

# TOWN OF DUXBURY, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended  
June 30, 2005**

On the cover:  
*A view of Duxbury Harbor.*



*Duxbury Town Offices*

*The Town of  
Duxbury, Massachusetts*



**Comprehensive  
Annual Financial Report**

**For the Fiscal Year  
July 1, 2004 through June 30, 2005**

Prepared by Sheryl D. Strother, Town Accountant

***Town of Duxbury, Massachusetts***  
***Comprehensive Annual Financial Report***  
***For the Year Ended June 30, 2005***

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# ***Introductory Section***



*The Town purchased a new ladder truck in fiscal 2004*

**Board of Selectmen**

John J. Tuffy, Chair  
Elizabeth H. Sullivan  
Andre P. Martecchini



Richard MacDonald,  
Town Manager

## *Town Of Duxbury, Massachusetts*

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December 16, 2005

Letter of Transmittal

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

State law requires the Town of Duxbury to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principals generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Duxbury, Massachusetts, for the fiscal year ending June 30, 2005 for your review.

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

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

The Town of Duxbury's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Duxbury for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Town of Duxbury's financial statements for the fiscal year ended June 30, 2005, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Town**

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

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

The Town is governed by an open town meeting form of government and is located in Southeastern Massachusetts in Plymouth County approximately 33 miles from Boston. The Town is bordered by the Towns of Pembroke on the west, Marshfield on the north, Kingston on the south and the Atlantic Ocean on the east and southeast. Duxbury occupies an area of approximately 23.76 square miles and its population is 15,210 based on the most recent town census.

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

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

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

#### *Budgetary Controls*

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

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

#### **Factors Affecting Economic Condition**

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

In 2006 the average price of a home in Duxbury was \$639,300 (based upon 2004 sales data), an increase of 9% from the previous year. Housing prices have increased an average of 10% a year for the last six years because the housing stock is limited and the community is seen as highly desirable. The community has preserved large amounts of open space and has a pristine coastline, as well as having an excellent reputation for academics, athletics, and many cultural and natural amenities. The recent completion of the commuter rail to neighboring Kingston facilitated the commute to Boston.



The Town has experienced financial challenges during the last several years, resulting largely from an almost \$1,000,000 reduction in State funding; primarily in educational programs; that is only gradually being restored. By fiscal 2006, State funding was still 13% less (\$630,000) than in 2003. Rising health care costs added to the economic pressures. Proposition 2 ½ capped the Town's ability to raise taxes and excess levy capacity is limited. The Town last approved a Proposition 2 ½ operating override (in the amount of \$1,000,000) in 1989 and it is unclear whether this will be a viable solution in the near future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards, departments, unions and citizens. The community successfully resolved a \$1.3 million health insurance deficit during 2004, and has restored fund equity to more than cover the 'incurred but not reported' claims accrual at the end of 2005. During the 2006 budget cycle (March 2005) departments worked together to agree upon a budget which utilized significantly less long term reserves (compared with fiscal 2004 and 2005) and addressed revenue needs with increased fees wherever practical. The community continues to support a 3% Community Preservation surcharge and voted to utilize almost \$3 million to restore a historic town building at the March 2005 town meeting.

The Town recognizes the need for better long term financial planning and creativity in addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2 ½. A Saturday planning session was held by the Board of Selectmen after the March 2005 Town Meeting to address the process of proposing Town Meeting articles, financial concerns, and the possible need for a 2 ½ override. Town Departments, the School Committee, Finance Committee, Fiscal Advisory Committee, and the Government Study Committee were all invited for input. The financial portion of the discussion involved long range capital planning, appropriate reserve levels, and new revenue sources. The dialog continued with a subsequent public meeting. This discussion is expected to continue and the parties will need to agree on appropriate fiscal targets.

The Town recently completed several school expansion projects and a related sewer project. All of these projects have been successfully audited during the fall of 2005 and the Massachusetts School Building Authority has voted to reimburse all of its commitments (67% school, 50% sewer) so that the Town may retire its associated short term debt in January 2006. The Town successfully maintained its Aa2 bond rating and secured a very favorable interest rate as it issued \$15,552,000 in permanent financing, primarily for its share of these projects, in early December 2005.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Duxbury for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the first year that the Town submitted a CAFR to the GFOA. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to Town Accountant, Sheryl Strother for identifying this goal and ultimately making it a reality. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Richard MacDonald', is written over a light blue horizontal line.

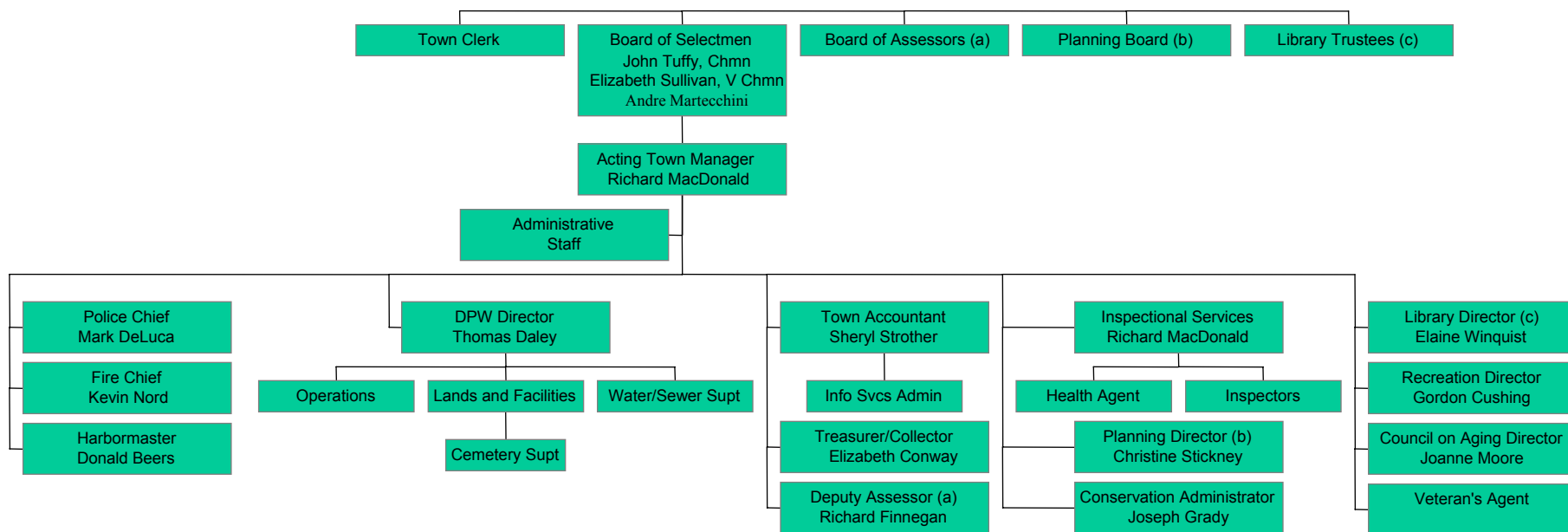
Richard MacDonald  
Town Manager

# Town of Duxbury, Massachusetts

## Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Chairman-Board of Selectmen	John T. Tuffy	Elected	3 Years	2007
Vice Chairman-Board of Selectmen	Elizabeth H. Sullivan	Elected	3 Years	2008
Selectman	Andre P. Martecchini	Elected	3 Years	2006
Town Manager	Richard MacDonald	Appointed	Indefinite	N/A
Town Accountant	Sheryl D. Strother	Appointed	Indefinite	N/A
Treasurer/Collector	Elizabeth Conway	Appointed	Indefinite	N/A
Town Clerk	Nancy M. Oates	Elected	3 Years	2007
Assessor	James G. McNab	Elected	3 Years	2007
Assessor	J. Thomas Marquis	Elected	3 Years	2006
Assessor	June Albritton	Elected	3 Years	2005
Superintendent of Schools	Dr. Eileen Williams	Appointed	Indefinite	N/A
School Business Manager	Daniel McGonagle	Appointed	Indefinite	N/A
Superintendent of Public Works	Thomas Daley	Appointed	Indefinite	N/A
Town Moderator	Allen N. Bornheimer	Elected	1 Year	2005
Town Counsel	Robert S. Troy	Appointed	Indefinite	N/A

# Town of Duxbury, Massachusetts Organizational Chart



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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Duxbury,  
Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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



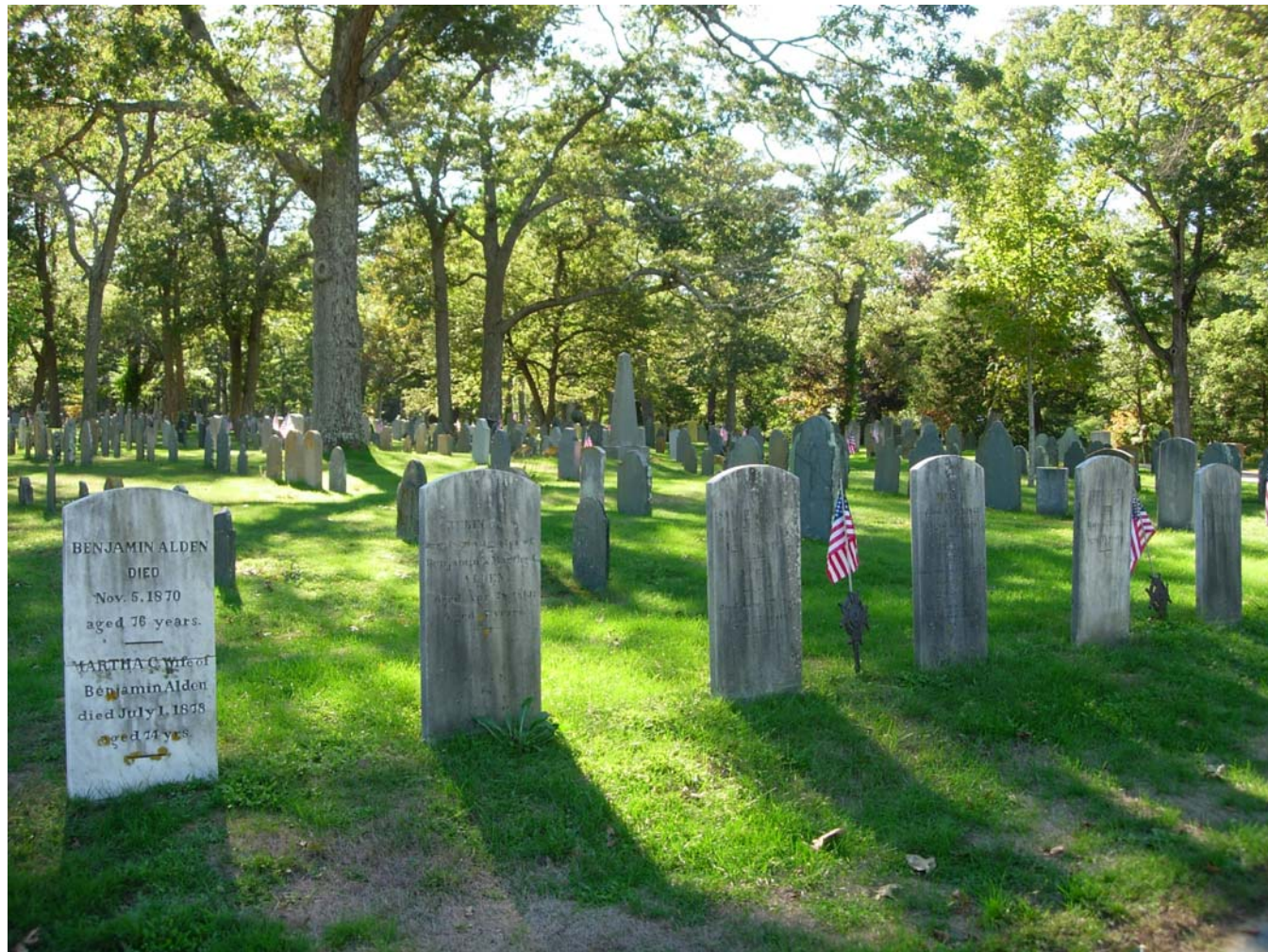
*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director

## ***Financial Section***



*The Serenity of the Mayflower Cemetery is uninterrupted by the busy crematory*





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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Duxbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Duxbury, Massachusetts, as of and for the fiscal year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Duxbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Duxbury, Massachusetts, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

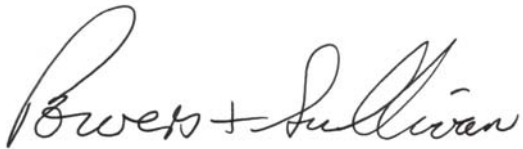
In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005, on our consideration of the Town of Duxbury, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Duxbury, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

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

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

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

A handwritten signature in cursive script that reads "Powers + Sullivan". The signature is written in dark ink and is positioned above the date.

