fund.....	\$ -	\$ -	\$ 251,111	\$ 251,111 (1)
Community Preservation Act.....	-	100,000	-	100,000 (2)
Nonmajor Governmental Funds.....	16,019	-	-	16,019 (3)
Water Enterprise Fund.....	120,327	-	-	120,327 (4)
Percy Walker Pool Enterprise Fund.....	<u>17,808</u>	<u>-</u>	<u>-</u>	<u>17,808</u> (4)
Total.....	\$ <u>154,154</u>	\$ <u>100,000</u>	\$ <u>251,111</u>	\$ <u>505,265</u>

- (1) Represents budgeted transfers from the General Fund to the Percy Walker Pool enterprise fund to reimburse for debt service which is raised through taxation and to subsidize the enterprise fund.
- (2) Represents a transfer from community preservation to the conservation trust fund.
- (3) Represents a transfer to the General Fund reclassify balances from special revenue accounts.
- (4) Represents budgeted transfers to the General Fund from the Water and Percy Walker Pool Enterprise funds for indirect costs.

NOTE 6 – 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 year ended June 30, 2014, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
<i>Governmental Funds</i>							
BAN	Municipal Purpose.....	0.50%	12/6/2013	\$ 500,000	\$ -	\$ (500,000)	\$ -
BAN	Municipal Purpose.....	0.60%	6/6/2014	-	2,015,000	(2,015,000)	-
BAN	Municipal Purpose.....	0.50%	12/1/2014	-	435,000	-	435,000 (1)
<i>Total Governmental Funds.....</i>				<u>500,000</u>	<u>2,450,000</u>	<u>(2,515,000)</u>	<u>435,000</u>
<i>Water Enterprise Fund</i>							
BAN	Municipal Purpose.....	0.50%	12/6/2013	400,000	-	(400,000)	-
BAN	Municipal Purpose.....	0.60%	6/6/2014	-	878,000	(878,000)	-
<i>Total Water Enterprise Fund.....</i>				<u>400,000</u>	<u>878,000</u>	<u>(1,278,000)</u>	<u>-</u>
<i>Total.....</i>				<u>\$ 900,000</u>	<u>\$ 3,328,000</u>	<u>\$ (3,793,000)</u>	<u>\$ 435,000</u>

(1) On December 1, 2014, the Town paid this bond anticipation note with available funds.

NOTE 7 – 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, 2014, and the debt service requirements are as follows:

General Obligation Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MCWT 1997.....	2017	\$ 650,000	5.27	\$ 160,491	\$ -	\$ (38,327)	\$ 122,164
MCWT 2001 Title V.....	2019	195,676	4.50	65,212	-	(10,872)	54,340
MCWT 2004 Title V.....	2021	192,582	3.30-5.25	85,732	-	(10,687)	75,045
Municipal Purpose Loans of 2002.....	2017	2,183,000	3.50-4.50	565,000	-	(145,000)	420,000
Municipal Purpose Loans of 2003.....	2023	1,028,000	4.00	475,000	-	(50,000)	425,000
Municipal Purpose Loans of 2006.....	2021	13,035,000	4.00	6,920,000	-	(865,000)	6,055,000
Municipal Purpose Loans of 2009.....	2017	125,000	3.00-3.85	50,000	-	(15,000)	35,000
Municipal Purpose Refunding Loans of 2009.....	2017	1,300,000	3.00-3.85	605,000	-	(155,000)	450,000
Municipal Purpose Loans of 2010.....	2023	587,000	2.00-5.00	465,000	-	(40,000)	425,000
Municipal Purpose Loans of 2013.....	2038	83,447,000	3.00-4.00	83,447,000	-	(2,972,000)	80,475,000
Municipal Purpose Loans of 2014.....	2024	2,200,000	2.00-3.00	-	2,200,000	-	2,200,000
Municipal Purpose Refunding Loans of 2014.....	2023	425,000	2.00-3.00	-	425,000	-	425,000
Total Bonds Payable.....				<u>92,838,435</u>	<u>2,625,000</u>	<u>(4,301,886)</u>	<u>91,161,549</u>
Add: Unamortized Premium.....				<u>7,013,483</u>	<u>-</u>	<u>(826,139)</u>	<u>6,187,344</u>
Total Bonds Payable, net.....				<u>\$ 99,851,918</u>	<u>\$ 2,625,000</u>	<u>\$ (5,128,025)</u>	<u>\$ 97,348,893</u>

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

Year	Principal	Interest	Total
2015.....	\$ 5,996,053	\$ 3,115,314	\$ 9,111,367
2016.....	5,127,267	2,944,304	8,071,571
2017.....	5,118,518	2,780,354	7,898,872
2018.....	4,781,558	2,603,611	7,385,169
2019.....	4,771,558	2,418,056	7,189,614
2020.....	4,760,690	2,230,144	6,990,834
2021.....	4,760,905	2,040,497	6,801,402
2022.....	3,880,000	1,869,294	5,749,294
2023.....	3,875,000	1,717,044	5,592,044
2024.....	3,825,000	1,583,556	5,408,556
2025.....	3,605,000	1,454,125	5,059,125
2026.....	3,570,000	1,327,950	4,897,950
2027.....	3,570,000	1,220,850	4,790,850
2028.....	3,570,000	1,095,900	4,665,900
2029.....	3,150,000	961,500	4,111,500
2030.....	3,150,000	835,500	3,985,500
2031.....	3,150,000	709,500	3,859,500
2032.....	3,150,000	583,500	3,733,500
2033.....	3,150,000	473,250	3,623,250
2034.....	2,840,000	383,400	3,223,400
2035.....	2,840,000	298,200	3,138,200
2036.....	2,840,000	213,000	3,053,000
2037.....	2,840,000	127,800	2,967,800
2038.....	2,840,000	42,598	2,882,598
Totals.....	\$ <u>91,161,549</u>	\$ <u>33,029,247</u>	\$ <u>124,190,796</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) for governmental fund debt on a periodic basis for principal in the amount of \$35,840 and interest costs for \$33,523. Thus, net MCWT loan repayments, including interest, are scheduled to be \$217,477 for the three MCWT governmental debt issuances. 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 2014 principal and interest subsidies totaled approximately \$10,802 and \$14,502, respectively.

In order to take advantage of favorable interest rates, the Town issued \$425,000 of General Obligation Refunding Bonds on June 6, 2014. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$425,000 and became callable on July 6, 2014. At June 30, 2014, the proceeds of refunding bonds are reported as fund balance reserved for debt service in the general fund and were used to pay down the refunded bonds on the call date. The transaction resulted in an economic gain of \$45,284 and a reduction of \$45,252 in total future debt service payments. There was no difference between the re-acquisition price and the face value of the old bonds.

General Obligation Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Municipal Purpose Loans of 1998.....	2014	\$ 2,753,000	3.89	\$ 100,000	\$ -	\$ (100,000)	\$ -
Municipal Purpose Loans of 2004.....	2014	1,500,000	2.00-4.00	150,000	-	(150,000)	-
Municipal Purpose Loans of 2006.....	2016	500,000	4.00	150,000	-	(50,000)	100,000
Municipal Purpose Loans of 2008.....	2023	1,700,000	3.00-3.85	1,080,000	-	(120,000)	960,000
MCWT 2009.....	2029	3,150,000	2.00	2,607,505	-	(139,674)	2,467,831
Municipal Purpose Loans of 2014.....	2019	864,000	2.00	-	864,000	-	864,000
Total Bonds Payable.....				\$ 4,087,505	\$ 864,000	\$ (559,674)	\$ 4,391,831

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

Year	Principal	Interest	Total
2015.....	\$ 491,495	\$ 99,797	\$ 591,292
2016.....	490,374	87,047	577,421
2017.....	443,311	75,411	518,722
2018.....	436,307	64,702	501,009
2019.....	424,364	54,314	478,678
2020.....	262,482	45,556	308,038
2021.....	265,664	38,331	303,995
2022.....	263,909	31,139	295,048
2023.....	237,221	24,555	261,776
2024.....	170,599	19,828	190,427
2025.....	174,045	16,382	190,427
2026.....	177,561	12,866	190,427
2027.....	181,149	9,279	190,428
2028.....	184,808	5,619	190,427
2029.....	188,542	1,885	190,427
Totals.....	\$ 4,391,831	\$ 586,711	\$ 4,978,542

General Obligation Bonds Payable Schedule – Percy Walker Pool Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Municipal Purpose Loans of 2010.....	2025	\$ 2,363,000	2.00-5.00	\$ 1,870,000	\$ -	\$ (160,000)	\$ 1,710,000

Debt service requirements for principal and interest for the Percy Walker pool enterprise fund bonds payable in future years are as follows:

Year	Principal	Interest	Total
2015.....	\$ 160,000	\$ 54,738	\$ 214,738
2016.....	155,000	51,538	206,538
2017.....	155,000	48,438	203,438
2018.....	155,000	40,688	195,688
2019.....	155,000	36,038	191,038
2020.....	155,000	29,838	184,838
2021.....	155,000	25,188	180,188
2022.....	155,000	20,538	175,538
2023.....	155,000	15,694	170,694
2024.....	155,000	10,656	165,656
2025.....	155,000	5,421	160,421
Totals.....	\$ 1,710,000	\$ 338,775	\$ 2,048,775

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, 2014, the Town had the following authorized and unissued debt:

Purpose	Amount
School Construction.....	\$ 56,371,161
Powder Point Bridge.....	200,000
Water Mains.....	47,000
Total.....	\$ 56,618,161

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

Long term liabilities related to both governmental and business-type activities are normally paid from the general fund and enterprise funds, respectively.

	Balance June 30, 2013	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Balance June 30, 2014	Due Within One Year
Governmental Activities:							
Long-Term Bonds Payable.....	\$ 92,838,435	\$ 2,625,000	\$ (4,301,886)	\$ -	\$ -	\$ 91,161,549	\$ 5,996,053
Add: Unamortized Premium.....	7,013,483	-	(826,139)	-	-	6,187,344	541,068
Total Long-Term Bonds Payable.....	99,851,918	2,625,000	(5,128,025)	-	-	97,348,893	6,537,121
Other Postemployment Benefits.....	26,176,000	-	-	4,051,000	(2,362,000)	27,865,000	-
Compensated Absences.....	1,430,000	-	-	1,211,000	(1,117,000)	1,524,000	1,186,000
Total governmental activity long-term liabilities.....	\$ 127,457,918	\$ 2,625,000	\$ (5,128,025)	\$ 5,262,000	\$ (3,479,000)	\$ 126,737,893	\$ 7,723,121
Business-Type Activities:							
Long-Term Bonds Payable.....	\$ 5,957,505	\$ 864,000	\$ (719,674)	\$ -	\$ -	\$ 6,101,831	\$ 651,495
Other Postemployment Benefits.....	512,000	-	-	26,000	(223,000)	315,000	-
Compensated Absences.....	45,000	-	-	36,000	(38,000)	43,000	38,000
Total business-type activity long-term liabilities.....	\$ 6,514,505	\$ 864,000	\$ (719,674)	\$ 62,000	\$ (261,000)	\$ 6,459,831	\$ 689,495

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to constraints imposed on the uses of those resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2014, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS				
	General	Community Preservation Act	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Town services fund..... \$	-	-	-	2,152,855	2,152,855
Restricted for:					
Debt service - interest.....	6,187,344	-	-	-	6,187,344
Debt service - principal.....	425,000	-	-	-	425,000
Community Preservation Act.....	-	4,671,366	-	-	4,671,366
Co-located School.....	-	-	5,064,632	-	5,064,632
School lunch.....	-	-	-	175,215	175,215
School gift and grant funds.....	-	-	-	746,164	746,164
School revolving.....	-	-	-	1,391,317	1,391,317
Recreation revolving.....	-	-	-	10,000	10,000
Receipts reserved for appropriations.....	-	-	-	141,765	141,765
Town gifts and grants.....	-	-	-	305,140	305,140
Town revolving.....	-	-	-	85,473	85,473
Affordable housing.....	-	-	-	183,214	183,214
Special revenue trust funds.....	-	-	-	185,597	185,597
Miscellaneous small projects.....	-	-	-	41,463	41,463
Powder Point Bridge.....	-	-	-	195,158	195,158
Public safety buildings.....	-	-	-	42,949	42,949
Crematory.....	-	-	-	26,463	26,463
Town services fund.....	-	-	-	1,315,325	1,315,325
Committed for:					
Selectmen.....	72,723	-	-	-	72,723
Information Systems.....	482,386	-	-	-	482,386
Human Resources.....	65,524	-	-	-	65,524
Conservation.....	250	-	-	-	250
Police.....	21,357	-	-	-	21,357
Fire.....	63,600	-	-	-	63,600
Harbormaster/Beach Management.....	76,826	-	-	-	76,826
Education.....	18,825	-	-	-	18,825
Public works.....	111,630	-	-	-	111,630
Culture and recreation.....	28,459	-	-	-	28,459
Pension reserve.....	1,080,176	-	-	-	1,080,176
Unemployment.....	235,766	-	-	-	235,766
Assigned to:					
General government.....	77,241	-	-	-	77,241
Public safety.....	31,091	-	-	-	31,091
Education.....	454,728	-	-	-	454,728
Public works.....	53,009	-	-	-	53,009
Human services.....	895	-	-	-	895
Culture and recreation.....	8,383	-	-	-	8,383
Free cash used to fund the 2015 budget.....	849,342	-	-	-	849,342
Unassigned.....	7,823,978	-	-	-	7,823,978
TOTAL FUND BALANCES..... \$	18,168,533	4,671,366	5,064,632	6,998,098	34,902,629

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval. In accordance with Massachusetts General Law the Town has established a general stabilization fund, a pension reserve fund, and an unemployment trust fund.

At year end the balance of the general stabilization fund is \$3,375,298 and is reported as unassigned fund balance within the general fund; the balance of the pension trust stabilization fund is \$1,080,176 and is reported as committed fund balance within the general fund; the balance of the unemployment trust stabilization fund is \$235,766 and is reported as committed fund balance within the general fund. The pension trust fund is distinct and separate from the System information in Note 11. The purpose of the fund is to provide a reserve to meet future annual contributions to the Pension System.

With the exception of the pension reserve and the unemployment reserve, the committed balances in the General Fund are articles carried forward to next year. With the exception of free cash used to fund the 2015 budget, assigned balances in the General Fund are encumbrances carried forward to next year. The detail of each article and encumbrance is included in the budgetary comparison schedule presented as required supplementary information.

NOTE 9 – 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 10% of annual revenues for open space, a minimum of 10% of annual revenues for historic resources and a minimum of 10% of annual revenues for community housing.

In accordance with the CPA, the Town has approved a 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, 2014, the CPA fund has a balance of approximately \$4.7 million and is reported as a major fund in the governmental funds financial statements.

NOTE 10 – 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 and unemployment benefits. 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 multiyear analysis of average claims paid. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim. At June 30, 2014, the amount of the liability for health insurance claims totaled \$1,019,471. This liability is the Town’s best estimate based on available information. The Town has elected to record a conservative estimate using the high range of the estimated potential liability. Changes in the reported liability since July 1, 2012, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2013.....	\$ 965,102	\$ 9,840,675	\$ (9,971,069)	\$ 834,708
2014.....	834,708	9,838,671	(9,653,908)	1,019,471

(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, 2014, the amount of the liability for workers’ compensation claims was immaterial and is therefore not reported.

NOTE 11 – 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 \$7,487,000 for the year ended June 30, 2014, 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 10 Cordage Park Circle, Suite 234, North 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 years ended June

30, 2014, 2013, and 2012 were \$2,500,871, \$2,398,254, and \$2,134,651, respectively, which equaled its required contribution for each year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and inflation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town’s proportionate share of the plan’s annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Duxbury administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

As of the most recent actuarial valuation, the plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents...	487
Current active members.....	<u>656</u>
Total.....	<u><u>1,143</u></u>

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2014, the Town contributed approximately \$2.4 million to the plan. Administrative costs of the plan are assumed to be included in plan premiums.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Annual Required Contribution.....	\$ 3,548,000
Interest on net OPEB obligation.....	1,601,000
Adjustment to annual required contribution.....	<u>(1,269,000)</u>
Annual OPEB Cost (expense).....	3,880,000
Annual Employer Contributions.....	<u>(2,388,000)</u>
Increase/Decrease in net OPEB obligation.....	1,492,000
Net OPEB obligation - beginning of year.....	<u>26,688,000</u>
Net OPEB obligation - end of year.....	<u>\$ 28,180,000</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 3,880,000	62%	\$ 28,180,000
6/30/2013	8,161,000	30%	26,688,000
6/30/2012	7,671,000	29%	20,967,000

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation dates is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
6/30/2014	\$ 712,978	\$ 45,389,676	\$ 44,676,698	2%	\$ 39,817,927	112.2%
6/30/2012	-	87,999,907	87,999,907	0%	37,469,000	234.9%
7/1/2009	-	66,675,309	66,675,309	0%	36,043,157	185.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 6.00%; a 7.75% asset rate of return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date; 3.25% projected salary increases; and an annual medical/drug cost trend rate of 6.5% initially, graded to 4.5% over 5 years. The 6% partially funded discount rate is based on the blending of a funded discount rate of 7.75% and a pay-as-you-go discount rate of 4.00%. The UAAL is being amortized over an open 30 year period using a level percent of pay. The asset valuation method being used is market value. The remaining amortization period at June 30, 2014 is 30 years.

NOTE 13 – COMMITMENTS

During 2014, the Town completed work on construction of the crematory, police station, and fire station renovations and subsequently bonded \$12,575,000. Upon completion of the rehabilitation of Powder Point Bridge (\$2.2 million), and in the installation of water mains on Pine Street (\$864,000), the Town permanently borrowed \$3,489,000. The balance of the debt was an advance refunding of Sewer debt (\$425,000). The Middle School/High School became ready for occupancy during June. \$56,371,000 in borrowing authority still remains on the books for this project.

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, 2014, 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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

During 2013, the Town lost a lawsuit totaling \$839,806 for public bidding violations related to the award of a management contract for the Town's municipal golf course. The Town is appealing the judgment on several legal and factual theories. If it wins the appeal, it will not be liable for any damages, fees, costs or interest. If it loses, it will be liable for the judgment plus appellate attorneys' fees and post-judgment interest. The outcome cannot be predicted.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Balance Sheet. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in 2015.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

Management is currently assessing the impact the implementation of these pronouncements will have on 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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts				Actual	Amounts	
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 52,683,150	\$ 52,683,150	\$ 52,683,150	\$ 52,823,366	\$ -	\$ 140,216
Tax and trash liens.....	-	-	-	-	34,594	-	34,594
Motor vehicle and other excise taxes.....	-	2,201,000	2,201,000	2,201,000	2,630,758	-	429,758
Sewer charges.....	-	240,000	240,000	240,000	296,186	-	56,186
Trash disposal.....	-	530,000	530,000	530,000	599,680	-	69,680
Intergovernmental.....	-	5,755,051	5,755,051	5,755,051	5,847,527	-	92,476
Departmental and other.....	-	3,860,000	3,860,000	3,860,000	4,664,577	-	804,577
Investment income.....	-	277,503	277,503	277,503	206,481	-	(71,022)
TOTAL REVENUES.....	-	65,546,704	65,546,704	65,546,704	67,103,169	-	1,556,465
EXPENDITURES:							
Current:							
General government							
Town Meeting							
Expenditures.....	-	3,650	3,650	3,650	2,574	-	1,076
Town Moderator							
Salaries.....	-	40	40	40	-	-	40
Selectmen							
Salaries.....	-	253,366	253,366	242,886	223,312	-	19,574
Expenditures.....	955	19,150	20,105	20,105	13,115	135	6,855
Articles.....	12,798	660,000	672,798	682,798	610,075	72,723	-
Total.....	13,753	932,516	946,269	945,789	846,502	72,858	26,429
Finance Committee							
Expenditures.....	-	500	500	500	204	-	296
Information Systems							
Salaries.....	-	86,100	86,100	91,780	91,780	-	-
Expenditures.....	28,620	199,800	228,420	232,020	188,691	43,329	-
Articles.....	192,964	976,700	1,169,664	1,169,664	671,001	482,386	16,277
Total.....	221,584	1,262,600	1,484,184	1,493,464	951,472	525,715	16,277
Finance Director							
Salaries.....	-	102,445	102,445	114,460	114,460	-	-
Expenditures.....	-	3,175	3,175	3,175	2,824	-	351
Total.....	-	105,620	105,620	117,635	117,284	-	351
Accounting							
Salaries.....	-	212,127	212,127	218,726	216,884	-	1,842
Expenditures.....	-	8,300	8,300	8,300	7,443	-	857
Total.....	-	220,427	220,427	227,026	224,327	-	2,699
Audit							
Expenditures.....	-	43,610	43,610	43,610	43,610	-	-
Assessor							
Salaries.....	-	218,515	218,515	232,927	232,193	-	734
Expenditures.....	13,378	21,885	35,263	35,263	31,470	-	3,793
Articles.....	432	-	432	432	432	-	-
Total.....	13,810	240,400	254,210	268,622	264,095	-	4,527
Treasurer/Collector							
Salaries.....	-	247,414	247,414	250,393	250,393	-	-
Expenditures.....	906	57,900	58,806	58,806	43,528	13,040	2,238
Total.....	906	305,314	306,220	309,199	293,921	13,040	2,238
Legal							
Expenditures.....	22,302	252,000	274,302	274,301	235,965	16,437	21,899

(Continued)