September 16, 2005

## Management's Discussion and Analysis

As management of the Town of Duxbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

### **Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, interest and state and county charges. The business-type activities include the activities of the municipal water department.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its municipal water department.

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

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

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

### ***Government-wide Financial Analysis***

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Duxbury's government-wide assets exceeded liabilities by \$92 million at the end of Fiscal Year 2005. The Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

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

## Governmental Activities

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Assets:</b>		
Current assets.....	\$ 50,922,269	\$ 20,547,110
Noncurrent assets (excluding capital).....	632,738	27,337,466
Capital assets.....	89,454,649	90,658,406
<b>Total assets.....</b>	<b>141,009,656</b>	<b>138,542,982</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	6,753,672	5,947,740
Noncurrent liabilities (excluding debt).....	177,252	161,755
Current debt.....	46,383,862	44,615,341
Noncurrent debt.....	6,731,991	7,893,853
<b>Total liabilities.....</b>	<b>60,046,777</b>	<b>58,618,689</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	64,789,656	65,929,104
Restricted.....	3,448,411	3,316,195
Unrestricted.....	12,724,812	10,678,994
<b>Total net assets.....</b>	<b>\$ 80,962,879</b>	<b>\$ 79,924,293</b>

Net assets of \$64.8 million (80%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities' net assets \$3.4 million (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$12.7 million (15.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities net assets increased by \$1.0 million during the current fiscal year. This increase was driven primarily by the expenditure of Community Preservation funds to purchase restrictions and an ownership interest in a historic dairy farm (O'Neil \$1.55 million) and a Christmas tree farm (Jaycox \$628 thousand).



	June 30, 2005	June 30, 2004
<b>Program revenues:</b>		
Charges for services.....	\$ 11,523,590	\$ 9,278,912
Operating grants and contributions.....	7,896,524	7,893,943
Capital grants and contributions.....	2,088,395	5,998,907
<b>General Revenues:</b>		
Real estate and personal property taxes.....	34,073,924	33,164,957
Tax liens.....	88,824	154,882
Motor vehicle and other excise taxes.....	2,427,919	2,377,327
Penalties and interest on taxes.....	130,612	169,501
Payments in lieu of taxes.....	11,417	6,369
Nonrestricted grants and contributions.....	24,003	33,508
Unrestricted investment income.....	444,772	118,867
Miscellaneous revenues.....	805,652	480,428
<b>Total revenues.....</b>	<b>59,515,632</b>	<b>59,677,601</b>
<b>Expenses:</b>		
General Government.....	2,775,355	2,759,033
Public Safety.....	7,111,573	7,208,099
Education.....	39,470,618	35,428,777
Public Works.....	4,600,868	3,417,632
Human Services.....	471,541	455,690
Culture and recreation.....	2,296,766	2,272,190
Community Preservation.....	161,988	238,645
Interest.....	1,510,468	1,299,940
State and county charges.....	327,869	328,705
Other.....	-	17,956
<b>Total expenses.....</b>	<b>58,727,046</b>	<b>53,426,667</b>
<b>Excess (deficiency) before transfers.....</b>	<b>788,586</b>	<b>6,250,934</b>
<b>Transfers.....</b>	<b>250,000</b>	<b>170,000</b>
<b>Change in net assets.....</b>	<b>\$ 1,038,586</b>	<b>\$ 6,420,934</b>

### ***Business-type Activities***

For the Town's water business-type activities, assets exceeded liabilities by \$11 million at the close of FY2005. Of this amount \$9.1 million (82.5%) is invested in capital assets, net of related debt and approximately \$1.9 million (17.5%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

	Balance at June 30, 2005	Balance at June 30, 2004
<b>Assets:</b>		
Current assets.....	\$ 2,143,397	\$ 2,940,095
Capital assets.....	13,330,575	12,510,168
<b>Total assets.....</b>	<b>15,473,972</b>	<b>15,450,263</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	218,868	129,057
Noncurrent liabilities (excluding debt).....	5,257	5,068
Current debt.....	1,185,000	1,190,000
Noncurrent debt.....	3,070,000	3,755,000
<b>Total liabilities.....</b>	<b>4,479,125</b>	<b>5,079,125</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	9,075,575	7,565,168
Unrestricted.....	1,919,272	2,805,970
<b>Total net assets.....</b>	<b>\$ 10,994,847</b>	<b>\$ 10,371,138</b>

As shown in the following table, there was an increase of \$624 thousand in net assets related to the Water Department's operations during the year. This was partially due to spending on the Tremont Street Main project (approved at the March 2004 Special Town Meeting).

	June 30, 2005	June 30, 2004
<b>Program revenues:</b>		
Charges for services.....	\$ 2,895,518	\$ 2,054,405
<b>Total revenues.....</b>	<b>2,895,518</b>	<b>2,054,405</b>
<b>Expenses:</b>		
Water.....	2,021,809	1,469,322
<b>Total expenses.....</b>	<b>2,021,809</b>	<b>1,469,322</b>
<b>Excess (deficiency) before transfers.....</b>	<b>873,709</b>	<b>585,083</b>
<b>Transfers.....</b>	<b>(250,000)</b>	<b>(170,000)</b>
<b>Change in net assets.....</b>	<b>\$ 623,709</b>	<b>\$ 415,083</b>

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

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of (\$30.8) million, a decrease of \$1.6 million from the prior year. Most of the decrease is attributable to the Town's School Renovations Projects, which have been financed with temporary bond anticipation notes until the Massachusetts School Building Authority (MSBA) reimbursements are received. The Town has \$39.3 million in bond anticipation notes outstanding related to these projects at year end. Bond Anticipation Notes are considered temporary financing and are not considered as other financing sources in the fund based statements.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4.5 million, while total fund balance is \$5.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9% of total general fund expenditures, while total fund balance represents 11% of that same amount.

The fund balance of the general fund increased by \$398 thousand, resulting primarily from conservative budgeting for motor vehicle excise taxes and continued strong collections of outstanding real estate receivables.

The Community Preservation Act fund had a fund balance at June 30, 2005 of \$1.5 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. Although the CPA Fund accumulated almost \$2 million in surcharges and State matching funds, the fund balance decreased \$386 thousand because of the purchase of an interest in a historic dairy farm (O'Neil \$1.55 million), a Christmas tree farm (Jaycox \$628 thousand), and several other smaller projects.

The School Renovations fund is used to account for the Town's major school renovation and construction project related to expanding and renovating the Chandler and Alden schools, including building a performing arts center. This fund had a year end fund balance of (\$38,615,084). The negative balance results from funding the project with temporary debt until long-term bonds are issued and MSBA payments are received. The estimated year for the receipt of MSBA payments is currently 2006.

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

The \$79 thousand increase from the original budget to the final amended budget resulted from a spring Special Town Meeting vote to use free cash for the settlement of the clerical collective bargaining agreement, to finance a cable contract and for engineering work on Powder Point Bridge. The \$985 thousand in revenues in excess of budget is due primarily to continuing new car purchases and associated excise collections, continued success in collecting real estate receivables, and improving interest rates. Expenditures were favorable to budget (\$325 thousand primarily because of vacancies in public safety departments and the Treasurer's office, and operating improvements at the transfer station. Budgets were aggressively managed through "Special Acts of 2003" and

Special Town Meeting transfers and it should be noted that snow and ice and legal deficits were completely absorbed.

## **Capital Asset and Debt Administration**

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures. The major governmental capital asset activity in fiscal year 2005 includes an addition to construction in progress of approximately \$1.1 million for School Projects and for the Keene Street Field improvements. The school construction projects have been transferred from construction in progress to depreciable fixed assets during fiscal year 2005. The water enterprise major capital asset activity includes an addition to construction in progress of approximately \$1.4 million for plant and infrastructure. Approximately \$1.5 million has been transferred from construction in progress to the depreciable capital assets in the Town's water fund.

<b>Capital Assets</b>			
	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
<b>Governmental activities</b>			
<i>Function:</i>			
General government.....	\$ 25,462,484	\$ (528,159)	\$ 24,934,325
Public safety.....	6,352,889	(3,157,827)	3,195,062
Education.....	57,411,415	(12,474,129)	44,937,286
Public works.....	15,525,161	(7,952,638)	7,572,523
Culture and recreation.....	11,511,347	(2,695,894)	8,815,453
Total by function.....	<u>\$ 116,263,296</u>	<u>\$ (26,808,647)</u>	<u>\$ 89,454,649</u>
<b>Business-type activities</b>			
Water.....	<u>\$ 18,055,426</u>	<u>\$ (4,724,851)</u>	<u>\$ 13,330,575</u>

The Town of Duxbury's governmental funds had total bonded debt outstanding of \$7.9 million at the end of the current fiscal year. Of this amount, \$1.8 million is related to the renovation of the library, \$1.7 million is related to the senior center project, \$1.7 million relates to sewer projects, \$850 thousand relates to land purchases and \$815 thousand is related to school equipment and improvements. The remaining \$925 thousand relates to other capital related projects. Additionally, the Town's short-term borrowing is at \$45.2 million, of which \$39.3 million is related to the School Construction Project. The School Construction Project includes the construction of a Performing Arts Center and renovations to the Alden and Chandler Schools. The Town anticipates a reimbursement for 67% of the costs of the school projects from the State of Massachusetts' School Building Assistance Bureau.

The enterprise funds have \$3.7 million in water fund debt that is fully supported by the rates and do not rely on a general fund subsidy.

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

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Duxbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 878 Tremont Street, Duxbury, Massachusetts 02332.



# Basic Financial Statements

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# STATEMENT OF NET ASSETS

JUNE 30, 2005

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 18,084,716	\$ 1,119,526	\$ 19,204,242
Investments.....	1,692,363	-	1,692,363
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	390,867	-	390,867
Tax liens.....	66,921	-	66,921
Motor vehicle and other excise taxes.....	126,692	-	126,692
User fees.....	7,901	1,023,871	1,031,772
Departmental and other.....	145,563	-	145,563
Intergovernmental.....	28,786,793	-	28,786,793
Tax foreclosures.....	619,553	-	619,553
Working capital deposit.....	1,000,900	-	1,000,900
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	488,822	-	488,822
Real estate tax deferrals.....	143,916	-	143,916
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	29,680,970	4,420,260	34,101,230
Depreciable.....	59,773,679	8,910,315	68,683,994
<b>TOTAL ASSETS.....</b>	<b>141,009,656</b>	<b>15,473,972</b>	<b>156,483,628</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	2,946,091	109,531	3,055,622
Accrued liabilities.....	1,135,663	-	1,135,663
Health claims payable.....	866,000	-	866,000
Accrued interest.....	771,334	19,489	790,823
Other liabilities.....	371,836	66,105	437,941
Compensated absences.....	662,748	23,743	686,491
Bonds and notes payable.....	46,383,862	1,185,000	47,568,862
NONCURRENT:			
Compensated absences.....	177,252	5,257	182,509
Bonds and notes payable.....	6,731,991	3,070,000	9,801,991
<b>TOTAL LIABILITIES.....</b>	<b>60,046,777</b>	<b>4,479,125</b>	<b>64,525,902</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	64,789,656	9,075,575	73,865,231
Restricted for:			
Loans.....	763,469	-	763,469
Permanent funds:			
Expendable.....	298,611	-	298,611
Nonexpendable.....	1,666,623	-	1,666,623
Other purposes.....	719,708	-	719,708
Unrestricted.....	12,724,812	1,919,272	14,644,084
<b>TOTAL NET ASSETS.....</b>	<b>\$ 80,962,879</b>	<b>\$ 10,994,847</b>	<b>\$ 91,957,726</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2005

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 2,775,355	\$ 358,429	\$ 171,908	\$ -	\$ (2,245,018)	
Public safety.....	7,111,573	1,228,180	174,240	-	(5,709,153)	
Education.....	39,470,618	5,446,732	6,829,201	-	(27,194,685)	
Education construction.....	-	-	-	814,812	814,812	
Public works.....	4,600,868	1,530,883	75,193	331,742	(2,663,050)	
Human services.....	471,541	112,795	32,686	-	(326,060)	
Culture and recreation.....	2,296,766	1,878,790	25,633	-	(392,343)	
Community preservation.....	161,988	967,781	-	941,841	1,747,634	
Interest.....	1,510,468	-	587,663	-	(922,805)	
State and county charges.....	327,869	-	-	-	(327,869)	
Total Governmental Activities.....	58,727,046	11,523,590	7,896,524	2,088,395	(37,218,537)	
Business-Type Activities:						
Water.....	2,021,809	2,895,518	-	-	873,709	
Total Primary Government.....	\$ 60,748,855	\$ 14,419,108	\$ 7,896,524	\$ 2,088,395	\$ (36,344,828)	

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ <u>(37,218,537)</u>	\$ <u>873,709</u>	\$ <u>(36,344,828)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	34,073,924	-	34,073,924
Tax liens.....	88,824	-	88,824
Motor vehicle and other excise taxes.....	2,427,919	-	2,427,919
Penalties and interest on taxes.....	130,612	-	130,612
Payments in lieu of taxes.....	11,417	-	11,417
Grants and contributions not restricted to specific programs.....	24,003	-	24,003
Unrestricted investment income.....	444,772	-	444,772
Miscellaneous.....	805,652	-	805,652
<i>Transfers, net</i> .....	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
Total general revenues and transfers.....	<u>38,257,123</u>	<u>(250,000)</u>	<u>38,007,123</u>
Change in net assets.....	1,038,586	623,709	1,662,295
<i>Net Assets:</i>			
Beginning of year.....	<u>79,924,293</u>	<u>10,371,138</u>	<u>90,295,431</u>
End of year.....	\$ <u><u>80,962,879</u></u>	\$ <u><u>10,994,847</u></u>	\$ <u><u>91,957,726</u></u>

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2005

	General	Community Preservation Act	School Renovations	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 8,356,435	\$ 3,050,252	\$ 720,916	\$ 4,731,603	\$ 16,859,206
Investments.....	740,826	-	-	951,537	1,692,363
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	390,867	-	-	-	390,867
Real estate tax deferrals.....	143,916	-	-	-	143,916
Tax liens.....	66,921	-	-	-	66,921
Motor vehicle and other excise taxes.....	126,692	-	-	-	126,692
User fees.....	7,901	-	-	-	7,901
Departmental and other.....	145,563	-	-	-	145,563
Intergovernmental.....	623,893	3,650	27,987,297	660,775	29,275,615
Tax foreclosures.....	619,553	-	-	-	619,553
Due from other funds.....	-	-	-	7,861	7,861
<b>TOTAL ASSETS.....</b>	<b>\$ 11,222,567</b>	<b>\$ 3,053,902</b>	<b>\$ 28,708,213</b>	<b>\$ 6,351,776</b>	<b>\$ 49,336,458</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 1,977,325	\$ 849	\$ -	\$ 435,321	\$ 2,413,495
Accrued liabilities.....	1,135,663	-	-	-	1,135,663
Accrued interest on short-term debt.....	715,971	-	-	-	715,971
Other liabilities.....	121,559	3,962	-	246,315	371,836
Deferred revenues.....	1,918,170	3,650	27,987,297	374,694	30,283,811
Due to other funds.....	7,861	-	-	-	7,861
Notes payable.....	-	1,500,000	39,336,000	4,386,000	45,222,000
<b>TOTAL LIABILITIES.....</b>	<b>5,876,549</b>	<b>1,508,461</b>	<b>67,323,297</b>	<b>5,442,330</b>	<b>80,150,637</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations..	878,160	-	-	-	878,160
Perpetual permanent funds.....	-	-	-	1,666,623	1,666,623
Unreserved:					
Undesignated, reported in:					
General fund.....	4,467,858	-	-	-	4,467,858
Special revenue funds.....	-	1,545,441	-	2,806,132	4,351,573
Capital projects funds.....	-	-	(38,615,084)	(3,861,920)	(42,477,004)
Permanent funds.....	-	-	-	298,611	298,611
<b>TOTAL FUND BALANCES.....</b>	<b>5,346,018</b>	<b>1,545,441</b>	<b>(38,615,084)</b>	<b>909,446</b>	<b>(30,814,179)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 11,222,567</b>	<b>\$ 3,053,902</b>	<b>\$ 28,708,213</b>	<b>\$ 6,351,776</b>	<b>\$ 49,336,458</b>

See notes to basic financial statements.

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

JUNE 30, 2005

Total governmental fund balances.....	\$ (30,814,179)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	89,454,649
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	30,283,811
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	827,814
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(55,363)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable.....	(7,893,853)
Compensated absences.....	<u>(840,000)</u>
Net effect of reporting long-term liabilities.....	<u>(8,733,853)</u>
Net assets of governmental activities.....	<u>\$ 80,962,879</u>

See notes to basic financial statements.



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

FISCAL YEAR ENDED JUNE 30, 2005

	General	Community Preservation Act	School Renovations	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 33,264,076	\$ -	\$ -	\$ -	\$ 33,264,076
Tax and trash liens.....	123,322	-	-	-	123,322
Motor vehicle and other excise taxes.....	2,551,451	-	-	-	2,551,451
Sewer charges.....	335,133	-	-	-	335,133
Trash disposal.....	502,110	-	-	-	502,110
Intergovernmental.....	7,022,664	941,841	-	1,437,774	9,402,279
Departmental and other.....	3,659,209	3,147	-	4,103,622	7,765,978
Special assessments.....	-	964,373	-	-	964,373
Contributions.....	-	-	-	89,395	89,395
Investment income.....	368,760	-	-	159,068	527,828
<b>TOTAL REVENUES.....</b>	<b>47,826,725</b>	<b>1,909,361</b>	<b>-</b>	<b>5,789,859</b>	<b>55,525,945</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	1,969,417	-	-	161,259	2,130,676
Public safety.....	4,903,674	-	-	289,236	5,192,910
Education.....	23,195,313	-	326,058	4,526,902	28,048,273
Public works.....	3,333,083	-	-	736,038	4,069,121
Human services.....	344,635	-	-	71,667	416,302
Culture and recreation.....	1,331,135	-	-	300,369	1,631,504
Community preservation.....	-	2,296,065	-	-	2,296,065
Pension benefits - Town.....	1,243,039	-	-	-	1,243,039
Pension benefits - School.....	3,193,000	-	-	-	3,193,000
Property and liability insurance.....	276,747	-	-	-	276,747
Employee benefits.....	6,097,345	-	-	-	6,097,345
State and county charges.....	327,869	-	-	-	327,869
Debt service:					
Principal.....	1,366,138	-	-	-	1,366,138
Interest.....	1,518,928	-	-	-	1,518,928
<b>TOTAL EXPENDITURES.....</b>	<b>49,100,323</b>	<b>2,296,065</b>	<b>326,058</b>	<b>6,085,471</b>	<b>57,807,917</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,273,598)</b>	<b>(386,704)</b>	<b>(326,058)</b>	<b>(295,612)</b>	<b>(2,281,972)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of notes.....	434,150	-	-	-	434,150
Transfers in.....	1,237,914	-	-	-	1,237,914
Transfers out.....	-	-	-	(987,914)	(987,914)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,672,064</b>	<b>-</b>	<b>-</b>	<b>(987,914)</b>	<b>684,150</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>398,466</b>	<b>(386,704)</b>	<b>(326,058)</b>	<b>(1,283,526)</b>	<b>(1,597,822)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>4,947,552</b>	<b>1,932,145</b>	<b>(38,289,026)</b>	<b>2,192,972</b>	<b>(29,216,357)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 5,346,018</b>	<b>\$ 1,545,441</b>	<b>\$ (38,615,084)</b>	<b>\$ 909,446</b>	<b>\$ (30,814,179)</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds.....	\$	(1,597,822)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	4,527,978	
Depreciation expense.....	<u>(5,731,735)</u>	

Net effect of reporting capital assets.....		(1,203,757)
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Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....

1,068,042

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

Debt service principal payments.....		1,366,138
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	18,000	
Net change in accrued interest on long-term debt.....	<u>8,460</u>	

Net effect of recording long-term liabilities and amortizing deferred losses.....		26,460
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Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with governmental activities.....		<u>1,379,525</u>
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Change in net assets of governmental activities.....	\$	<u><u>1,038,586</u></u>
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See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<b>ASSETS</b>		
<b>CURRENT:</b>		
Cash and cash equivalents.....	\$ 1,119,526	\$ 1,225,510
Receivables, net of allowance for uncollectibles:		
User fees.....	1,023,871	-
Working capital deposit.....	-	1,000,900
	<u>2,143,397</u>	<u>2,226,410</u>
<b>NONCURRENT:</b>		
Capital assets, net of accumulated depreciation.....	13,330,575	-
<b>TOTAL ASSETS.....</b>	<u>15,473,972</u>	<u>2,226,410</u>
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Warrants payable.....	109,531	532,596
Health claims payable.....	-	866,000
Accrued interest.....	19,489	-
Other liabilities.....	66,105	-
Compensated absences.....	23,743	-
Bonds and notes payable.....	1,185,000	-
	<u>1,403,868</u>	<u>1,398,596</u>
<b>NONCURRENT:</b>		
Compensated absences.....	5,257	-
Bonds and notes payable.....	3,070,000	-
	<u>3,075,257</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>4,479,125</u>	<u>1,398,596</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt.....	9,075,575	-
Unrestricted.....	1,919,272	827,814
<b>TOTAL NET ASSETS.....</b>	<u>\$ 10,994,847</u>	<u>\$ 827,814</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<b>OPERATING REVENUES:</b>		
Employee contributions .....	\$ -	\$ 2,473,955
Employer contributions .....	-	5,591,583
Charges for services .....	2,895,518	-
Other.....	-	13,540
	<u>2,895,518</u>	<u>8,079,078</u>
TOTAL OPERATING REVENUES .....	<u>2,895,518</u>	<u>8,079,078</u>
<b>OPERATING EXPENSES:</b>		
Cost of services and administration .....	1,226,016	6,699,553
Depreciation.....	621,721	-
	<u>1,847,737</u>	<u>6,699,553</u>
TOTAL OPERATING EXPENSES .....	<u>1,847,737</u>	<u>6,699,553</u>
OPERATING INCOME (LOSS).....	<u>1,047,781</u>	<u>1,379,525</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest expense.....	(174,072)	-
	<u>873,709</u>	<u>1,379,525</u>
INCOME (LOSS) BEFORE TRANSFERS.....	<u>873,709</u>	<u>1,379,525</u>
<b>TRANSFERS:</b>		
Transfers out.....	(250,000)	-
	<u>623,709</u>	<u>1,379,525</u>
CHANGE IN NET ASSETS.....	<u>623,709</u>	<u>1,379,525</u>
NET ASSETS AT BEGINNING OF YEAR.....	<u>10,371,138</u>	<u>(551,711)</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 10,994,847</u>	<u>\$ 827,814</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water Enterprise	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from customers and users.....	\$ 2,640,946	\$ -
Receipts from interfund services provided.....	-	8,079,078
Payments to vendors.....	(728,486)	(7,043,657)
Payments to employees.....	(413,101)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,499,359</b>	<b>1,035,421</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Transfers out.....	(250,000)	-
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Acquisition and construction of capital assets.....	(1,442,128)	-
Principal payments on bonds and notes.....	(690,000)	-
Interest expense.....	(168,501)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(2,300,629)</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(1,051,270)</b>	<b>1,035,421</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>2,170,796</b>	<b>190,089</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 1,119,526</b>	<b>\$ 1,225,510</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>		
Operating income (loss).....	\$ 1,047,781	\$ 1,379,525
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	621,721	-
Changes in assets and liabilities:		
User fees.....	(254,572)	-
Working capital deposit.....	-	(115,700)
Warrants payable.....	71,429	532,596
Health claims payable.....	-	(761,000)
Other liabilities.....	6,000	-
Accrued compensated absences.....	7,000	-
<b>Total adjustments.....</b>	<b>451,578</b>	<b>(344,104)</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,499,359</b>	<b>\$ 1,035,421</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 778,845	\$ 483,002
Investments.....	<u>238,312</u>	<u>-</u>
TOTAL ASSETS.....	<u>1,017,157</u>	<u>483,002</u>
<b>LIABILITIES</b>		
Warrants payable.....	-	26,080
Liabilities due depositors.....	<u>-</u>	<u>456,922</u>
TOTAL LIABILITIES.....	<u>-</u>	<u>483,002</u>
<b>NET ASSETS</b>		
Held in trust.....	\$ <u><u>1,017,157</u></u>	\$ <u><u>-</u></u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2005

	Private Purpose Trust Funds
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 1,752
Net investment income (loss):	
Interest.....	65,583
TOTAL ADDITIONS.....	67,335
<u>DEDUCTIONS:</u>	
Administration.....	27,614
CHANGE IN NET ASSETS.....	39,721
NET ASSETS AT BEGINNING OF YEAR.....	977,436
NET ASSETS AT END OF YEAR.....	\$ 1,017,157

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, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the Primary Government) and its component units. The Town did not identify any component units requiring inclusion in the basic financial statements.