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

YEAR ENDED JUNE 30, 2014

	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				
Human Resources								
Salaries.....	-	102,025	102,025	114,362	114,361	-	1	
Expenditures.....	1,562	22,960	24,522	24,577	23,183	1,232	162	
Articles.....	18,534	135,000	153,534	65,524	-	65,524	-	
Total.....	20,096	259,985	280,081	204,463	137,544	66,756	163	
Town Clerk								
Salaries.....	-	123,690	123,690	125,167	124,503	-	664	
Expenditures.....	-	4,100	4,100	4,100	3,192	679	229	
Total.....	-	127,790	127,790	129,267	127,695	679	893	
Election/Registration								
Salaries.....	1,429	15,400	16,829	15,400	8,842	-	6,558	
Expenditures.....	3	19,100	19,103	20,532	13,596	494	6,442	
Total.....	1,432	34,500	35,932	35,932	22,438	494	13,000	
Conservation								
Salaries.....	-	132,570	132,570	132,570	131,490	-	1,080	
Expenditures.....	1,500	12,200	13,700	13,700	11,579	1,547	574	
Articles.....	8,266	7,700	15,966	15,966	12,940	250	2,776	
Total.....	9,766	152,470	162,236	162,236	156,009	1,797	4,430	
Planning Board								
Salaries.....	-	106,749	106,749	111,349	111,265	-	84	
Expenditures.....	-	10,000	10,000	10,000	5,778	86	4,136	
Articles.....	4,862	-	4,862	4,862	-	-	4,862	
Total.....	4,862	116,749	121,611	126,211	117,043	86	9,082	
Tax Title								
Expenditures.....	120	13,000	13,120	13,120	120	262	12,738	
Historical Commission								
Expenditures.....	-	200	200	200	200	-	-	
Total General Government.....	308,631	4,071,371	4,380,002	4,355,265	3,541,003	698,124	116,138	
Public safety								
Police								
Salaries.....	-	2,775,091	2,775,091	2,771,663	2,762,437	-	9,226	
Expenditures.....	5,391	281,400	286,791	317,293	291,207	23,158	2,928	
Articles.....	100,000	55,555	155,555	160,835	137,677	21,357	1,801	
Total.....	105,391	3,112,046	3,217,437	3,249,791	3,191,321	44,515	13,955	
Fire								
Salaries.....	-	2,562,514	2,562,514	2,757,002	2,756,923	-	79	
Expenditures.....	3,320	277,220	280,540	280,540	276,971	1,164	2,405	
Articles.....	-	85,500	85,500	136,600	66,633	63,600	6,367	
Total.....	3,320	2,925,234	2,928,554	3,174,142	3,100,527	64,764	8,851	
Inspectional Services								
Salaries.....	-	405,432	405,432	403,208	400,490	-	2,718	
Expenditures.....	3,391	46,000	49,391	82,891	74,940	6,213	1,738	
Total.....	3,391	451,432	454,823	486,099	475,430	6,213	4,456	
Harbormaster/Beach Management								
Salaries.....	-	233,553	233,553	247,748	245,843	-	1,905	
Expenditures.....	-	23,475	23,475	23,475	22,000	556	919	
Articles.....	866	84,050	84,916	84,916	4,272	76,826	3,818	
Total.....	866	341,078	341,944	356,139	272,115	77,382	6,642	
Total Public Safety.....	112,968	6,829,790	6,942,758	7,266,171	7,039,393	192,874	33,904	
Education								
Salaries and Expenditures.....	124,486	30,933,458	31,057,944	31,257,944	30,717,080	454,728	86,136	
Articles.....	206,818	111,069	317,887	317,887	288,857	18,825	10,205	
Total.....	331,304	31,044,527	31,375,831	31,575,831	31,005,937	473,553	96,341	

(Continued)

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

YEAR ENDED JUNE 30, 2014

	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			
Public Works							
DPW Management							
Salaries.....	-	260,854	260,854	247,013	195,883	-	51,130
Expenditures.....	9,625	86,200	95,825	85,825	51,810	26,194	7,821
Articles.....	70,456	-	70,456	93,006	-	93,006	-
Total.....	80,081	347,054	427,135	425,844	247,693	119,200	58,951
Vehicle Maintenance							
Salaries.....	-	149,797	149,797	149,797	143,497	-	6,300
Expenditures.....	8,557	117,500	126,057	146,057	135,797	877	9,383
Total.....	8,557	267,297	275,854	295,854	279,294	877	15,683
Highway Department							
Salaries.....	620	444,923	445,543	459,923	457,033	-	2,890
Expenditures.....	-	69,500	69,500	70,120	58,789	-	11,331
Articles.....	-	170,000	170,000	170,000	169,995	-	5
Total.....	620	684,423	685,043	700,043	685,817	-	14,226
Snow & Ice							
Salaries.....	5,872	60,000	65,872	125,872	110,610	-	15,262
Expenditures.....	-	110,000	110,000	280,000	263,019	-	16,981
Total.....	5,872	170,000	175,872	405,872	373,629	-	32,243
Fuel Depot							
Expenditures.....	-	311,000	311,000	311,000	306,800	96	4,104
Articles.....	-	20,000	20,000	20,000	18,862	-	1,138
Total.....	-	331,000	331,000	331,000	325,662	96	5,242
Land & Natural Resources							
Salaries.....	179	421,475	421,654	413,180	404,435	-	8,745
Expenditures.....	54	43,300	43,354	53,532	51,283	422	1,827
Articles.....	-	60,000	60,000	60,000	59,097	-	903
Total.....	233	524,775	525,008	526,712	514,815	422	11,475
Street Lights							
Expenditures.....	2,442	38,000	40,442	40,442	38,265	2,177	-
Transfer Station							
Salaries.....	-	222,505	222,505	222,505	218,945	-	3,560
Expenditures.....	32,736	551,000	583,736	603,736	594,885	6,467	2,384
Total.....	32,736	773,505	806,241	826,241	813,830	6,467	5,944
Sewer Department							
Salaries.....	-	15,544	15,544	15,544	15,442	-	102
Expenditures.....	8,521	181,000	189,521	189,521	182,165	3,054	4,302
Total.....	8,521	196,544	205,065	205,065	197,607	3,054	4,404
Cemetery							
Salaries.....	-	383,981	383,981	375,827	364,813	-	11,014
Expenditures.....	1,019	157,550	158,569	195,569	180,513	1,443	13,613
Articles.....	41,804	62,826	104,630	104,630	79,181	18,624	6,825
Total.....	42,823	604,357	647,180	676,026	624,507	20,067	31,452
Central Building							
Salaries.....	-	59,396	59,396	59,396	54,992	-	4,404
Expenditures.....	10,053	252,600	262,653	262,428	250,086	12,229	113
Total.....	10,053	311,996	322,049	321,824	305,078	12,229	4,517
Animal Control							
Salaries.....	-	62,525	62,525	75,335	72,603	-	2,732
Expenditures.....	-	7,900	7,900	7,900	6,127	-	1,773
Total.....	-	70,425	70,425	83,235	78,730	-	4,505

(Continued)

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

YEAR ENDED JUNE 30, 2014

	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				
Tarklin Building								
Expenditures.....	54	13,000	13,054	13,054	10,674	50	2,330	
Facilities Management								
Salaries.....	-	80,000	80,000	80,000	77,885	-	2,115	
Expenditures.....	-	1,000	1,000	1,000	803	-	197	
Total.....	-	81,000	81,000	81,000	78,688	-	2,312	
Total Public Works.....	191,992	4,413,376	4,605,368	4,932,212	4,574,289	164,639	193,284	
Human services								
Council on Aging								
Salaries.....	-	366,417	366,417	366,417	364,621	-	1,796	
Expenditures.....	10,998	123,600	134,598	147,598	143,534	462	3,602	
Articles.....	-	13,000	13,000	13,000	12,991	-	9	
Total.....	10,998	503,017	514,015	527,015	521,146	462	5,407	
Veterans								
Salaries.....	-	23,565	23,565	24,060	24,060	-	-	
Expenditures.....	402	91,400	91,802	138,302	133,458	433	4,411	
Total.....	402	114,965	115,367	162,362	157,518	433	4,411	
Plymouth County Cooperative								
Expenditures.....	-	200	200	200	-	-	200	
Total Human Services.....	11,400	618,182	629,582	689,577	678,664	895	10,018	
Culture and Recreation								
Library								
Salaries.....	-	917,998	917,998	931,909	915,110	-	16,799	
Expenditures.....	19,049	309,899	328,948	335,948	319,603	8,383	7,962	
Articles.....	22,185	5,000	27,185	41,485	17,301	24,184	-	
Total.....	41,234	1,232,897	1,274,131	1,309,342	1,252,014	32,567	24,761	
Recreation								
Salaries.....	-	160,251	160,251	166,450	166,450	-	-	
Expenditures.....	-	1,150	1,150	1,150	1,149	-	1	
Articles.....	29,853	-	29,853	29,853	29,853	-	-	
Total.....	29,853	161,401	191,254	197,453	197,452	-	1	
North Hill								
Expenditures.....	-	2,000	2,000	2,000	1,654	-	346	
Articles.....	41,191	60,000	101,191	101,191	92,611	4,275	4,305	
Total.....	41,191	62,000	103,191	103,191	94,265	4,275	4,651	
Lifeguards								
Salaries.....	-	17,550	17,550	17,550	15,747	-	1,803	
Expenditures.....	-	750	750	750	623	-	127	
Total.....	-	18,300	18,300	18,300	16,370	-	1,930	
Public Celebrations								
Expenditures.....	-	3,500	3,500	3,500	2,711	-	789	
Articles.....	-	10,000	10,000	-	-	-	-	
Total.....	-	13,500	13,500	3,500	2,711	-	789	
Total Culture and Recreation.....	112,278	1,488,098	1,600,376	1,631,786	1,562,812	36,842	32,132	
Pension Benefits								
Contributory Retirement.....	-	2,500,871	2,500,871	2,500,871	2,500,871	-	-	
Non-Contributory Retirement.....	-	20,000	20,000	20,000	19,946	-	54	
Total.....	-	2,520,871	2,520,871	2,520,871	2,520,817	-	54	
Property and Liability Insurance.....	-	323,225	323,225	315,725	280,147	-	35,578	
Employee Benefits.....	-	7,526,605	7,526,605	7,008,760	6,716,638	-	292,122	

(Continued)

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

YEAR ENDED JUNE 30, 2014

	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				
Reserve fund.....	-	105,000	105,000	41,500	-	-	41,500	
State and County Charges.....	-	424,448	424,448	424,448	448,529	-	(24,081)	
Debt Service								
Debt Service Principal.....	-	4,301,886	4,301,886	4,301,886	4,301,886	-	-	
Debt Service Interest.....	-	4,628,456	4,628,456	4,628,401	4,576,710	-	51,691	
Total.....	-	8,930,342	8,930,342	8,930,287	8,878,596	-	51,691	
TOTAL EXPENDITURES.....	1,068,573	68,295,835	69,364,408	69,692,433	67,246,825	1,566,927	878,681	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,068,573)	(2,749,131)	(3,817,704)	(4,145,729)	(143,656)	(1,566,927)	2,435,146	
OTHER FINANCING SOURCES (USES):								
Premium from issuance of bonds.....	-	-	-	-	119,049	-	119,049	
Transfers in.....	-	231,135	231,135	231,135	266,673	-	35,538	
Transfers out.....	-	(236,511)	(236,511)	(751,111)	(751,111)	-	-	
TOTAL OTHER FINANCING SOURCES (USES).....	-	(5,376)	(5,376)	(519,976)	(365,389)	-	154,587	
NET CHANGE IN FUND BALANCE.....	(1,068,573)	(2,754,507)	(3,823,080)	(4,665,705)	(509,045)	(1,566,927)	2,589,733	
BUDGETARY FUND BALANCE, Beginning of year....	-	13,278,527	13,278,527	13,278,527	13,278,527	-	-	
BUDGETARY FUND BALANCE, End of year.....	\$ (1,068,573)	\$ 10,524,020	\$ 9,455,447	\$ 8,612,822	\$ 12,769,482	\$ (1,566,927)	\$ 2,589,733	

(Concluded)

See notes to required supplementary information.

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/13	\$ 666,899,774	\$ 1,319,764,989	\$ 652,865,215	50.5%	\$ 238,655,485	273.6%
01/01/11	666,730,812	1,181,508,931	514,778,119	56.4%	228,289,638	225.5%
01/01/10	673,709,456	1,132,847,379	459,137,923	59.5%	227,507,647	201.8%
01/01/09	579,877,224	1,159,210,636	579,333,412	50.0%	264,541,078	219.0%
01/01/08	683,819,938	1,056,020,215	372,200,277	64.8%	252,682,832	147.3%
01/01/07	606,629,089	987,840,418	381,211,329	61.4%	244,574,136	155.9%
01/01/06	558,533,863	918,851,707	360,317,844	60.8%	226,262,731	159.2%
01/01/04	520,104,805	802,158,453	282,053,648	64.8%	208,312,002	135.4%
01/01/02	466,325,660	733,198,204	266,872,544	63.6%	205,039,686	130.2%
01/01/00	450,210,619	611,204,058	160,993,439	73.7%	178,010,731	90.4%

The Town's share of the UAAL, as of June 30, 2013, is approximately 4.54%.