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

***Major Fund Criteria***

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

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



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

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

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

#### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

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

#### *Fund Financial Statements*

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

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

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

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

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

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

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

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

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

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

The following major proprietary fund is reported:

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

Additionally, the following proprietary fund type is reported:

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

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs. Agency funds have no measurement focus.

The following fiduciary fund types are reported:

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

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

#### *Government-Wide and Fund Financial Statements*

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

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### E. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

#### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

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

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

***Motor Vehicle Excise***

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

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

***Water and Sewer***

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

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

***Departmental and Other***

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

***Intergovernmental***

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

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

**F. Inventories*****Government-Wide and Fund Financial Statements***

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

G. Capital Assets

## Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. All major general infrastructure assets acquired or significantly reconstructed in fiscal years ending after June 30, 1980 have been recorded at estimated historical cost.

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

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

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

*Governmental Fund Financial Statements*

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

H. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

I. Interfund Transfers

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

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

Net assets have been "restricted for" the following:

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

"Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

“Other purposes” represents restrictions placed on assets from outside parties.

#### *Fund Financial Statements (Fund Balances)*

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

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

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2006 operating budget.

#### L. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

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

##### *Governmental Fund Financial Statements*

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

#### M. Investment Income

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

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

#### N. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

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

In addition to providing pension benefits, the Town provides health insurance coverage for approximately 255 retired employees and their survivors. The Town recognizes the cost of providing health insurance by recording its shares of insurance premiums in the General Fund in the fiscal year paid. For the fiscal year ended June 30, 2005, this expenditure totaled approximately \$636,000.

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

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Fund Deficits

At June 30, 2005, the School Renovations Major Governmental Fund had a deficit of (\$38,615,084). This deficit will be funded through grants and future long-term borrowing.

At June 30, 2005, the Miscellaneous Capital Projects and the High School Sewage Capital Project funds classified within the Nonmajor Governmental Funds have deficit balances of (\$831,832) and (\$3,100,000) respectively. These deficits will be funded through grants and future long-term borrowing.



**NOTE 3 – CASH AND INVESTMENTS**

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Duxbury's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$20,462,670 and the bank balance totaled \$22,928,665. Of the bank balance, \$500,000 was covered by Federal Depository Insurance, \$6,835,349 was collateralized, and \$15,593,316 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2005, the Town of Duxbury had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
Federal Home Loan Mortgage Corporation.....	\$ 1,503,881	\$ -	\$ -	\$ -	\$ 1,503,881
Federal National Mortgage Association.....	203,314	-	-	-	203,314
Government National Mortgage Association.....	223,468	-	-	-	223,468
Total Debt Securities.....	1,930,663	\$ -	\$ -	\$ -	\$ 1,930,663
<u>Other Investments:</u>					
MMDT.....	3,431				
Total Investments.....	\$ 1,934,094				

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 security that are in the possession of an outside party. Of the investments of \$1,503,881 in Federal Home Loan Mortgage Corporation securities, \$203,314 in Federal National

Mortgage Association securities, and \$223,468 in Government National Mortgage Association securities, the Town does not have any custodial credit risk exposure because the related securities are collateralized mortgage obligations. The Town does not have an investment policy for custodial credit risk.

#### Interest Rate Risk

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

#### Credit Risk

The Town has not adopted a formal policy related to Credit Risk. All of the Town's investments at June 30, 2005 are agency collateralized mortgage obligations and are rated AAA.

#### Concentration of Credit Risk

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

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corporation.....	77.76%
Federal National Mortgage Association.....	10.51%
Government National Mortgage Association.....	11.55%

### **NOTE 4 – RECEIVABLES**

At June 30, 2005, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real Estate and personal property taxes.....	\$ 394,867	\$ (4,000)	\$ 390,867
Real estate tax deferrals.....	143,916	-	143,916
Tax liens.....	66,921	-	66,921
Motor vehicle and other excise taxes.....	349,692	(223,000)	126,692
User fees.....	7,901	-	7,901
Departmental and other.....	145,563	-	145,563
Intergovernmental.....	29,275,615	-	29,275,615
Total.....	<u>\$ 30,384,475</u>	<u>\$ (227,000)</u>	<u>\$ 30,157,475</u>

At June 30, 2005, receivables for the water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water.....	\$ 1,023,871	\$ -	\$ 1,023,871

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 183,731	\$ -	\$ 183,731
Real estate tax deferrals.....	143,916	-	143,916
Tax liens.....	66,921	-	66,921
Motor vehicle and other excise taxes.....	126,692	-	126,692
User fees.....	7,901	-	7,901
Departmental and other.....	145,563	-	145,563
Intergovernmental.....	623,893	28,365,641	28,989,534
Tax foreclosures.....	619,553	-	619,553
Total.....	\$ 1,918,170	\$ 28,365,641	\$ 30,283,811

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 27,358,267	\$ 2,178,000	\$ (130,000)	\$ 29,406,267
Construction in progress.....	24,800,436	1,106,100	(25,631,833)	274,703
Total capital assets not being depreciated.....	52,158,703	3,284,100	(25,761,833)	29,680,970
<u>Capital assets being depreciated:</u>				
Buildings.....	25,898,944	24,496,284	-	50,395,228
Infrastructure.....	17,323,338	540,165	(221,617)	17,641,886
Vehicles.....	4,947,924	487,745	(274,084)	5,161,585
Computers.....	1,793,840	582,426	(276,987)	2,099,279
Furniture, fixtures and equipment.....	1,021,020	770,442	-	1,791,462
Improvements.....	7,969,780	-	-	7,969,780
Library books.....	858,216	103,851	(108,698)	853,369
School books.....	923,038	24,798	(278,099)	669,737
Total capital assets being depreciated.....	60,736,100	27,005,711	(1,159,485)	86,582,326
<u>Less accumulated depreciation for:</u>				
Buildings.....	(6,059,373)	(1,064,668)	-	(7,124,041)
Infrastructure.....	(7,229,959)	(868,341)	221,617	(7,876,683)
Vehicles.....	(3,160,942)	(361,273)	274,084	(3,248,131)
Computers.....	(817,721)	(364,586)	276,987	(905,320)
Furniture, fixtures and equipment.....	(390,074)	(140,624)	-	(530,698)
Improvements.....	(3,603,263)	(2,613,142)	-	(6,216,405)
Library books.....	(437,966)	(122,696)	108,698	(451,964)
School books.....	(537,099)	(196,405)	278,099	(455,405)
Total accumulated depreciation.....	(22,236,397)	(5,731,735)	1,159,485	(26,808,647)
Total capital assets being depreciated, net.....	38,499,703	21,273,976	-	59,773,679
Total governmental activities capital assets, net.....	\$ 90,658,406	\$ 24,558,076	\$ (25,761,833)	\$ 89,454,649

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Enterprise Fund Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,719,437	\$ 130,000	\$ -	\$ 2,849,437
Construction in progress.....	1,766,905	1,319,136	(1,515,218)	1,570,823
Total capital assets not being depreciated.....	4,486,342	1,449,136	(1,515,218)	4,420,260
<u>Capital assets being depreciated:</u>				
Plant, facilities and infrastructure.....	12,003,564	1,495,000	-	13,498,564
Equipment and motor vehicles.....	123,393	70,000	(56,791)	136,602
Total capital assets being depreciated.....	12,126,957	1,565,000	(56,791)	13,635,166
<u>Less accumulated depreciation for:</u>				
Plant, facilities and infrastructure.....	(3,835,084)	(589,842)	-	(4,424,926)
Equipment and motor vehicles.....	(268,047)	(31,878)	-	(299,925)
Total accumulated depreciation.....	(4,103,131)	(621,720)	-	(4,724,851)
Total capital assets being depreciated, net.....	8,023,826	943,280	(56,791)	8,910,315
Total Water Enterprise capital assets.....	\$ 12,510,168	\$ 2,392,416	\$ (1,572,009)	\$ 13,330,575

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

**Governmental Activities:**

General government.....	\$ 74,538
Public safety.....	355,768
Education.....	4,129,011
Public works.....	727,132
Culture and recreation.....	445,286
Total depreciation expense - governmental activities.....	\$ 5,731,735

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2005, interfund payables and receivables from the General Fund to the Nonmajor Governmental Funds are recorded for \$7,861, related to the timing of funding capital projects.

Interfund transfers for the fiscal year ended June 30, 2005, include a \$250,000 transfer out of the Water Enterprise Fund and \$987,914 of transfers out of the Nonmajor Governmental Funds into the General Fund to finance the Town's operating budget.

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2005, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2004	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2005
<i>Governmental Funds</i>							
BAN	Alden School.....	1.75-2.00%	01/14/05	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -
BAN	School Design.....	2.00%	01/14/05	14,132,123	-	14,132,123	-
BAN	School Design.....	2.00%	01/14/05	13,703,500	-	13,703,500	-
BAN	School Design.....	2.00%	01/14/05	9,799,584	-	9,799,584	-
BAN	School Design.....	2.00%	01/14/05	400,793	-	400,793	-
BAN	HS Sewage Treatmt.....	2.00%	01/14/05	1,533,000	-	1,533,000	-
BAN	HS Sewage Treatmt.....	2.00%	01/14/05	1,567,000	-	1,567,000	-
BAN	Fire Alarms.....	2.00%	01/14/05	500,000	-	500,000	-
BAN	Animal Shelter.....	2.00%	01/14/05	75,000	-	75,000	-
GAN	Chapter 90 Highway.....	1.50%	07/15/04	238,203	-	238,203	-
BAN	Land Acquisition.....	2.75-3.00%	07/14/05	-	1,500,000	-	1,500,000 (1)
GAN	Chapter 90 Highway.....	2.89%	08/29/05	-	376,000	-	376,000 (2)
BAN	Departmental Equipment.....	3.25-3.50%	01/13/06	-	335,000	-	335,000
BAN	Animal Shelter.....	3.25-3.50%	01/13/06	-	75,000	-	75,000
BAN	Fire Dept. Equipment.....	3.25-3.50%	01/13/06	-	500,000	-	500,000
BAN	School Bonds.....	3.25-3.50%	01/13/06	-	39,336,000	-	39,336,000
BAN	Sewer Bonds.....	3.25-3.50%	01/13/06	-	3,100,000	-	3,100,000
<i>Total Governmental Funds.....</i>				<u>43,249,203</u>	<u>45,222,000</u>	<u>43,249,203</u>	<u>45,222,000</u>
<i>Enterprise Fund</i>							
BAN	Water Projects.....	2.00%	01/14/05	300,000	-	300,000	-
BAN	Water Projects.....	2.00%	01/14/05	100,000	-	100,000	-
BAN	Water Projects.....	2.00%	01/14/05	100,000	-	100,000	-
BAN	Water Projects.....	3.25-3.50%	01/13/06	-	500,000	-	500,000
<i>Total Enterprise Fund.....</i>				<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
<i>Total.....</i>				<u>\$ 43,749,203</u>	<u>\$ 45,722,000</u>	<u>\$ 43,749,203</u>	<u>\$ 45,722,000</u>

(1) On July 14, 2005, the Town paid down the Land Acquisition BAN for \$1,500,000 with Community Preservation Funds.

(2) On August 29, 2005 the Town paid down the GAN for \$376,000 with grant proceeds.