See notes to required supplementary information.

PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	System Wide			Town of Duxbury	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 54,966,177	\$ 54,966,177	100%	\$ 2,500,871	4.55%
2013	52,815,431	52,815,431	100%	2,398,254	4.54%
2012	46,850,764	46,850,764	100%	2,134,651	4.56%
2011	48,986,967	48,986,967	100%	2,174,974	4.44%
2010	42,708,712	42,708,712	100%	1,905,038	4.46%
2009	41,286,384	41,286,384	100%	1,843,795	4.47%
2008	38,854,868	38,854,868	100%	1,761,398	4.53%
2007	34,085,524	34,085,524	100%	1,460,631	4.29%
2006	30,795,767	30,795,767	100%	1,308,623	4.25%
2005	25,695,625	25,695,625	100%	1,213,539	4.72%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the annual required contributions to the actual contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 712,978	\$ 45,389,676	\$ 44,676,698	2%	\$ 39,817,927	112.2%
6/30/2012	-	87,999,907	87,999,907	0%	37,469,000	234.9%
7/1/2009	-	66,675,309	66,675,309	0%	36,043,157	185.0%
7/1/2007	-	86,336,643	86,336,643	0%	33,452,281	258.1%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2014	\$ 3,548,000	\$ 2,388,000	67%
2013	8,203,000	2,440,000	30%
2012	7,683,000	2,259,000	29%
2011	6,467,000	2,068,000	32%
2010	6,059,000	1,916,000	32%
2009	9,688,000	2,720,000	28%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Level percentage of payroll over a 30 year period
Remaining amortization period.....	30 years as of June 30, 2014, open

Actuarial Assumptions:

Investment rate of return.....	6.00% for a partial prefunded plan
Inflation rate/projected salary increases.....	3.25%
Medical/drug cost trend rate.....	6.5% graded to 4.5% over 5 years

Plan Membership:

Current retirees, beneficiaries, and dependents...	487
Current active members.....	<u>656</u>
Total.....	<u><u>1,143</u></u>

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 year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent 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 2014 approved budget for the General Fund includes \$68.5 million in current year appropriations and other amounts to be raised and \$1.1 million in encumbrances and appropriations carried over from previous years. During 2014, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$843,000 used primarily to fund contract negotiations (\$285,200), snow and ice deficit (\$230,000), the Stabilization Trust Fund (\$200,000), the Pension Reserve Fund (\$100,000), and \$22,000 for the cemetery budget.

The Accounting 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 year ended June 30, 2014, is presented on the following page.

Net Change in Fund Balance - budgetary basis.....	\$ (509,045)
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	531,208
Activity of the pension and unemployment trust funds recorded in the general fund for GAAP.....	34,416
Proceeds of refunding bonds held for current refunding....	425,000
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	(258,405)
Net change in expenditure accrual.....	160,339
Recognition of revenue for on-behalf payments.....	7,487,437
Recognition of expenditures for on-behalf payments.....	<u>(7,487,437)</u>
Net Change in Fund Balance - GAAP basis.....	<u>\$ 383,513</u>

C. Appropriation Deficits

Expenditures exceeded appropriation in state and county assessments. This is an allowable deficit based on state assessments.

NOTE B – OTHER POSTEMPLOYMENT BENEFITS PLAN

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s health and life insurance plans, which covers both active and retired members, including teachers.

The Town currently finances the majority of its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 2%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Employer Contributions compares, overtime, the Annual Required Contributions to the Actual Contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

NOTE C – PENSION PLAN

The Town contributes to the Plymouth County Contributory Retirement System (the System), a cost-sharing, multiple-employer defined benefit pension plan (“Plan”) administered by the Plymouth County Retirement Association (the Association). The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of MGL assigns authority to establish and amend benefit provisions of the Plan. 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 actuarially determined contribution which is apportioned among the employers based on active current payroll.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town’s proportionate share of the plan’s annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System’s most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2013
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.5% per year, level dollar for ERI liability for certain units.
Remaining Amortization Period.....	21 years remaining as of January 1, 2013, open
Asset Valuation Method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a 5 year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.

Actuarial Assumptions:

Investment rate of return.....	8.25%
Projected salary increases.....	4.00%
Cost of living adjustments.....	3.0% of the lesser of the pension amount and \$13,000 per year

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	3,228
Inactive participants.....	2,108
Disabled.....	360
Active participants.....	<u>5,729</u>
Total.....	<u><u>11,425</u></u>

Other Supplementary Information

Combining and Individual Fund Statements

The combining and individual fund 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.

Individual fund statements offer more descriptive account information.

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 capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's grouping for nonmajor special revenue funds is as described as follows:

- **School Lunch** – accounts for the operations of the public school lunch program.
- **School Gifts & Grants** – accounts for educational programs specifically financed by gifts, grants and other restricted revenues.
- **School Revolving** – accounts for self-supporting educational programs and activities.
- **Recreation Revolving** – accounts for self-supporting recreational programs and activities.
- **Receipts Reserved for Appropriation** – accounts for the sale of cemetery lots.
- **Town Gifts & Grants** – accounts for various gifts, grants and legally restricted revenues for special programs administered by Town departments.
- **Town Revolving** – accounts for self-supporting programs and activities.
- **Highway Improvements** – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks.
- **Affordable Housing** – accounts for activity related to the creation and preservation of affordable housing.
- **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 nonmajor capital project funds is as described as follows:

- **Miscellaneous Small Projects** – accounts for nonmajor capital projects.
- **Powder Point Bridge** – accounts for the renovation of the Powder Point Bridge.
- **Public Safety Buildings** – accounts for the renovations to the fire station.
- **Crematory** – accounts for the construction of the new crematory and various cemetery projects.

Permanent Funds

Permanent Funds are 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 governmental programs. The Town's grouping for non-major permanent funds is as described as follows:

- ***Town Services Fund*** – accounts for the Town's cemetery and other trust funds that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
ASSETS						
Cash and cash equivalents.....	\$ 175,391	\$ 669,100	\$ 1,758,630	\$ 75,355	\$ 141,765	\$ 328,418
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
Intergovernmental.....	-	139,179	-	-	-	80,532
TOTAL ASSETS.....	\$ 175,391	\$ 808,279	\$ 1,758,630	\$ 75,355	\$ 141,765	\$ 408,950
LIABILITIES						
Warrants payable.....	\$ 176	\$ 60,422	\$ 34,427	\$ 11,779	\$ -	\$ 11,060
Accrued payroll.....	-	1,693	75,658	13,415	-	12,218
Other liabilities.....	-	-	257,228	40,161	-	-
Due to other funds.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	176	62,115	367,313	65,355	-	23,278
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues.....	-	-	-	-	-	80,532
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	175,215	746,164	1,391,317	10,000	141,765	305,140
TOTAL FUND BALANCES.....	175,215	746,164	1,391,317	10,000	141,765	305,140
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES...	\$ 175,391	\$ 808,279	\$ 1,758,630	\$ 75,355	\$ 141,765	\$ 408,950

Special Revenue Funds					Capital Project Funds		
Town Revolving	Highway Improvements	Affordable Housing	Special Revenue Trust Funds	Subtotal	Miscellaneous Small Projects	Powder Point Bridge	Public Safety Buildings
\$ 97,389	\$ -	\$ 2,419	\$ 126,980	\$ 3,375,447	\$ 41,463	\$ 226,008	\$ 42,949
-	-	180,795	58,617	239,412	-	-	-
46,568	-	-	-	46,568	-	-	-
-	855,326	-	-	1,075,037	-	-	-
<u>\$ 143,957</u>	<u>\$ 855,326</u>	<u>\$ 183,214</u>	<u>\$ 185,597</u>	<u>\$ 4,736,464</u>	<u>\$ 41,463</u>	<u>\$ 226,008</u>	<u>\$ 42,949</u>
\$ 5,658	\$ 354,705	\$ -	\$ -	\$ 478,227	\$ -	\$ 30,850	\$ -
6,258	-	-	-	109,242	-	-	-
-	-	-	-	297,389	-	-	-
-	6,910	-	-	6,910	-	-	-
<u>11,916</u>	<u>361,615</u>	<u>-</u>	<u>-</u>	<u>891,768</u>	<u>-</u>	<u>30,850</u>	<u>-</u>
<u>46,568</u>	<u>493,711</u>	<u>-</u>	<u>-</u>	<u>620,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>85,473</u>	<u>-</u>	<u>183,214</u>	<u>185,597</u>	<u>3,223,885</u>	<u>41,463</u>	<u>195,158</u>	<u>42,949</u>
<u>85,473</u>	<u>-</u>	<u>183,214</u>	<u>185,597</u>	<u>3,223,885</u>	<u>41,463</u>	<u>195,158</u>	<u>42,949</u>
<u>\$ 143,957</u>	<u>\$ 855,326</u>	<u>\$ 183,214</u>	<u>\$ 185,597</u>	<u>\$ 4,736,464</u>	<u>\$ 41,463</u>	<u>\$ 226,008</u>	<u>\$ 42,949</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>	Total Nonmajor Governmental Funds
	<u>Crematory</u>	<u>Subtotal</u>	Town	
			Services Fund	
ASSETS				
Cash and cash equivalents.....	\$ 26,463	\$ 336,883	\$ 55,428	\$ 3,767,758
Investments.....	-	-	3,422,602	3,662,014
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	46,568
Intergovernmental.....	-	-	-	1,075,037
TOTAL ASSETS.....	\$ 26,463	\$ 336,883	\$ 3,478,030	\$ 8,551,377
LIABILITIES				
Warrants payable.....	\$ -	\$ 30,850	\$ 9,850	\$ 518,927
Accrued payroll.....	-	-	-	109,242
Other liabilities.....	-	-	-	297,389
Due to other funds.....	-	-	-	6,910
TOTAL LIABILITIES.....	-	30,850	9,850	932,468
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	-	-	-	620,811
FUND BALANCES				
Nonspendable.....	-	-	2,152,855	2,152,855
Restricted.....	26,463	306,033	1,315,325	4,845,243
TOTAL FUND BALANCES.....	26,463	306,033	3,468,180	6,998,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES...	\$ 26,463	\$ 336,883	\$ 3,478,030	\$ 8,551,377

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

YEAR ENDED JUNE 30, 2014

	<u>Special Revenue Funds</u>					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
REVENUES:						
Intergovernmental.....	\$ 97,559	\$ 1,684,643	\$ -	\$ -	\$ -	\$ 352,199
Departmental and other.....	572,047	245,016	3,680,361	240,345	20,900	557,787
Contributions.....	-	-	-	-	-	186,644
Investment income.....	-	-	-	-	-	9
TOTAL REVENUES.....	669,606	1,929,659	3,680,361	240,345	20,900	1,096,639
EXPENDITURES:						
Current:						
General government.....	-	-	-	7,300	-	367,006
Public safety.....	-	-	-	-	-	364,835
Education.....	634,679	1,757,934	3,278,092	-	-	-
Public works.....	-	-	-	-	-	860
Human services.....	-	-	-	-	-	152,688
Culture and recreation.....	-	-	-	236,449	-	42,421
Pension benefits - Town.....	-	-	-	-	-	4,565
TOTAL EXPENDITURES.....	634,679	1,757,934	3,278,092	243,749	-	932,375
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	34,927	171,725	402,269	(3,404)	20,900	164,264
OTHER FINANCING SOURCES (USES):						
Issuance of long-term bonds.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	-
Transfers out.....	-	-	-	(1,013)	-	(1,589)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(1,013)	-	(1,589)
NET CHANGE IN FUND BALANCES.....	34,927	171,725	402,269	(4,417)	20,900	162,675
FUND BALANCES AT BEGINNING OF YEAR.....	140,288	574,439	989,048	14,417	120,865	142,465
FUND BALANCES AT END OF YEAR.....	\$ 175,215	\$ 746,164	\$ 1,391,317	\$ 10,000	\$ 141,765	\$ 305,140