**NOTE 8 – LONG-TERM DEBT**

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

Details related to the outstanding indebtedness at June 30, 2005, and the debt service requirements are as follows:

**General Obligation Bonds and Notes Payable Schedule – Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Departmental Equipment.....	4.45	\$ 85,000	\$ -	\$ 55,000	\$ 30,000
Remodeling.....	4.45	20,000	-	10,000	10,000
School Equipment.....	4.43	20,000	-	20,000	-
DPW Building Construction.....	4.49	35,000	-	25,000	10,000
Library.....	5	2,040,000	-	160,000	1,880,000
Dredging.....	5	30,000	-	15,000	15,000
Sewer Connections.....	5	40,000	-	10,000	30,000
MWPAT 1997.....	5.27	460,062	-	29,553	430,509
Land acquisition.....	3.89	770,000	-	155,000	615,000
School.....	4.99	990,000	-	175,000	815,000
Fire Station.....	4.99	360,000	-	60,000	300,000
Senior Center.....	3.5-4.5	1,875,000	-	150,000	1,725,000
Equipment.....	3.5-4.5	80,000	-	80,000	-
Sidewalks.....	3.5-4.5	30,000	-	30,000	-
Ambulance.....	3.5-4.5	25,000	-	25,000	-
MWPAT 2001 Title V.....	4.5	163,060	-	10,872	152,188
Sewer.....	4	970,000	-	55,000	915,000
Land Acquisition.....	3.1	270,000	-	35,000	235,000
Departmental Equipment.....	2.8	190,000	-	95,000	95,000
MWPAT 2004 Title V.....	3.3-5.25	181,869	-	10,713	171,156
Fire Truck.....	2	625,000	-	160,000	465,000
Total Bonds and Notes Payable.....		\$ 9,259,991	\$ -	\$ 1,366,138	\$ 7,893,853

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

Fiscal Year	Principal	Interest	Total
2006.....	\$ 1,161,862	\$ 320,372	\$ 1,482,234
2007.....	997,906	278,777	1,276,683
2008.....	993,985	240,011	1,233,996
2009.....	804,860	203,020	1,007,880
2010.....	655,774	170,954	826,728
2011.....	446,513	141,125	587,638
2012.....	442,726	121,836	564,562
2013.....	438,792	112,164	550,956
2014.....	404,889	83,639	488,528
2015.....	401,053	64,898	465,951
2016.....	402,267	45,931	448,198
2017.....	403,518	26,638	430,156
2018.....	71,558	14,326	85,884
2019.....	66,558	11,156	77,714
2020.....	55,690	8,347	64,037
2021.....	55,908	5,777	61,685
2022.....	45,000	3,161	48,161
2023.....	45,000	1,057	46,057
Totals.....	\$ <u>7,893,853</u>	\$ <u>1,853,189</u>	\$ <u>9,747,042</u>

#### Bonds and Notes Payable Schedule – Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Water Projects.....	4.45	\$ 360,000	\$ -	\$ 180,000	\$ 180,000
Municipal Bond.....	3.89	1,625,000	-	225,000	1,400,000
Water.....	4.99	240,000	-	40,000	200,000
Water Projects.....	3.5 - 4.5	175,000	-	25,000	150,000
Water.....	3.10	545,000	-	70,000	475,000
Water.....	2.50-4.00	1,100,000	-	110,000	990,000
Water.....	2.00-3.60	400,000	-	40,000	360,000
Total Bonds and Notes Payable.....		\$ <u>4,445,000</u>	\$ <u>-</u>	\$ <u>690,000</u>	\$ <u>3,755,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 685,000	\$ 127,639	\$ 812,639
2007.....	500,000	106,649	606,649
2008.....	495,000	89,680	584,680
2009.....	495,000	71,955	566,955
2010.....	370,000	56,430	426,430
2011.....	330,000	42,765	372,765
2012.....	325,000	30,615	355,615
2013.....	305,000	18,462	323,462
2014.....	<u>250,000</u>	<u>7,308</u>	<u>257,308</u>
Totals.....	\$ <u>3,755,000</u>	\$ <u>551,503</u>	\$ <u>4,306,503</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$115,464 and interest costs for \$259,823. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$673,061. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2005 principal and interest subsidies totaled approximately \$6,600 and \$35,000, respectively.

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

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2005, the Town had the following authorized and unissued debt:

Purpose	Amount
Fire Alarm.....	\$ 500,000
New School Facilities.....	39,436,000
Sewer Treatment Plant.....	3,100,000
Animal Shelter.....	75,000
Water Wells.....	700,000
PCE Water.....	400,000
Planning.....	100,000
Equipment.....	335,000
PCE Water.....	100,000
Recreation.....	71,500
Fish Ladders.....	35,700
Land-Conservation.....	2,170,000
Wright Building.....	153,000
Community Preservation.....	2,541,316
Equipment.....	<u>1,579,000</u>
Total.....	<u>\$ 51,296,516</u>

#### Changes in Long-term Liabilities

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Current Portion
<b>Governmental Activities:</b>					
Long-Term Bonds and Notes.....	\$ 9,259,991	\$ -	\$ (1,366,138)	\$ 7,893,853	\$ 1,161,862
Compensated Absences.....	<u>858,000</u>	<u>678,245</u>	<u>(696,245)</u>	<u>840,000</u>	<u>662,748</u>
Total governmental activity long-term liabilities.....	<u>\$ 10,117,991</u>	<u>\$ 678,245</u>	<u>\$ (2,062,383)</u>	<u>\$ 8,733,853</u>	<u>\$ 1,824,610</u>
<b>Business-Type Activities:</b>					
Long-Term Bonds and Notes.....	\$ 4,445,000	\$ -	\$ (690,000)	\$ 3,755,000	\$ 685,000
Compensated Absences.....	<u>22,000</u>	<u>23,932</u>	<u>(16,932)</u>	<u>29,000</u>	<u>23,743</u>
Total business-type activity long-term liabilities.....	<u>\$ 4,467,000</u>	<u>\$ 23,932</u>	<u>\$ (706,932)</u>	<u>\$ 3,784,000</u>	<u>\$ 708,743</u>

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

**NOTE 9 – STABILIZATION AND PENSION TRUST FUNDS**

*Stabilization Fund* – At June 30, 2005, \$775,258 has been set aside in a stabilization fund, which is classified as a nonmajor fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

*Pension Trust Fund* – At June 30, 2005, \$970,703 has been set aside in a pension trust fund, which is classified as a nonmajor fund in the governmental funds financial statements. The pension trust fund is distinct and separate from the System information in Note 12. The purpose of the fund is to provide a reserve to meet future annual contributions to the System.

**NOTE 10 – COMMUNITY PRESERVATION FUNDS**

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

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

As of June 30, 2005, the CPA fund has a balance of \$1,545,441 and is reported as a major fund in the governmental funds financial statements.

**NOTE 11 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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

*(a) Employee Health Insurance*

The Town estimates its Incurred But Not Reported (IBNR) claims based on a three month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$75,000 per claim. At June 30, 2005, the amount of the liability for health insurance claims totaled \$866,000. This liability is the Town's best estimate based on available information. Changes in the reported liability since July 1, 2003, are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-End
Fiscal Year 2004.....	\$ 1,492,000	\$	6,644,487	\$	(6,509,487)	\$	1,627,000
Fiscal Year 2005.....	1,627,000		6,166,957		(6,927,957)		866,000

*(b) Workers' Compensation*

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

At June 30, 2005, the amount of the liability for workers' compensation claims was immaterial and is therefore not reported.

**NOTE 12 – PENSION PLAN**

*Plan Description* - The Town contributes to the Plymouth County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$3,193,000 for the fiscal year ended June 30, 2005, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Plymouth County Contributory Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at South Russell Street in Plymouth, Massachusetts, 02360.

*Funding Policy* - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll.

Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,213,539, \$1,172,510, and \$1,035,462, respectively, which equaled its required contribution for each fiscal year.

*Noncontributory Retirement Allowance* – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2005 totaled approximately \$33,000.

#### **NOTE 13 – COMMITMENTS**

The Town has various commitments totaling approximately \$11,860,516 for projects related to a sewer treatment plant, pool facilities, fire alarms, land purchases, an animal shelter, various water projects and community preservation.

#### **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, 2005, 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, 2005, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2005.

#### **NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2005, the following GASB pronouncements were implemented:

The GASB issued Statement #40, Deposit and Investment Risk Disclosures, an Amendment of GASB Statement #3. This pronouncement has only required changes to the note disclosures.

The GASB issued Statement #44, Economic Condition Reporting: The Statistical Section. This new GASB has established and modified the requirements related to supplementary information presented in the statistical section. This pronouncement has impacted only the Statistical Section and has not impacted the basic financial statements.

#### *Other Future GASB Pronouncements:*

The GASB issued Statement #42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, which is required to be implemented in Fiscal 2006. Management does not believe that this pronouncement will significantly impact the basic financial statements.

The GASB issued Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2007. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

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

The GASB issued Statement # 46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. It requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.

The GASB issued Statement # 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The Statement requires that similar forms of termination benefits be accounted for in the same manner and is intended to enhance both the consistency of reporting for termination benefits and the comparability of financial statements. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.



# Required Supplementary Information

# ***General Fund Budgetary Comparison Schedule***

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

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts							
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual	Amounts Carried Forward To Next Year	Variance to Final Budget	
<b>REVENUES:</b>								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 33,075,980	\$ 33,075,980	\$ 33,075,980	\$ 33,373,024	\$ -	\$ 297,044	
Motor vehicle and other excise taxes.....	-	2,166,000	2,166,000	2,166,000	2,551,451	-	385,451	
Sewer charges.....	-	246,000	246,000	246,000	335,133	-	89,133	
Trash disposal.....	-	480,000	480,000	480,000	502,110	-	22,110	
Intergovernmental.....	-	3,762,758	3,762,758	3,762,758	3,829,664	-	66,906	
Departmental and other.....	-	3,782,111	3,782,111	3,782,111	3,659,209	-	(122,902)	
Investment income.....	-	120,000	120,000	120,000	367,837	-	247,837	
TOTAL REVENUES.....	-	43,632,849	43,632,849	43,632,849	44,618,428	-	985,579	
<b>EXPENDITURES:</b>								
Current:								
General government								
Town Meeting								
Expenditures.....	-	10,200	10,200	10,200	7,356	-	2,844	
Town Moderator								
Salaries.....	-	40	40	40	40	-	-	
Selectmen								
Salaries.....	-	209,675	209,675	212,242	210,452	-	1,790	
Expenditures.....	265	42,000	42,265	72,323	67,372	3,577	1,374	
Articles.....	71,369	195,000	266,369	286,369	236,669	49,630	70	
Total.....	71,634	446,675	518,309	570,934	514,493	53,207	3,234	
Finance Committee								
Expenditures.....	-	170	170	180	180	-	-	
Computers								
Salaries.....	-	51,097	51,097	52,374	52,374	-	-	
Expenditures.....	5,115	42,000	47,115	48,615	48,148	295	172	
Articles.....	62,600	10,000	72,600	72,600	750	71,850	-	
Total.....	67,715	103,097	170,812	173,589	101,272	72,145	172	
Accounting								
Salaries.....	-	183,627	183,627	188,224	187,038	-	1,186	
Expenditures.....	-	36,373	36,373	36,373	36,270	-	103	
Articles.....	12,000	(7,000)	5,000	5,000	-	5,000	-	
Total.....	12,000	213,000	225,000	229,597	223,308	5,000	1,289	
Audit								
Expenditures.....	-	37,000	37,000	37,000	37,000	-	-	
Assessor								
Salaries.....	-	175,769	175,769	180,403	178,987	-	1,416	
Expenditures.....	53	23,162	23,215	22,865	22,202	-	663	
Total.....	53	198,931	198,984	203,268	201,189	-	2,079	
Treasurer/Collector								
Salaries.....	-	233,122	233,122	239,239	229,573	-	9,666	
Expenditures.....	672	60,000	60,672	59,172	49,288	2,670	7,214	
Total.....	672	293,122	293,794	298,411	278,861	2,670	16,880	
Legal								
Expenditures.....	3,153	172,138	175,291	218,291	211,704	-	6,587	

(Continued)

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Personnel Board							
Salaries.....	-	4,500	4,500	4,500	3,823	-	677
Expenditures.....	-	2,500	2,500	2,500	1,972	-	528
Articles.....	51,978	65,977	117,955	69,120	65,852	2,768	500
Total.....	51,978	72,977	124,955	76,120	71,647	2,768	1,705
Town Clerk							
Salaries.....	-	90,882	90,882	94,491	94,320	-	171
Expenditures.....	-	3,325	3,325	2,825	2,578	-	247
Total.....	-	94,207	94,207	97,316	96,898	-	418
Election/Registration							
Salaries.....	-	21,000	21,000	20,500	17,181	-	3,319
Expenditures.....	726	12,000	12,726	13,226	13,008	-	218
Total.....	726	33,000	33,726	33,726	30,189	-	3,537
Conservation							
Salaries.....	-	79,778	79,778	81,783	79,848	-	1,935
Expenditures.....	278	6,150	6,428	6,428	6,428	-	-
Articles.....	18,238	(13,697)	4,541	4,541	2,021	2,520	-
Total.....	18,516	72,231	90,747	92,752	88,297	2,520	1,935
Planning Board							
Salaries.....	-	80,964	80,964	83,025	82,087	-	938
Expenditures.....	3,360	11,954	15,314	15,314	10,527	2,000	2,787
Articles.....	2,810	5,000	7,810	7,810	-	7,810	-
Total.....	6,170	97,918	104,088	106,149	92,614	9,810	3,725
Tax Title							
Expenditures.....	-	15,000	15,000	-	-	-	-
Articles.....	47,757	-	47,757	62,757	3,438	59,319	-
Total.....	47,757	15,000	62,757	62,757	3,438	59,319	-
Collective Bargaining.....	-	-	-	1,539	-	-	1,539
Cable Advisory							
Expenditures.....	-	250	250	250	250	-	-
Historical Commission							
Expenditures.....	536	250	786	786	681	-	105
Total General Government.....	280,910	1,860,206	2,141,116	2,212,905	1,959,417	207,439	46,049
Public safety							
Police							
Salaries.....	47,967	2,262,717	2,310,684	2,268,427	2,209,971	-	58,456
Expenditures.....	6,414	212,965	219,379	231,379	227,252	3,573	554
Articles.....	316	10,000	10,316	10,316	9,241	1,075	-
Total.....	54,697	2,485,682	2,540,379	2,510,122	2,446,464	4,648	59,010
Fire							
Salaries.....	-	1,573,696	1,573,696	1,653,351	1,644,090	-	9,261
Expenditures.....	299	145,546	145,845	176,046	175,328	581	137
Articles.....	17,782	-	17,782	17,782	16,967	815	-
Total.....	18,081	1,719,242	1,737,323	1,847,179	1,836,385	1,396	9,398

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	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			
Inspectional Services							
Salaries.....	-	349,128	349,128	357,646	341,291	-	16,355
Expenditures.....	-	28,900	28,900	28,900	26,890	-	2,010
Articles.....	600	-	600	600	-	600	-
Total.....	600	378,028	378,628	387,146	368,181	600	18,365
Animal Control							
Salaries.....	-	39,115	39,115	39,803	30,466	-	9,337
Expenditures.....	197	9,550	9,747	9,747	2,176	-	7,571
Total.....	197	48,665	48,862	49,550	32,642	-	16,908
Harbormaster/Beach Management							
Salaries.....	-	155,625	155,625	158,002	158,002	-	-
Expenditures.....	378	29,000	29,378	30,724	21,675	-	9,049
Articles.....	8,623	26,000	34,623	34,623	25,553	9,070	-
Total.....	9,001	210,625	219,626	223,349	205,230	9,070	9,049
Total Public Safety.....	82,576	4,842,242	4,924,818	5,017,346	4,888,902	15,714	112,730
Education.....	1,341,944	22,984,780	24,326,724	24,326,724	23,117,230	1,201,444	8,050
Public works							
DPW Management							
Salaries.....	-	207,958	207,958	216,067	215,535	-	532
Expenditures.....	453	26,050	26,503	29,002	27,377	-	1,625
Articles.....	311,175	226,468	537,643	572,644	115,806	456,838	-
Total.....	311,628	460,476	772,104	817,713	358,718	456,838	2,157
Vehicle Maintenance							
Salaries.....	-	75,677	75,677	52,677	46,706	-	5,971
Expenditures.....	15,130	61,160	76,290	86,290	69,047	1,095	16,148
Total.....	15,130	136,837	151,967	138,967	115,753	1,095	22,119
Highway Department							
Salaries.....	-	338,138	338,138	284,138	279,892	-	4,246
Expenditures.....	3,943	47,915	51,858	51,858	51,656	140	62
Articles.....	3,061	(3,061)	-	-	-	-	-
Total.....	7,004	382,992	389,996	335,996	331,548	140	4,308
Snow & Ice							
Salaries.....	-	55,000	55,000	132,500	132,347	-	153
Expenditures.....	-	94,200	94,200	179,700	170,931	150	8,619
Total.....	-	149,200	149,200	312,200	303,278	150	8,772
Fuel Depot							
Expenditures.....	-	117,052	117,052	151,802	147,909	2,482	1,411
Lands & Nat Resources							
Salaries.....	-	306,695	306,695	295,241	290,078	-	5,163
Expenditures.....	110	40,705	40,815	40,815	40,777	-	38
Articles.....	2,059	(1,881)	178	178	78	100	-
Total.....	2,169	345,519	347,688	336,234	330,933	100	5,201
Street Lights							
Expenditures.....	-	35,000	35,000	38,500	37,398	-	1,102
Transfer Station							
Salaries.....	-	132,402	132,402	144,402	141,318	-	3,084
Expenditures.....	25,318	842,307	867,625	797,625	755,561	16,784	25,280
Total.....	25,318	974,709	1,000,027	942,027	896,879	16,784	28,364

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	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			
Sewer Department							
Salaries.....	-	4,945	4,945	4,945	-	-	4,945
Expenditures.....	68,151	175,400	243,551	226,551	226,169	352	30
Total.....	68,151	180,345	248,496	231,496	226,169	352	4,975
Cemetery							
Salaries.....	-	287,774	287,774	265,574	263,841	-	1,733
Expenditures.....	1,292	84,630	85,922	119,922	110,719	8,525	678
Total.....	1,292	372,404	373,696	385,496	374,560	8,525	2,411
Central Building							
Salaries.....	-	70,927	70,927	71,692	69,002	-	2,690
Expenditures.....	11,167	164,050	175,217	183,967	183,652	261	54
Total.....	11,167	234,977	246,144	255,659	252,654	261	2,744
Building Maint							
Expenditures.....	9,071	32,000	41,071	41,071	40,273	-	798
Tarkiln							
Expenditures.....	125	7,600	7,725	8,625	7,704	-	921
Lucy Hathaway:Pub Works							
Articles.....	8,852	-	8,852	8,852	23	8,829	-
Total Public Works.....	459,907	3,429,111	3,889,018	4,004,638	3,423,799	495,556	85,283
Human services							
Council on Aging							
Salaries.....	-	219,934	219,934	221,283	219,580	-	1,703
Expenditures.....	663	75,175	75,838	77,563	77,334	229	-
Articles.....	3,225	-	3,225	3,225	2,501	724	-
Total.....	3,888	295,109	298,997	302,071	299,415	953	1,703
Veterans							
Salaries.....	-	18,829	18,829	19,230	19,230	-	-
Expenditures.....	300	34,246	34,546	34,546	25,990	126	8,430
	300	53,075	53,375	53,776	45,220	126	8,430
Total Human Services.....	4,188	348,184	352,372	355,847	344,635	1,079	10,133
Culture and recreation							
Library							
Salaries.....	-	683,246	683,246	687,368	687,027	-	341
Expenditures.....	4,294	251,385	255,679	255,679	247,570	6,574	1,535
Articles.....	35,585	-	35,585	35,585	5,451	30,134	-
Total.....	39,879	934,631	974,510	978,632	940,048	36,708	1,876
Recreation							
Salaries.....	-	121,011	121,011	124,676	124,676	-	-
Expenditures.....	359	9,714	10,073	9,442	8,566	250	626
Articles.....	3,702	(230)	3,472	3,472	-	3,472	-
Total.....	4,061	130,495	134,556	137,590	133,242	3,722	626
Pool							
Salaries.....	-	164,050	164,050	158,797	153,030	-	5,767
Expenditures.....	4,935	82,225	87,160	99,860	97,022	2,819	19
Articles.....	15,574	(13,026)	2,548	2,548	-	2,548	-
Total.....	20,509	233,249	253,758	261,205	250,052	5,367	5,786

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	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			
North Hill							
Expenditures.....	280	2,500	2,780	2,780	2,478	171	131
Articles.....	7,373	-	7,373	7,373	2,250	5,123	-
Total.....	7,653	2,500	10,153	10,153	4,728	5,294	131
Lifeguards							
Salaries.....	-	15,514	15,514	15,514	13,745	-	1,769
Expenditures.....	-	1,031	1,031	1,031	1,027	-	4
Total.....	-	16,545	16,545	16,545	14,772	-	1,773
Public Celebrations							
Expenditures.....	-	2,865	2,865	2,865	2,865	-	-
Plymouth Cty Coop							
Expenditures.....	-	200	200	200	200	-	-
Total Culture and Recreation.....	72,102	1,320,485	1,392,587	1,407,190	1,345,907	51,091	10,192
Pension benefits							
Contributory Retirement.....	-	1,213,539	1,213,539	1,213,539	1,213,539	-	-
Non-Contributory Retirement.....	-	29,500	29,500	29,500	29,500	-	-
Total.....	-	1,243,039	1,243,039	1,243,039	1,243,039	-	-
Property and liability insurance.....	432	321,000	321,432	279,319	276,747	2,500	72
Employee benefits.....	-	6,179,583	6,179,583	6,152,583	6,097,345	39,000	16,238
Reserve fund.....	-	150,000	150,000	289	-	-	289
State and county charges.....	-	300,225	300,225	300,225	327,869	-	(27,644)
Debt Service .....	-	2,628,443	2,628,443	2,628,443	2,565,149	-	63,294
TOTAL EXPENDITURES.....	2,242,059	45,607,298	47,849,357	47,928,548	45,590,039	2,013,823	324,686
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,242,059)	(1,974,449)	(4,216,508)	(4,295,699)	(971,611)	(2,013,823)	1,310,265
<u>OTHER FINANCING SOURCES (USES):</u>							
Premium from issuance of bonds.....	-	-	-	-	434,150	-	434,150
Transfers in.....	-	1,108,373	1,108,373	1,108,373	1,237,914	-	129,541
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,108,373	1,108,373	1,108,373	1,672,064	-	563,691
NET CHANGE IN FUND BALANCE.....	(2,242,059)	(866,076)	(3,108,135)	(3,187,326)	700,453	(2,013,823)	1,873,956
BUDGETARY FUND BALANCE, Beginning of year	5,152,425	5,152,425	5,152,425	5,152,425	5,152,425	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 2,910,366	\$ 4,286,349	\$ 2,044,290	\$ 1,965,099	\$ 5,852,878	\$ (2,013,823)	\$ 1,873,956

(Concluded)

See notes to required supplementary information.

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

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

Supplementary appropriations are voted at special town meetings.

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original fiscal year 2005 approved budget for the General Fund includes \$45,607,299 in current year appropriations and other amounts to be raised and \$2,203,234 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2005, the Town approved supplemental appropriations totaling \$78,690.

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

**B. Budgetary - GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2005, is presented below:



Net Change in Fund Balance - budgetary basis.....	\$ 700,453
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	15,297
Net change in expenditure accrual.....	2,633
Net change in short-term interest accrual.....	(319,917)
Recognition of revenue for on-behalf payments.....	3,193,000
Recognition of expenditures for on-behalf payments.....	<u>(3,193,000)</u>
Net Change in Fund Balance - GAAP basis.....	\$ <u>398,466</u>

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# Other Supplementary Information

# **Combining and Individual Fund Statements and Schedules**

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

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

# Nonmajor Governmental Funds

## Fund Description

### ***Special Revenue Funds***

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

- ***School Lunch Fund*** – accounts for the operations of the public school lunch program.
- ***Highway Improvements*** – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks. Funding is provided primarily by various grants.
- ***School Grants*** – accounts for educational programs specifically financed by grants and other restricted revenues.
- ***Recreation Revolving*** – accounts for self-supporting recreational programs and activities.
- ***Town Grants*** – accounts for various grants and legally restricted revenues for special programs administered by Town departments.
- ***Stabilization*** – accounts for the accumulation of resources to be used for general and/or capital purposes upon approval of Town Meeting.
- ***Pension Trust*** – accounts for the accumulation of resources to meet future annual contributions to the County Retirement System.
- ***Special Revenue Trust Funds*** – accounts for contributions where both principal and investment earnings may be spent to support the government.