Special Revenue Funds					Capital Project Funds		
Town Revolving	Highway Improvements	Affordable Housing	Special Revenue Trust Funds	Sub-total	Miscellaneous Small Projects	Powder Point Bridge	Public Safety Buildings
\$ -	\$ 434,513	\$ -	\$ -	\$ 2,568,914	\$ -	\$ -	\$ -
529,680	-	-	-	5,846,136	-	-	-
-	-	-	27,821	214,465	-	-	-
-	-	16,537	11,782	28,328	-	-	-
<u>529,680</u>	<u>434,513</u>	<u>16,537</u>	<u>39,603</u>	<u>8,657,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
10,594	-	-	54,781	439,681	-	-	-
368,197	-	-	-	733,032	-	-	167,917
-	-	-	-	5,670,705	-	-	-
18,902	434,513	-	-	454,275	-	1,552,011	-
117,537	-	-	-	270,225	-	-	-
-	-	-	24,100	302,970	-	-	-
-	-	-	-	4,565	-	-	-
<u>515,230</u>	<u>434,513</u>	<u>-</u>	<u>78,881</u>	<u>7,875,453</u>	<u>-</u>	<u>1,552,011</u>	<u>167,917</u>
<u>14,450</u>	<u>-</u>	<u>16,537</u>	<u>(39,278)</u>	<u>782,390</u>	<u>-</u>	<u>(1,552,011)</u>	<u>(167,917)</u>
-	-	-	-	-	-	2,200,000	-
-	-	-	100,000	100,000	-	-	-
(417)	-	-	-	(3,019)	-	-	-
<u>(417)</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>96,981</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>
14,033	-	16,537	60,722	879,371	-	647,989	(167,917)
<u>71,440</u>	<u>-</u>	<u>166,677</u>	<u>124,875</u>	<u>2,344,514</u>	<u>41,463</u>	<u>(452,831)</u>	<u>210,866</u>
<u>\$ 85,473</u>	<u>\$ -</u>	<u>\$ 183,214</u>	<u>\$ 185,597</u>	<u>\$ 3,223,885</u>	<u>\$ 41,463</u>	<u>\$ 195,158</u>	<u>\$ 42,949</u>

(Continued)

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

YEAR ENDED JUNE 30, 2014

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>	Total Nonmajor Governmental Funds
	<u>Crematory</u>	<u>Sub-total</u>	<u>Town Services Fund</u>	
REVENUES:				
Intergovernmental.....	\$ -	\$ -	\$ -	\$ 2,568,914
Departmental and other.....	-	-	-	5,846,136
Contributions.....	-	-	75,742	290,207
Investment income.....	-	-	315,636	343,964
TOTAL REVENUES.....	-	-	391,378	9,049,221
EXPENDITURES:				
Current:				
General government.....	-	-	15,419	455,100
Public safety.....	-	167,917	-	900,949
Education.....	-	-	-	5,670,705
Public works.....	-	1,552,011	-	2,006,286
Human services.....	-	-	-	270,225
Culture and recreation.....	-	-	-	302,970
Pension benefits - Town.....	-	-	-	4,565
TOTAL EXPENDITURES.....	-	1,719,928	15,419	9,610,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(1,719,928)	375,959	(561,579)
OTHER FINANCING SOURCES (USES):				
Issuance of long-term bonds.....	-	2,200,000	-	2,200,000
Transfers in.....	-	-	-	100,000
Transfers out.....	(13,000)	(13,000)	-	(16,019)
TOTAL OTHER FINANCING SOURCES (USES).....	(13,000)	2,187,000	-	2,283,981
NET CHANGE IN FUND BALANCES.....	(13,000)	467,072	375,959	1,722,402
FUND BALANCES AT BEGINNING OF YEAR.....	39,463	(161,039)	3,092,221	5,275,696
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ 26,463	\$ 306,033	\$ 3,468,180	\$ 6,998,098

(Concluded)

Agency Fund

Fund Description

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
ASSETS				
Cash and cash equivalents.....	\$ 191,238	\$ 186,841	\$ (160,123)	\$ 217,956
LIABILITIES				
Warrants payable.....	\$ 611	\$ 11,398	\$ (611)	\$ 11,398
Accrued liabilities.....	365	377	(365)	377
Liabilities due depositors.....	190,262	175,066	(159,147)	206,181
TOTAL LIABILITIES.....	\$ 191,238	\$ 186,841	\$ (160,123)	\$ 217,956

Statistical Section

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



Snowy Owl perched along the shore of Duxbury Beach

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.

Net Position By Component

Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets.....	\$ 64,789,656	\$ 68,589,041	\$ 70,497,727	\$ 70,846,707	\$ 73,890,487	\$ 75,622,789	\$ 76,170,781	\$ 81,520,404	\$ 92,575,525	\$ 117,755,690
Restricted.....	3,448,411	2,924,351	2,616,217	2,817,488	2,630,344	2,967,897	3,556,664	3,634,743	3,809,125	4,944,484
Unrestricted.....	<u>12,724,812</u>	<u>12,989,854</u>	<u>13,825,901</u>	<u>15,660,425</u>	<u>12,286,665</u>	<u>10,146,293</u>	<u>8,172,334</u>	<u>1,690,298</u>	<u>3,581,453</u>	<u>2,647,355</u>
Total governmental activities net position.....	\$ <u>80,962,879</u>	\$ <u>84,503,246</u>	\$ <u>86,939,845</u>	\$ <u>89,324,620</u>	\$ <u>88,807,496</u>	\$ <u>88,736,979</u>	\$ <u>87,899,779</u>	\$ <u>86,845,445</u>	\$ <u>99,966,103</u>	\$ <u>125,347,529</u>
Business-type activities										
Net investment in capital assets.....	\$ 9,075,575	\$ 9,315,263	\$ 8,918,436	\$ 9,439,228	\$ 9,523,752	\$ 9,535,029	\$ 10,300,382	\$ 10,672,429	\$ 10,972,261	\$ 10,935,005
Unrestricted.....	<u>1,919,272</u>	<u>2,437,302</u>	<u>3,170,204</u>	<u>2,754,332</u>	<u>2,493,137</u>	<u>3,010,096</u>	<u>2,769,929</u>	<u>2,741,409</u>	<u>2,705,180</u>	<u>3,469,772</u>
Total business-type activities net position.....	\$ <u>10,994,847</u>	\$ <u>11,752,565</u>	\$ <u>12,088,640</u>	\$ <u>12,193,560</u>	\$ <u>12,016,889</u>	\$ <u>12,545,125</u>	\$ <u>13,070,311</u>	\$ <u>13,413,838</u>	\$ <u>13,677,441</u>	\$ <u>14,404,777</u>
Primary government										
Net investment in capital assets.....	\$ 73,865,231	\$ 77,904,304	\$ 79,416,163	\$ 80,285,935	\$ 83,414,239	\$ 85,157,818	\$ 86,471,163	\$ 92,192,833	\$ 103,547,786	\$ 128,690,695
Restricted.....	3,448,411	2,924,351	2,616,217	2,817,488	2,630,344	2,967,897	3,556,664	3,634,743	3,809,125	4,944,484
Unrestricted.....	<u>14,644,084</u>	<u>15,427,156</u>	<u>16,996,105</u>	<u>18,414,757</u>	<u>14,779,802</u>	<u>13,156,389</u>	<u>10,942,263</u>	<u>4,431,707</u>	<u>6,286,633</u>	<u>6,117,127</u>
Total primary government net position.....	\$ <u>91,957,726</u>	\$ <u>96,255,811</u>	\$ <u>99,028,485</u>	\$ <u>101,518,180</u>	\$ <u>100,824,385</u>	\$ <u>101,282,104</u>	\$ <u>100,970,090</u>	\$ <u>100,259,283</u>	\$ <u>113,643,544</u>	\$ <u>139,752,306</u>