### ***Capital Projects Funds***

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

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

- **Individual Title V** – accounts for WPAT- funded loans to upgrade individual homeowners' septic systems.
- **Land Acquisition** – accounts for various land acquisition projects, primarily the Camp Wing project.
- **Senior Center** – accounts for the construction of a new senior center.
- **HS Sewerage Plant** – accounts for the construction of a sewerage plant at the High School. The town expects 52% reimbursement from the Commonwealth (exempt debt).

#### ***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 the reporting government's programs.

- **Nonexpendable Trust Funds** – accounts for various contributions associated with Town services.

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**NONMAJOR GOVERNMENTAL FUNDS  
COMBINED BALANCE SHEET**

JUNE 30, 2005

<b>Special Revenue Funds</b>									
<b>ASSETS</b>	School Lunch	Highway Improvement	School Grants	Recreation Revolving	Town Grants	Stabilization	Pension Trust	Special Revenue Trust Funds	Subtotal
Cash and cash equivalents.....	\$ 62,161	\$ 215,587	\$ 731,205	\$ 149,319	\$ 259,322	\$ 585,190	\$ 732,719	\$ 283,775	\$ 3,019,278
Investments.....	-	-	-	-	-	190,068	237,984	45,513	473,565
Receivables, net of uncollectibles:									
Intergovernmental.....	-	660,775	-	-	-	-	-	-	660,775
Due from other funds.....	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 62,161</b>	<b>\$ 876,362</b>	<b>\$ 731,205</b>	<b>\$ 149,319</b>	<b>\$ 259,322</b>	<b>\$ 775,258</b>	<b>\$ 970,703</b>	<b>\$ 329,288</b>	<b>\$ 4,153,618</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Warrants payable.....	\$ 25,844	\$ 125,668	\$ 144,301	\$ 27,503	\$ 21,173	-	-	5,988	\$ 350,477
Other liabilities.....	-	-	134,499	111,816	-	-	-	-	246,315
Deferred revenues.....	-	374,694	-	-	-	-	-	-	374,694
Notes payable.....	-	376,000	-	-	-	-	-	-	376,000
<b>TOTAL LIABILITIES.....</b>	<b>25,844</b>	<b>876,362</b>	<b>278,800</b>	<b>139,319</b>	<b>21,173</b>	<b>-</b>	<b>-</b>	<b>5,988</b>	<b>1,347,486</b>
<b>FUND BALANCES:</b>									
Reserved for:									
Perpetual permanent funds.....	-	-	-	-	-	-	-	-	-
Unreserved:									
Undesignated, reported in:									
Special revenue funds.....	36,317	-	452,405	10,000	238,149	775,258	970,703	323,300	2,806,132
Capital projects funds.....	-	-	-	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>36,317</b>	<b>-</b>	<b>452,405</b>	<b>10,000</b>	<b>238,149</b>	<b>775,258</b>	<b>970,703</b>	<b>323,300</b>	<b>2,806,132</b>
<b>TOTAL LIABILITIES AND FUND BALANCES...</b>	<b>\$ 62,161</b>	<b>\$ 876,362</b>	<b>\$ 731,205</b>	<b>\$ 149,319</b>	<b>\$ 259,322</b>	<b>\$ 775,258</b>	<b>\$ 970,703</b>	<b>\$ 329,288</b>	<b>\$ 4,153,618</b>

(Continued)



Capital Projects Funds								Permanent Funds		Total Nonmajor Governmental Funds
Old Pool Roof/Crem	Miscellaneous Small Projects	Wadworth Share Septic	Individual Title V	Land Acquisition	Senior Center	High School Sewerage Plant	Subtotal	Non- expendable		
\$ -	\$ 165,812	\$ 10,220	\$ -	\$ 29,512	\$ 19,519	\$ -	\$ 225,063	\$ 1,487,262	\$	4,731,603
-	-	-	-	-	-	-	-	477,972		951,537
-	-	-	-	-	-	-	-	-		660,775
10,692	(2,831)	-	-	-	-	-	7,861	-		7,861
<u>\$ 10,692</u>	<u>\$ 162,981</u>	<u>\$ 10,220</u>	<u>\$ -</u>	<u>\$ 29,512</u>	<u>\$ 19,519</u>	<u>\$ -</u>	<u>\$ 232,924</u>	<u>\$ 1,965,234</u>		<u>\$ 6,351,776</u>
\$ -	\$ 84,813	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ 84,844	\$ -	\$	435,321
-	-	-	-	-	-	-	-	-		246,315
-	-	-	-	-	-	-	-	-		374,694
-	910,000	-	-	-	-	3,100,000	4,010,000	-		4,386,000
-	994,813	31	-	-	-	3,100,000	4,094,844	-		5,442,330
-	-	-	-	-	-	-	-	1,666,623		1,666,623
-	-	-	-	-	-	-	-	-		2,806,132
10,692	(831,832)	10,189	-	29,512	19,519	(3,100,000)	(3,861,920)	-		(3,861,920)
-	-	-	-	-	-	-	-	298,611		298,611
10,692	(831,832)	10,189	-	29,512	19,519	(3,100,000)	(3,861,920)	1,965,234		909,446
<u>\$ 10,692</u>	<u>\$ 162,981</u>	<u>\$ 10,220</u>	<u>\$ -</u>	<u>\$ 29,512</u>	<u>\$ 19,519</u>	<u>\$ -</u>	<u>\$ 232,924</u>	<u>\$ 1,965,234</u>		<u>\$ 6,351,776</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2005

<b>Special Revenue Funds</b>									
	School Lunch	Highway Improvement	School Grants	Recreation Revolving	Town Grants	Stabilization	Pension Trust	Special Revenue Trust Funds	Sub-total
<b>REVENUES:</b>									
Intergovernmental.....	\$ 843,909	\$ 341,886	\$ 187	\$ -	\$ 251,792	\$ -	\$ -	\$ -	\$ 1,437,774
Departmental and other.....	-	-	3,752,516	213,973	137,133	-	-	-	4,103,622
Contributions.....	-	-	-	-	6,774	-	-	47,621	54,395
Investment income.....	-	-	-	-	19	25,842	38,355	11,796	76,012
<b>TOTAL REVENUES.....</b>	<b>843,909</b>	<b>341,886</b>	<b>3,752,703</b>	<b>213,973</b>	<b>395,718</b>	<b>25,842</b>	<b>38,355</b>	<b>59,417</b>	<b>5,671,803</b>
<b>EXPENDITURES:</b>									
Current:									
General government.....	-	-	-	-	79,829	-	-	80,930	160,759
Public safety.....	-	-	-	-	154,387	-	-	-	154,387
Education.....	819,102	-	3,642,693	-	-	-	-	-	4,461,795
Public works.....	-	344,695	-	-	64,322	-	-	-	409,017
Human services.....	-	-	-	-	71,667	-	-	-	71,667
Culture and recreation.....	-	-	-	178,875	116,550	-	-	-	295,425
<b>TOTAL EXPENDITURES.....</b>	<b>819,102</b>	<b>344,695</b>	<b>3,642,693</b>	<b>178,875</b>	<b>486,755</b>	<b>-</b>	<b>-</b>	<b>80,930</b>	<b>5,553,050</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>24,807</b>	<b>(2,809)</b>	<b>110,010</b>	<b>35,098</b>	<b>(91,037)</b>	<b>25,842</b>	<b>38,355</b>	<b>(21,513)</b>	<b>118,753</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers out.....	-	-	(88,621)	(35,098)	(16,576)	(267,746)	(377,627)	(158,000)	(943,668)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>-</b>	<b>-</b>	<b>(88,621)</b>	<b>(35,098)</b>	<b>(16,576)</b>	<b>(267,746)</b>	<b>(377,627)</b>	<b>(158,000)</b>	<b>(943,668)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>24,807</b>	<b>(2,809)</b>	<b>21,389</b>	<b>-</b>	<b>(107,613)</b>	<b>(241,904)</b>	<b>(339,272)</b>	<b>(179,513)</b>	<b>(824,915)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>11,510</b>	<b>2,809</b>	<b>431,016</b>	<b>10,000</b>	<b>345,762</b>	<b>1,017,162</b>	<b>1,309,975</b>	<b>502,813</b>	<b>3,631,047</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 36,317</b>	<b>\$ -</b>	<b>\$ 452,405</b>	<b>\$ 10,000</b>	<b>\$ 238,149</b>	<b>\$ 775,258</b>	<b>\$ 970,703</b>	<b>\$ 323,300</b>	<b>\$ 2,806,132</b>

(Continued)

Capital Project Funds								Permanent Funds	Total Nonmajor Governmental Funds
Old Pool Roof/Crem	Miscellaneous Small Projects	Wadworth Share Septic	Individual Title V	Land Acquisition	Senior Center	High School Sewerage Plant	Sub-total	Non-expendable	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,437,774
-	-	-	-	-	-	-	-	-	4,103,622
-	-	-	-	-	-	-	-	35,000	89,395
-	-	-	-	-	-	-	-	83,056	159,068
-	-	-	-	-	-	-	-	118,056	5,789,859
-	-	-	-	-	-	-	-	500	161,259
-	134,849	-	-	-	-	-	134,849	-	289,236
-	-	-	-	-	-	65,107	65,107	-	4,526,902
-	311,403	6,443	9,175	-	-	-	327,021	-	736,038
-	-	-	-	-	-	-	-	-	71,667
-	-	-	-	-	4,944	-	4,944	-	300,369
-	446,252	6,443	9,175	-	4,944	65,107	531,921	500	6,085,471
-	(446,252)	(6,443)	(9,175)	-	(4,944)	(65,107)	(531,921)	117,556	(295,612)
-	-	-	(4,246)	-	-	-	(4,246)	(40,000)	(987,914)
-	-	-	(4,246)	-	-	-	(4,246)	(40,000)	(987,914)
-	(446,252)	(6,443)	(13,421)	-	(4,944)	(65,107)	(536,167)	77,556	(1,283,526)
10,692	(385,580)	16,632	13,421	29,512	24,463	(3,034,893)	(3,325,753)	1,887,678	2,192,972
\$ 10,692	\$ (831,832)	\$ 10,189	\$ -	\$ 29,512	\$ 19,519	\$ (3,100,000)	\$ (3,861,920)	\$ 1,965,234	\$ 909,446

(Concluded)

# Agency Funds

## Fund Description

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

**AGENCY FUNDS**  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2005

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents.....	\$ <u>531,496</u>	\$ <u>679,794</u>	\$ <u>(728,288)</u>	\$ <u>483,002</u>
<b><u>LIABILITIES</u></b>				
Warrants payable.....	\$ 14,787	\$ 26,080	\$ (14,787)	\$ 26,080
Liabilities due depositors:				
Performance Bonds.....	529,934	215,661	(248,481)	497,114
Special Details.....	(33,351)	388,386	(421,518)	(66,483)
Deposits.....	17,667	4,923	(1,250)	21,340
Fees and Licenses.....	<u>2,459</u>	<u>44,744</u>	<u>(42,252)</u>	<u>4,951</u>
TOTAL LIABILITIES.....	\$ <u>531,496</u>	\$ <u>679,794</u>	\$ <u>(728,288)</u>	\$ <u>483,002</u>