Changes in Net Position

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government.....	\$ 2,982,415	\$ 3,328,181	\$ 3,606,616	\$ 3,686,678	\$ 3,942,177	\$ 3,974,258	\$ 4,293,359	\$ 5,128,146	\$ 5,085,169	\$ 4,762,290
Public safety.....	7,111,573	7,918,377	8,450,057	8,522,903	9,850,181	9,710,965	10,039,369	10,964,082	11,307,480	11,087,856
Education.....	39,529,289	40,478,391	43,337,224	44,398,693	50,478,418	50,300,591	52,156,368	53,522,811	56,017,363	54,816,225
Public works.....	4,600,868	5,073,683	5,480,877	5,194,930	5,911,232	5,258,010	5,453,666	5,724,373	6,068,943	6,130,939
Human services.....	533,679	605,610	694,237	710,722	857,340	891,585	945,904	1,054,046	1,220,090	1,262,417
Culture and recreation.....	2,296,766	2,333,285	2,258,491	2,742,203	2,923,774	2,731,672	2,692,071	2,642,103	2,752,739	2,593,462
Community Preservation.....	161,988	72,667	239,207	200,192	147,179	189,761	349,793	376,498	255,580	452,800
Interest.....	1,510,468	1,015,461	1,157,136	784,810	637,234	592,335	477,255	489,622	2,351,280	2,682,114
Total government activities expenses.....	58,727,046	60,825,655	65,223,845	66,241,131	74,747,535	73,649,177	76,407,785	79,901,681	85,058,644	83,788,103
Business-type activities:										
Water.....	2,021,809	1,787,554	2,162,105	2,487,440	2,323,558	2,197,814	2,350,547	2,628,618	2,753,314	2,508,246
Percy Walker Pool.....	-	-	-	-	-	33,774	380,020	459,274	503,243	467,604
Total business-type activities expenses.....	2,021,809	1,787,554	2,162,105	2,487,440	2,323,558	2,231,588	2,730,567	3,087,892	3,256,557	2,975,850
Total primary government expenses.....	\$ 60,748,855	\$ 62,613,209	\$ 67,385,950	\$ 68,728,571	\$ 77,071,093	\$ 75,880,765	\$ 79,138,352	\$ 82,989,573	\$ 88,315,201	\$ 86,763,953
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 5,446,732	\$ 4,602,485	\$ 6,132,491	\$ 6,232,869	\$ 6,441,625	\$ 6,099,245	\$ 6,046,720	\$ 5,942,281	\$ 6,548,587	\$ 6,468,917
Public works charges for services.....	1,530,883	1,635,482	2,024,082	1,698,068	2,920,314	1,755,578	1,818,978	1,801,734	1,928,235	1,913,976
Culture and recreation charges for services.....	1,878,790	1,960,026	2,032,198	2,141,441	2,106,940	2,174,635	2,082,263	2,306,106	2,143,397	2,191,537
Other charges for services.....	1,720,665	1,974,422	2,610,745	2,223,067	2,939,352	2,557,845	2,527,548	3,414,885	3,170,531	3,284,393
Operating grants and contributions.....	7,850,107	10,421,134	10,414,641	10,749,772	12,761,352	13,460,616	14,269,178	13,958,828	13,969,717	15,014,771
Capital grant and contributions.....	2,088,395	2,923,241	1,191,310	1,250,418	1,286,073	799,351	1,128,082	2,371,488	19,383,562	22,173,296
Total government activities program revenues.....	20,515,572	23,516,790	24,305,467	24,295,635	28,455,656	26,847,270	27,872,769	29,795,322	47,144,029	51,046,890
Business-type activities:										
Charges for services - water.....	2,895,518	2,795,272	2,783,180	2,901,469	2,460,603	2,990,133	3,101,148	3,008,160	3,009,145	3,274,399
Charges for services - Percy Walker Pool.....	-	-	-	-	-	46,497	304,513	313,563	372,637	315,811
Total business-type activities program revenues.....	2,895,518	2,795,272	2,783,180	2,901,469	2,460,603	3,036,630	3,405,661	3,321,723	3,381,782	3,590,210
Total primary government program revenues.....	\$ 23,411,090	\$ 26,312,062	\$ 27,088,647	\$ 27,197,104	\$ 30,916,259	\$ 29,883,900	\$ 31,278,430	\$ 33,117,045	\$ 50,525,811	\$ 54,637,100
Net (Expense)/Revenue										
Governmental activities.....	\$ (38,211,474)	\$ (37,308,865)	\$ (40,918,378)	\$ (41,945,496)	\$ (46,291,879)	\$ (46,801,907)	\$ (48,535,016)	\$ (50,106,359)	\$ (37,914,615)	\$ (32,741,213)
Business-type activities.....	873,709	1,007,718	621,075	414,029	137,045	805,042	675,094	233,831	125,225	614,360
Total primary government net expense.....	\$ (37,337,765)	\$ (36,301,147)	\$ (40,297,303)	\$ (41,531,467)	\$ (46,154,834)	\$ (45,996,866)	\$ (47,859,922)	\$ (49,872,528)	\$ (37,789,390)	\$ (32,126,853)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 33,250,856	\$ 35,101,777	\$ 36,999,317	\$ 38,483,995	\$ 40,555,656	\$ 40,995,795	\$ 41,964,019	\$ 43,943,583	\$ 45,330,505	\$ 52,613,168
Tax liens.....	88,824	168,191	134,662	126,079	48,105	220,392	133,744	20,397	74,317	128,258
Motor vehicle and other excise taxes.....	2,427,919	2,388,823	2,308,774	2,262,861	2,117,119	2,114,070	2,236,742	2,227,654	2,433,608	2,552,550
Community preservation taxes.....	964,373	1,011,323	1,077,315	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959
Penalties and interest on taxes.....	130,612	146,205	138,442	108,421	155,068	177,297	157,119	239,386	208,925	241,339
Payments in lieu of taxes.....	11,417	3,913	7,917	28,750	12,804	9,321	4,250	10,950	12,956	12,934
Grants and contributions not restricted to specific programs.....	872,488	991,109	1,275,273	1,385,213	1,145,359	872,532	994,936	904,812	982,014	995,264
Unrestricted investment income.....	444,772	682,910	904,835	484,751	255,383	877,505	852,850	529,788	808,801	1,247,143
Miscellaneous.....	808,799	104,981	223,442	30,914	-	-	-	-	-	-
Transfers.....	250,000	250,000	285,000	309,109	313,716	276,806	149,908	(109,696)	(138,378)	(112,976)
Total governmental activities.....	39,250,060	40,849,232	43,354,977	44,330,271	45,774,755	46,731,391	47,697,815	49,052,025	51,035,273	58,122,639
Business-type activities:										
Transfers.....	(250,000)	(250,000)	(285,000)	(309,109)	(313,716)	(276,806)	(149,908)	109,696	138,378	112,976
Total primary government	\$ 39,000,060	\$ 40,599,232	\$ 43,069,977	\$ 44,021,162	\$ 45,461,039	\$ 46,454,585	\$ 47,547,907	\$ 49,161,721	\$ 51,173,651	\$ 58,235,615
Changes in Net Position										
Governmental activities.....	\$ 1,038,586	\$ 3,540,367	\$ 2,436,599	\$ 2,384,775	\$ (517,124)	\$ (70,516)	\$ (837,201)	\$ (1,054,334)	\$ 13,120,658	\$ 25,381,426
Business-type activities.....	623,709	757,718	336,075	104,920	(176,671)	528,236	525,186	343,527	263,603	727,336
Total primary government.....	\$ 1,662,295	\$ 4,298,085	\$ 2,772,674	\$ 2,489,695	\$ (693,795)	\$ 457,720	\$ (312,015)	\$ (710,807)	\$ 13,384,261	\$ 26,108,762

Fund Balances, Governmental Funds

Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved.....	\$ 878,160	\$ 668,372	\$ 774,504	\$ 474,343	\$ 823,067	\$ 771,541	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	-	-	-	-	-	7,013,483	6,612,344
Committed.....	-	-	-	-	-	-	1,000,645	1,332,306	2,032,555	2,257,522
Assigned.....	-	-	-	-	-	-	2,054,451	1,698,230	2,234,372	1,474,689
Unassigned.....	-	-	-	-	-	-	6,606,737	7,868,426	6,504,610	7,823,978
Total general fund.....	\$ 5,346,018	\$ 5,746,268	\$ 5,850,804	\$ 4,915,763	\$ 5,554,362	\$ 6,653,698	\$ 9,661,833	\$ 10,898,962	\$ 17,785,020	\$ 18,168,533
All Other Governmental Funds										
Reserved.....	\$ 1,666,623	\$ 1,666,623	\$ 1,686,435	\$ 1,788,474	\$ 1,871,270	\$ 1,926,345	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	4,351,573	4,795,975	4,187,509	6,704,198	5,252,915	7,438,997	-	-	-	-
Capital projects funds.....	(42,477,004)	74,050	(143,230)	103,266	(82,588)	102,903	-	-	-	-
Permanent funds.....	298,611	422,294	633,668	406,604	263,675	430,125	-	-	-	-
Nonspendable.....	-	-	-	-	-	-	1,971,395	2,034,870	2,077,070	2,152,855
Restricted.....	-	-	-	-	-	-	7,132,302	11,664,137	47,844,142	14,581,241
Unassigned.....	-	-	-	-	-	-	(961,306)	(255,726)	(498,150)	-
Total all other governmental funds.....	\$ (36,160,197)	\$ 6,958,942	\$ 6,364,382	\$ 9,002,542	\$ 7,305,272	\$ 9,898,370	\$ 8,142,391	\$ 13,443,281	\$ 49,423,062	\$ 16,734,096

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

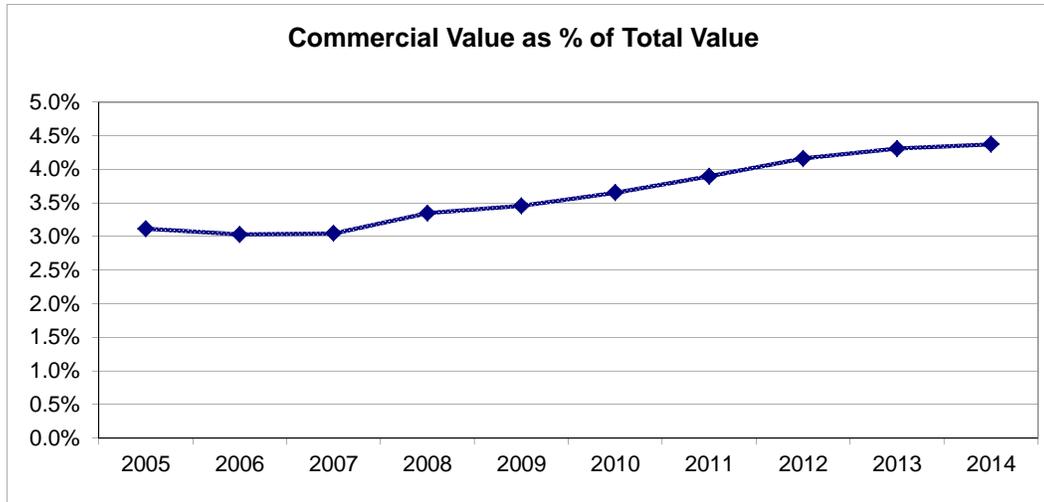
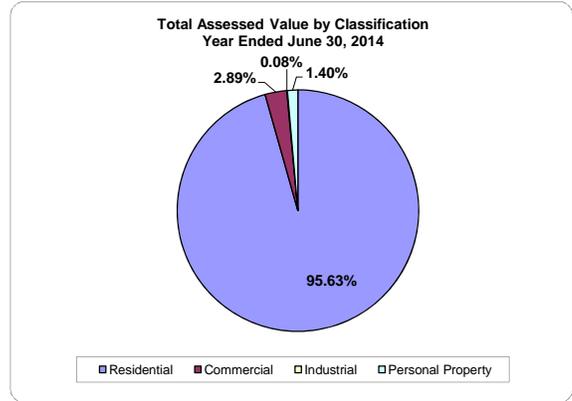
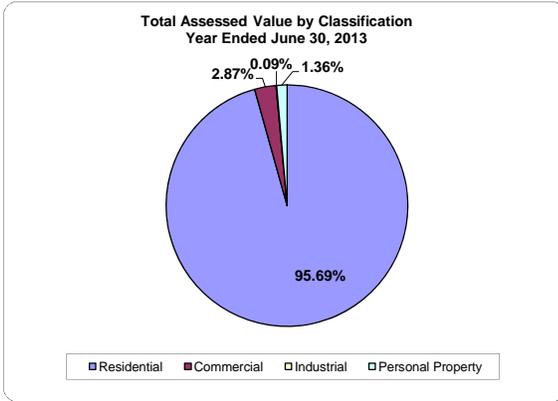
Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 33,264,076	\$ 35,160,519	\$ 36,977,095	\$ 38,456,971	\$ 40,270,024	\$ 40,844,508	\$ 41,658,119	\$ 43,933,438	\$ 45,288,464	\$ 52,513,892
Tax and trash liens.....	123,322	197,592	151,902	101,964	123,783	216,803	84,186	91,948	69,547	34,594
Motor vehicle and other excise taxes.....	2,551,451	2,431,468	2,303,816	2,281,039	2,135,478	2,099,164	2,107,443	2,304,289	2,264,283	2,630,758
Sewer charges.....	335,133	278,132	305,628	320,752	365,785	295,819	319,396	304,243	287,269	296,186
Trash disposal.....	502,110	491,862	542,227	315,661	544,505	568,964	633,692	604,833	591,499	599,680
Intergovernmental.....	9,402,279	40,668,323	13,043,745	14,015,696	14,682,388	15,069,862	15,405,675	17,004,600	32,930,015	38,635,421
Departmental and other.....	7,765,978	6,557,484	7,508,046	8,779,635	9,621,256	9,198,751	9,016,882	10,107,279	10,601,027	10,543,232
Community preservation taxes.....	964,373	1,011,323	1,077,315	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959
Contributions.....	89,395	107,072	104,533	84,246	537,054	275,223	341,316	348,240	302,255	290,207
Investment income.....	527,828	776,444	1,161,588	327,076	255,659	812,935	753,198	464,529	728,342	1,072,436
Total Revenues.....	55,525,945	87,680,219	63,175,895	65,793,218	69,707,477	70,569,702	71,524,154	76,448,550	94,385,226	107,061,365
Expenditures:										
General government.....	2,130,676	2,043,729	2,364,317	2,498,132	2,394,190	2,652,335	2,923,274	3,236,553	3,668,986	3,421,889
Public safety.....	5,058,061	5,416,025	5,602,814	5,790,187	6,210,899	6,308,590	6,139,513	7,110,163	7,272,844	7,456,518
Education.....	27,657,108	28,301,899	29,804,161	30,667,459	31,933,772	32,759,722	33,097,960	33,962,562	36,483,547	36,443,826
Public works.....	3,742,100	3,364,200	3,770,837	3,462,378	3,919,387	3,443,754	3,671,585	3,731,811	3,884,382	4,162,988
Human services.....	416,302	488,701	547,525	551,566	642,844	652,303	694,772	765,164	928,925	935,898
Culture and recreation.....	1,626,560	1,532,698	1,397,860	1,886,953	1,853,985	1,746,958	1,277,439	1,639,688	1,796,905	1,722,918
Community preservation.....	2,296,065	72,667	234,074	192,695	99,858	100,102	635,483	718,536	163,408	260,986
Pension benefits - Town.....	1,243,039	1,335,123	1,490,088	1,790,855	1,879,350	1,937,647	2,199,485	2,159,162	2,422,765	2,525,382
Pension benefits - School.....	3,193,000	3,528,000	4,266,000	4,970,000	5,556,000	5,916,000	6,521,227	6,666,279	6,882,597	7,487,437
Property and liability insurance.....	276,747	289,216	249,654	265,802	274,266	223,935	239,620	186,966	253,465	280,147
Employee benefits.....	6,097,345	6,687,718	7,216,358	7,209,088	7,597,692	6,799,445	6,785,582	6,806,418	6,692,042	6,916,638
State and county charges.....	327,869	283,710	244,562	251,548	259,473	251,333	273,473	327,762	296,362	448,529
Capital outlay.....	857,979	4,033,641	3,960,064	1,499,905	4,908,558	3,121,296	3,917,109	16,632,384	53,127,988	61,056,139
Debt service:										
Principal.....	1,366,138	1,161,862	2,554,906	2,746,985	2,584,860	1,761,774	1,543,513	1,482,726	1,363,792	4,301,886
Interest.....	1,084,778	995,249	930,217	787,513	673,298	590,079	520,706	502,267	505,484	4,576,710
Total Expenditures.....	57,373,767	59,534,438	64,633,437	64,571,066	70,788,432	68,265,273	70,440,741	85,928,441	125,743,492	141,997,891
Excess (deficiency) of revenues over (under) expenditures.....	<u>(1,847,822)</u>	<u>28,145,781</u>	<u>(1,457,542)</u>	<u>1,222,152</u>	<u>(1,080,955)</u>	<u>2,304,429</u>	<u>1,083,413</u>	<u>(9,479,891)</u>	<u>(31,358,266)</u>	<u>(34,936,526)</u>
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	-	15,052,000	674,000	125,000	-	787,000	-	16,098,000	67,349,000	2,200,000
Issuance of refunding bonds.....	-	-	-	1,300,000	-	-	-	-	-	425,000
Premium from issuance of bonds and notes.....	-	71,608	8,518	17,918	-	32,767	18,834	29,606	7,013,483	119,049
Premium from issuance of refunding bonds.....	-	-	-	23,014	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	(1,294,074)	-	-	-	-	-	-
Transfers in.....	1,237,914	960,181	1,205,179	1,241,414	1,306,323	1,418,382	765,242	404,377	527,892	254,154
Transfers out.....	(987,914)	(710,181)	(920,179)	(932,305)	(992,607)	(1,141,576)	(615,334)	(514,073)	(666,270)	(367,130)
Total other financing sources (uses).....	250,000	15,373,608	967,518	480,967	313,716	1,096,573	168,742	16,017,910	74,224,105	2,631,073
Net change in fund balance.....	\$ (1,597,822)	\$ 43,519,389	\$ (490,024)	\$ 1,703,119	\$ (767,239)	\$ 3,401,002	\$ 1,252,155	\$ 6,538,019	\$ 42,865,839	\$ (32,305,453)
Debt service as a percentage of noncapital expenditures.....	4.34%	3.89%	5.74%	5.60%	4.95%	3.61%	3.10%	2.86%	2.57%	10.97%

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (2)	Total Town Value
2005	\$3,194,763,079	\$10.14	\$78,663,121	\$2,003,400	\$22,077,720	\$102,744,241	\$10.14	\$10.14	\$3,297,507,320
2006	(1) \$3,484,297,092	\$9.84	\$83,823,108	\$2,042,500	\$23,009,700	\$108,875,308	\$9.84	\$9.84	\$3,593,172,400
2007	\$3,556,472,301	\$10.14	\$84,874,799	\$2,095,500	\$24,798,370	\$111,768,669	\$10.14	\$10.14	\$3,668,240,970
2008	\$3,529,253,752	\$10.61	\$91,783,748	\$2,155,600	\$28,288,280	\$122,227,628	\$10.61	\$10.61	\$3,651,481,380
2009	(1) \$3,605,653,048	\$10.91	\$92,736,552	\$2,174,600	\$34,180,600	\$129,091,752	\$10.91	\$10.91	\$3,734,744,800
2010	\$3,374,398,059	\$11.81	\$89,418,341	\$2,233,500	\$36,242,040	\$127,893,881	\$11.81	\$11.81	\$3,502,291,940
2011	\$3,222,272,471	\$12.60	\$87,896,029	\$2,319,500	\$40,395,200	\$130,610,729	\$12.60	\$12.60	\$3,352,883,200
2012	(1) \$3,067,422,072	\$13.79	\$88,685,699	\$2,844,400	\$41,683,140	\$133,213,239	\$13.79	\$13.79	\$3,200,635,311
2013	\$3,076,141,600	\$14.19	\$92,204,500	\$2,735,800	\$43,585,780	\$138,526,080	\$14.19	\$14.19	\$3,214,667,680
2014	\$3,133,284,628	\$16.15	\$94,583,642	\$2,779,800	\$45,889,560	\$143,253,002	\$16.15	\$16.15	\$3,276,537,630



(1) Revaluation year.

(2) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

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 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

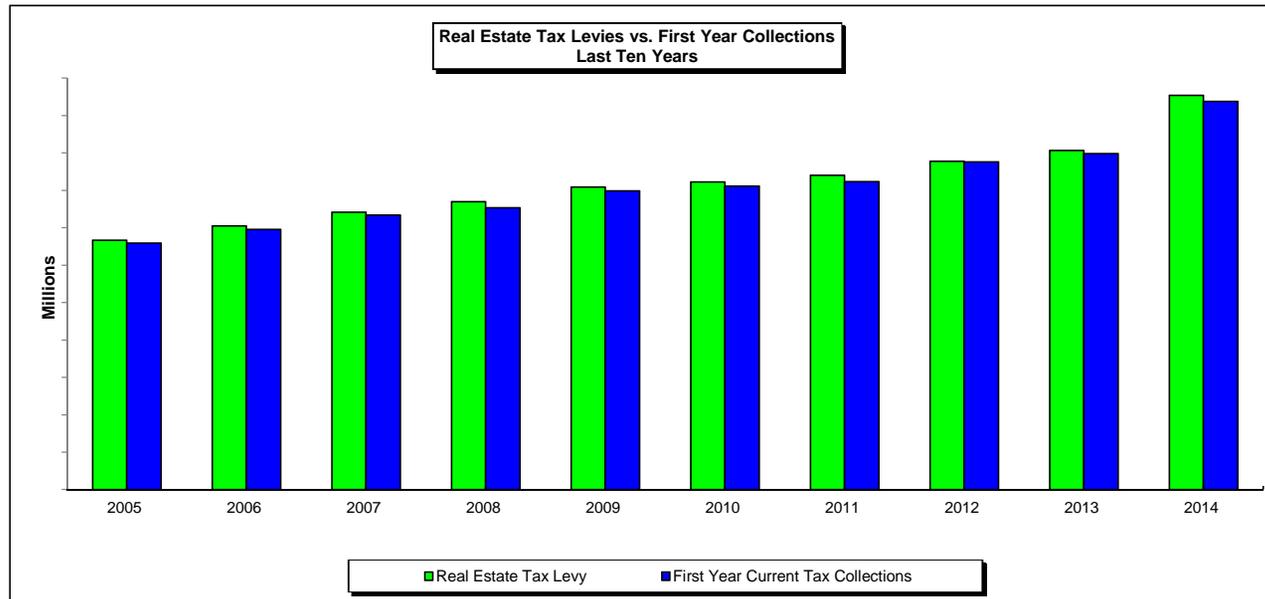
Name	Nature of Business	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
The Village at Duxbury - Assisted Living	Retirement Community	\$28,279,200	1	0.86%	\$37,321,270	1	1.13%
Nstar Service	Utility	\$16,261,820	2	0.50%	\$8,141,730	2	0.25%
The Village at Duxbury - 30 Apartments	Retirement Community	\$11,456,000	3	0.35%	-	-	-
Verizon New England	Utility	\$11,234,200	4	0.34%	-	-	-
Individual	Residence	\$8,698,300	5	0.27%	\$8,002,000	3	0.24%
Standish LLC	Medical Office Building	\$7,280,100	6	0.22%	\$5,582,300	7	0.17%
Bay State Gas	Public Utility	\$7,058,510	7	0.22%	-	-	-
Island Creek Village East	Subsidized Housing	\$6,962,400	8	0.21%	-	-	-
Thomas Walsh	Nursing Home	\$6,127,800	9	0.19%	\$7,394,600	4	0.22%
Individual	Residence	\$4,875,000	10	0.15%	\$6,532,500	5	0.20%
Individual	Residence	-	-	-	\$6,060,300	6	0.18%
Individual	Residence	-	-	-	\$4,259,200	8	0.13%
Trapelo Realty, Inc.	Real Estate	-	-	-	\$4,235,300	9	0.13%
Kellywood Nominee Trust	Real Estate	-	-	-	\$4,157,000	10	0.13%
	Totals	<u>\$108,233,330</u>		<u>3.30%</u>	<u>\$91,686,200</u>		<u>2.78%</u>

Source: Assessor's Department

Property Tax Levies and Collections

Last Ten Years

Year	(2) Total Tax Levy	Less Reserve for 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 (3)
2005	\$33,436,724	\$113,945	\$33,322,779	99.66%	\$32,956,365	98.90%	\$416,659	\$33,373,024	100.15%
2006	(1) \$35,356,818	\$94,249	\$35,262,569	99.73%	\$34,780,185	98.63%	\$481,586	\$35,261,771	100.00%
2007	\$37,195,963	\$102,370	\$37,093,593	99.72%	\$36,703,997	98.95%	\$336,317	\$37,040,314	99.86%
2008	\$38,742,217	\$278,653	\$38,463,564	99.28%	\$37,686,962	97.98%	\$537,732	\$38,224,694	99.38%
2009	(1) \$40,746,066	\$298,044	\$40,448,022	99.27%	\$39,912,037	98.67%	\$446,809	\$40,358,846	99.78%
2010	\$41,362,073	\$252,238	\$41,109,835	99.39%	\$40,569,284	98.69%	\$532,412	\$41,101,696	99.98%
2011	\$42,246,328	\$248,028	\$41,998,300	99.41%	\$41,174,757	98.04%	\$765,813	\$41,940,570	99.86%
2012	(1) \$44,136,761	\$268,633	\$43,868,128	99.39%	\$43,785,222	99.81%	\$551,104	\$44,336,326	101.07%
2013	\$45,616,134	\$285,269	\$45,330,865	99.37%	\$44,899,174	99.05%	\$935,072	\$45,834,246	101.11%
2014	\$52,916,083	\$232,932	\$52,683,151	99.56%	\$51,883,927	98.48%	\$0	\$51,883,927	98.48%



(1) Revaluation year.

(2) Includes tax liens.

(3) If the actual abatements and exemptions are lower than the estimate, the actual collections can exceed the net levy.

Source: Official Statements, Town of Duxbury.

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

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
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%
2007	15,294	\$676,117,152	\$3,668,240,970	\$19,903,085	\$0	\$1,301	2.94%	0.54%
2008	15,360	\$712,986,624	\$3,651,481,380	\$17,341,100	\$0	\$1,129	2.43%	0.47%
2009	15,372	\$726,034,932	\$3,734,744,800	\$14,756,240	\$0	\$960	2.03%	0.40%
2010	15,059	\$707,697,705	\$3,502,291,940	\$13,781,466	\$0	\$915	1.95%	0.39%
2011	15,274	\$715,052,310	\$3,352,883,200	\$12,237,953	\$0	\$801	1.71%	0.36%
2012	15,290	\$742,054,280	\$3,200,635,311	\$26,853,227	\$0	\$1,756	3.62%	0.84%
2013	15,582	\$767,553,738	\$3,214,667,680	\$99,851,918	\$0	\$6,408	13.01%	3.11%
2014	15,560	\$853,497,120	\$3,276,537,630	\$96,923,893 *	\$0	\$6,229	11.36%	2.96%

Year	Business-type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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%
2007	\$3,496,000	\$0	\$23,399,085	\$1,530	3.46%	0.64%
2008	\$4,559,000	\$0	\$21,900,100	\$1,426	3.07%	0.60%
2009	\$6,944,000	\$0	\$21,700,240	\$1,412	2.99%	0.58%
2010	\$8,523,149	\$0	\$22,304,615	\$1,481	3.15%	0.64%
2011	\$7,623,610	\$0	\$19,861,563	\$1,300	2.78%	0.59%
2012	\$6,729,413	\$0	\$33,582,640	\$2,196	4.53%	1.05%
2013	\$5,957,505	\$0	\$105,809,423	\$6,790	13.79%	3.29%
2014	\$6,101,831	\$0	\$103,025,724	\$6,621	12.07%	3.14%

Source: Audited Financial Statements, U. S. Census

* Net of amounts available and paid in July.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes Plymouth County.....	\$ 2,750,000	4.94%	\$ 135,850
Town direct debt.....			<u>96,923,893</u>
Total direct and overlapping debt.....			<u>\$ 97,059,743</u>

Source: Official Statements

Note: The Town obtains the debt outstanding and percentages directly from Plymouth County.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Years

(Amounts in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Equalized Valuation.....	\$ <u>3,133,658</u>	\$ <u>3,133,658</u>	\$ <u>3,837,216</u>	\$ <u>3,837,216</u>	\$ <u>4,026,593</u>	\$ <u>4,026,593</u>	\$ <u>3,853,684</u>	\$ <u>3,853,684</u>	\$ <u>3,466,188</u>	\$ <u>3,466,188</u>
Debt Limit -5% of Equalized Valuation.....	\$ 156,683	\$ 156,683	\$ 191,861	\$ 191,861	\$ 201,330	\$ 201,330	\$ 192,684	\$ 192,684	\$ 173,309	\$ 173,309
Less:										
Outstanding debt applicable to limit.....	6,756	19,385	17,889	15,612	13,287	14,936	13,315	11,758	29,227	29,061
Authorized and unissued debt applicable to limit.....	<u>11,861</u>	<u>5,286</u>	<u>4,695</u>	<u>3,579</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>1,900</u>	<u>200</u>
Legal debt margin.....	\$ <u>138,066</u>	\$ <u>132,012</u>	\$ <u>169,277</u>	\$ <u>172,670</u>	\$ <u>188,030</u>	\$ <u>186,394</u>	\$ <u>179,369</u>	\$ <u>177,601</u>	\$ <u>142,182</u>	\$ <u>144,048</u>
Total debt applicable to the limit as a percentage of debt limit.....	11.88%	15.75%	11.77%	10.00%	6.61%	7.42%	6.91%	7.83%	17.96%	16.88%

Source: Assessor's Office

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2007	15,294	\$ 676,117,152	\$ 44,208	40.3	3,402	3.5%
2008	15,360	\$ 712,986,624	\$ 46,418	41.0	3,324	3.8%
2009	15,372	\$ 726,034,932	\$ 47,231	41.0	3,341	3.8%
2010	15,059	\$ 707,697,705	\$ 46,995	40.0	3,291	4.0%
2011	15,274	\$ 715,052,310	\$ 46,815	40.0	3,219	5.7%
2012	15,290	\$ 742,054,280	\$ 48,532	42.2	3,184	4.9%
2013	15,582	\$ 767,553,738	\$ 49,259	43.0	3,181	5.2%
2014	15,560	\$ 853,497,120	\$ 54,852	45.2	3,187	4.5%

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	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bay Path Nursing Home	Nursing Home	176	1	2.43%	175	1	2.51%
The Village at Duxbury	Retirement Condos	160	2	2.21%	100	2	1.43%
Batelle Labs	Science and Technology Research	70	3	0.97%	80	3	1.15%
Duxbury Yacht Club	Yacht Club, Golf Course, Tennis	70	4	0.97%	70	4	1.00%
Foodies	Grocery Store	60	5	0.83%	-	-	-
Plymouth Bay Orthopedic Associates	Physician Services	54	6	0.75%	44	6	0.63%
South Shore Conservatory	Music and Art Institution	50	7	0.69%	50	5	0.72%
Millbrook Motors	Automotive	39	8	0.54%	34	7	0.49%
U.S. Post Office	Mail	28	9	0.39%	33	8	0.47%
Verc Enterprises	Convenience Stores, Gasoline Sales	-	-	-	21	9	0.30%
Totals		<u>707</u>		<u>9.76%</u>	<u>607</u>		<u>8.70%</u>

For year 2014 and 2005 only information on the 9 largest employers is available.

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function										
General government.....	22	28	25	30	30	29	29	29	30	32
Public safety.....	67	62	68	73	72	68	69	68	70	72
Education.....	297	305	320	391	411	398	382	392	392	387
Public works.....	43	46	37	44	42	44	46	46	45	48
Human services.....	3	3	4	4	4	4	5	5	5	6
Culture and recreation.....	19	21	15	23	21	24	25	20	20	21
Total	<u>451</u>	<u>465</u>	<u>469</u>	<u>565</u>	<u>580</u>	<u>567</u>	<u>556</u>	<u>560</u>	<u>562</u>	<u>566</u>

Source: Various Town Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire Department										
Fire related calls.....	794	881	719	810	805	606	817	1,035	1,131	847
Rescue/EMS.....	1,138	1,113	1,159	1,199	1,247	1,328	1,281	1,245	1,323	1,291
Inspectional Services Department										
Number of building permits (quick and zoning).....	507	668	697	762	626	522	491	794	573	593
Number of electrical permits.....	360	510	516	483	343	362	368	429	477	606
Number of plumbing/gas permits.....	436	668	685	658	529	531	543	618	739	871
Water/Sewer										
Number of gallons pumped (millions).....	550,523	583,674	504,641	543,000	492,250	410,896	500,002	499,754	469,000	502,942
Number of new services added.....	20	16	22	15	13	15	8	11	6	6
Number of additional mains installed.....	1	1	-	10,810	-	-	-	-	1	1
Number of main improvements.....	2	-	-	2	1	-	2	1	2	2
Highway										
Number of miles completed-road rehab.....	n/a	7	4	3	3	4	2	2	3	3
Number of snow operations.....	n/a	35	24	35	54	39	31	2	30	36
Cemetery										
Cremations.....	2,632	2,940	2,885	3,240	3,624	3,014	3,008	3,184	3,248	3,382
Recreation										
Number of programs offered.....	52	52	52	52	52	60	56	65	68	64
Number of participants-winter.....	n/a	491	511	585	578	588	555	504	522	595
Number of participants-spring.....	260	253	250	349	342	320	272	397	325	302
Number of participants-summer.....	789	802	1,033	737	788	822	762	955	798	702
Number of participants-fall.....	550	573	600	638	642	658	558	507	439	440
Parking Sticker Sales										
Non resident over sand.....	2,507	2,561	2,789	3,075	2,948	3,512	3,653	3,771	3,281	2,981
Over sand.....	3,131	2,763	2,859	2,935	3,331	3,051	3,127	3,203	2,730	3,267
Parking lot.....	3,380	3,569	3,554	3,569	3,895	3,511	3,423	3,276	2,799	2,204
Transfer station.....	6,046	6,371	6,306	6,178	6,376	6,122	5,822	5,617	5,088	5,207
Senior Center										
Number of visitors.....	19,600	23,776	27,954	24,585	34,200	31,940	32,500	27,902	28,000	32,381
Number of activities.....	697	2,208	2,208	1,788	2,234	2,364	2,256	2,308	2,602	10,339
Number of congregate meals.....	5,493	4,169	5,430	4,986	4,693	5,356	4,867	5,367	5,384	5,949
Number of delivered meals.....	6,904	7,213	6,756	7,064	7,005	4,218	5,301	4,025	4,515	4,440
Number of paying rentals.....	84	108	166	357	172	135	322	376	118	27
Number of committee meetings.....	164	293	387	382	325	340	59	43	180	294
Duxbury Free Library										
Holdings.....	116,131	119,524	124,035	121,685	121,609	116,948	115,006	117,461	109,437	112,783
Reference questions answered.....	9,935	9,957	9,406	6,857	7,887	8,537	8,159	7,829	6,862	6,788
Print materials loaned.....	153,802	153,603	157,537	167,153	167,206	174,542	168,838	202,980	157,088	151,582
Videos loaned.....	49,047	49,239	48,407	75,445	93,416	82,615	48,883	47,071	44,584	41,254
All loans.....	235,680	237,464	237,562	242,598	260,622	257,457	247,909	250,059	236,207	229,079
Loans provided to other towns.....	19,123	31,390	33,764	35,212	37,978	39,594	39,282	41,306	38,109	22,163
Materials borrowed from other towns.....	21,869	22,330	25,678	27,610	31,847	32,107	30,564	29,639	25,625	14,768
Children's programs held.....	218	235	241	246	248	234	259	238	228	338
Children's program attendance.....	6,229	6,372	6,144	7,056	6,871	6,646	6,413	6,316	5,558	6,856
Adult & Teen programs held.....	119	180	243	214	236	241	228	262	332	445
Adult & Teen program attendance.....	3,065	3,740	3,948	4,849	3,218	3,690	3,901	4,234	4,618	4,300
Public computers.....	30	30	26	16	17	30	30	30	30	37
Public meeting room use.....	640	805	1,076	888	979	998	975	941	842	964

Source: Various Town Departments

N/A - Information not available

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
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	2	2
Animal control facilities.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	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	1	1	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	3	3	3	3
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	1	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	118.5	118.5	179.5	179.5	179.5	179.5	182.5	187.5	190.5	190.5
Playgrounds*.....	3	3	3	3	3	3	3	3	3	3
Ball fields*.....	29	29	29	29	29	29	29	29	29	29
Basketball courts.....	3	3	3	3	3	3	3	3	3	3
Tennis courts.....	14	14	14	14	14	14	14	14	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	3	3	3	3
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.



*Calf at O'Neil Farm
The Historic O'Neil Farm is the last remaining working dairy farm in Duxbury*