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# ***Statistical Section***

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



*A peaceful view of the Bluefish River*

# Statistical Section

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

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



## Net Assets By Component

### Last Three Fiscal Years

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

# Changes in Net Assets

## Last Three Fiscal Years

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government.....	\$ 2,644,553	\$ 2,759,033	\$ 2,775,355
Public safety.....	6,479,713	7,208,099	7,111,573
Education.....	33,932,599	35,428,777	39,470,618
Public works.....	4,418,446	3,417,632	4,600,868
Human services.....	451,678	455,690	471,541
Culture and recreation.....	2,184,149	2,272,190	2,296,766
Community Preservation.....	55,620	238,645	161,988
Interest.....	1,193,807	1,299,940	1,510,468
State and county charges.....	364,458	328,705	327,869
Other.....	24,936	17,956	-
Total government activities expenses.....	51,749,959	53,426,667	58,727,046
Business-type activities:			
Sewer.....	1,539,972	1,469,322	2,021,809
Total primary government expenses.....	\$ 53,289,931	\$ 54,895,989	\$ 60,748,855
<b>Program Revenues</b>			
Governmental activities:			
Charges for services.....	\$ 8,481,493	\$ 9,278,912	\$ 11,523,590
Operating grants and contributions.....	8,286,268	7,893,943	7,896,524
Capital grant and contributions.....	10,746,357	5,998,907	2,088,395
Total government activities program revenues.....	27,514,118	23,171,762	21,508,509
Business-type activities:			
Charges for services.....	2,058,068	2,054,405	2,895,518
Total business-type activities program revenues.....	2,058,068	2,054,405	2,895,518
Total primary government program revenues.....	\$ 29,572,186	\$ 25,226,167	\$ 24,404,027
<b>Net (Expense)/Revenue</b>			
Governmental activities.....	\$ (24,235,841)	\$ (30,254,905)	\$ (37,218,537)
Business-type activities.....	518,096	585,083	873,709
Total primary government net expense.....	\$ (23,717,745)	\$ (29,669,822)	\$ (36,344,828)
<b>General Revenues and other Changes in Net Assets</b>			
Governmental activities:			
Real estate and personal property taxes, net of tax refunds payable.....	\$ 31,571,815	\$ 33,164,957	\$ 34,073,924
Tax liens.....	167,821	154,882	88,824
Motor vehicle and other excise taxes.....	1,898,153	2,377,327	2,427,919
Penalties and interest on taxes.....	190,307	169,501	130,612
Payments in lieu of taxes.....	-	6,369	11,417
Grants and contributions not restricted to specific programs.....	44,901	33,508	24,003
Unrestricted investment income.....	511,843	118,867	444,772
Miscellaneous.....	463,544	480,428	805,652
Transfers.....	156,000	170,000	250,000
Total governmental activities	35,004,384	36,675,839	38,257,123
Business-type activities:			
Transfers.....	(170,000)	(170,000)	(250,000)
Total primary government	\$ 34,834,384	\$ 36,505,839	\$ 38,007,123
<b>Changes in Net Assets</b>			
Governmental activities.....	\$ 10,768,543	\$ 6,420,934	\$ 1,038,586
Business-type activities.....	348,096	415,083	623,709
Total primary government.....	\$ 11,116,639	\$ 6,836,017	\$ 1,662,295

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved.....	\$ 911,975	\$ 1,213,026	\$ 1,246,611	\$ 963,360	\$ 953,225	\$ 906,448	\$ 1,370,601	\$ 1,221,077	\$ 1,116,553	\$ 878,160
Unreserved.....	4,144,400	4,354,017	4,853,773	5,582,973	5,269,895	4,776,441	4,774,661	5,161,562	3,830,999	4,467,858
Total general fund.....	\$ 5,056,375	\$ 5,567,043	\$ 6,100,384	\$ 6,546,333	\$ 6,223,120	\$ 5,682,889	\$ 6,145,262	\$ 6,382,639	\$ 4,947,552	\$ 5,346,018
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,030,069	\$ 1,631,623	\$ 1,666,623
Unreserved, reported in:										
Special revenue funds.....	1,538,545	1,735,306	502,798	669,065	785,024	907,667	1,662,547	4,905,845	5,563,192	4,351,573
Capital projects funds.....	(214,648)	(3,457,137)	(3,202,710)	(1,864,576)	(398,179)	(2,345,357)	(19,972,705)	(36,368,107)	(41,614,779)	(42,477,004)
Permanent funds.....	-	-	-	-	-	-	-	79,872	256,055	298,611
Total all other governmental funds...	\$ 1,323,897	\$ (1,721,831)	\$ (2,699,912)	\$ (1,195,511)	\$ 386,845	\$ (1,437,690)	\$ (18,310,158)	\$ (29,352,321)	\$ (34,163,909)	\$ (36,160,197)

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
Revenues:											
Real estate and personal property taxes, net of tax refunds.....	\$ 21,967,041	\$ 22,478,954	\$ 23,514,570	\$ 24,622,846	\$ 25,628,018	\$ 26,765,959	\$ 28,660,751	\$ 30,724,161	\$ 32,372,355	\$ 33,264,076	
Tax and trash liens.....	-	-	-	-	-	-	-	304,438	189,612	123,322	
Motor vehicle and other excise taxes.....	1,453,375	1,618,149	1,899,389	1,849,084	2,162,522	2,049,525	2,154,425	2,171,066	2,263,043	2,551,451	
Sewer charges.....	40,311	70,735	62,364	111,427	120,143	117,694	175,866	340,968	285,785	335,133	
Trash disposal.....	289,208	269,807	343,564	307,626	373,048	373,696	371,836	488,487	500,169	502,110	
Intergovernmental.....	3,492,408	5,247,142	5,040,788	4,637,842	6,465,524	8,264,487	8,202,770	9,069,066	9,847,182	9,402,279	
Departmental and other.....	5,218,011	5,471,393	4,139,018	4,453,079	4,559,444	4,830,356	5,279,641	5,741,560	5,530,992	7,765,978	
Special assessments.....	-	-	-	-	-	-	835,838	925,304	938,570	964,373	
Contributions.....	30,227	203,183	194,945	-	-	-	-	195,041	121,006	89,395	
Investment income.....	531,501	562,232	540,945	621,539	577,622	523,287	308,217	667,517	(94,259)	527,828	
Total Revenue.....	33,022,082	35,921,595	35,735,583	36,603,443	39,886,321	42,925,004	45,989,344	50,627,608	51,954,455	55,525,945	
Expenditures:											
General government.....	1,454,415	1,493,798	1,645,034	1,653,730	1,678,486	1,852,488	1,875,804	1,943,055	2,035,932	2,130,676	
Public safety.....	3,860,981	3,896,786	4,105,049	4,174,150	4,667,509	4,775,718	4,930,916	4,917,121	4,897,076	5,058,061	
Education.....	16,819,344	17,961,570	19,086,911	20,493,776	21,895,301	23,274,255	24,609,729	25,637,518	27,335,609	27,657,108	
Public works.....	3,946,042	4,266,199	3,249,969	3,271,811	3,181,537	3,713,629	3,737,060	3,426,003	3,539,164	3,742,100	
Human services.....	92,885	147,628	196,052	203,820	212,307	263,775	279,839	398,116	407,892	416,302	
Culture and recreation.....	945,465	965,185	1,240,487	1,320,273	1,427,400	1,569,421	1,561,039	1,730,232	1,571,731	1,626,560	
Community preservation.....	-	-	-	-	-	-	-	2,200,620	238,645	2,296,065	
Pension benefits - Town.....	859,205	783,606	750,051	872,953	972,696	1,008,290	1,047,329	1,069,489	1,201,990	1,243,039	
Pension benefits - School.....	-	-	-	-	1,793,000	2,043,000	1,939,139	2,190,000	2,861,000	3,193,000	
Property and liability insurance.....	171,841	156,721	161,315	182,440	202,532	230,195	259,633	206,191	233,699	276,747	
Employee benefits.....	2,405,773	2,194,098	2,178,481	2,036,645	2,330,151	2,598,116	2,821,794	3,995,801	6,209,929	6,097,345	
Claims and judgements.....	-	61,230	-	-	-	-	-	-	-	-	
Other.....	-	-	-	-	-	-	-	24,936	17,956	-	
State and county charges.....	389,327	390,317	396,837	313,078	435,557	429,410	398,380	364,458	328,705	327,869	
Capital outlay.....	2,240,324	4,848,521	4,434,127	946,866	833,603	3,805,115	18,759,381	18,468,402	5,871,672	857,979	
Debt service.....											
Principal.....	1,263,771	1,367,646	730,604	831,080	1,051,536	1,272,052	1,253,478	1,133,085	1,323,432	1,366,138	
Interest.....	-	-	347,792	371,471	400,563	420,982	424,700	1,195,447	1,299,181	1,518,928	
Total Expenditures.....	34,449,373	38,533,305	38,522,709	36,672,093	41,082,178	47,256,446	63,898,221	68,900,474	59,373,613	57,807,917	
Excess (deficiency) of revenues over (under) expenditures..	(1,427,291)	(2,611,710)	(2,787,126)	(68,650)	(1,195,857)	(4,331,442)	(17,908,877)	(18,272,866)	(7,419,158)	(2,281,972)	
Other Financing Sources (Uses)											
Proceeds from bonds and notes.....	-	-	3,915,000	1,835,000	2,300,000	1,785,676	1,029,000	1,815,582	625,000	-	
Premium from issuance of bonds.....	-	-	-	-	-	-	189,781	350,350	377,483	434,150	
Transfers in.....	3,562,279	76,650	460,649	485,314	455,382	484,758	594,908	545,764	1,131,445	1,237,914	
Transfers out.....	(102,629)	-	(219,649)	(301,314)	(300,382)	(303,758)	(314,909)	(389,764)	(961,445)	(987,914)	
Total other financing sources (uses).....	3,459,650	76,650	4,156,000	2,019,000	2,455,000	1,966,676	1,498,780	2,321,932	1,172,483	684,150	
Net change in fund balance.....	\$ 2,032,359	\$ (2,535,060)	\$ 1,368,874	\$ 1,950,350	\$ 1,259,143	\$ (2,364,766)	\$ (16,410,097)	\$ (15,950,934)	\$ (6,246,675)	\$ (1,597,822)	
Debt service as a percentage of noncapital expenditures.....	4%	4%	3%	3%	4%	4%	4%	5%	5%	5%	

**Notes:**

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

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

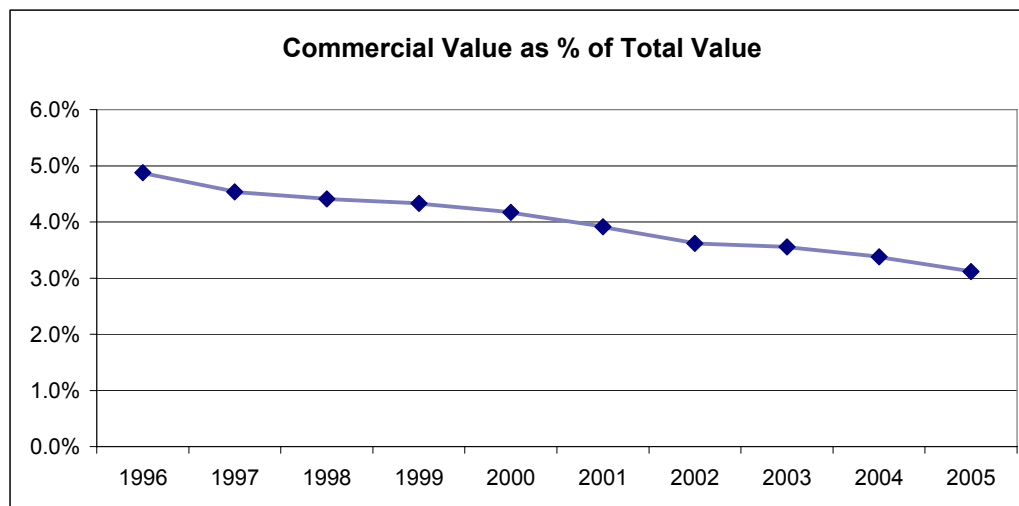
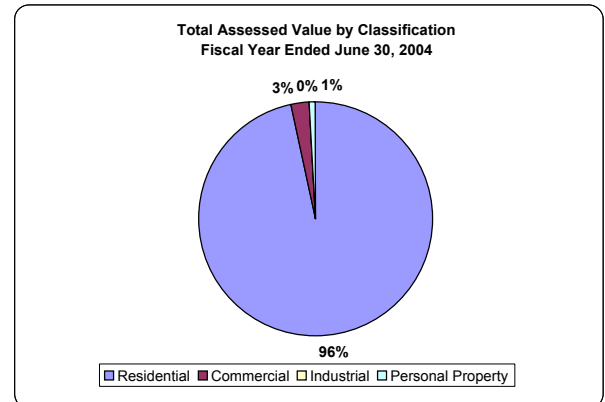
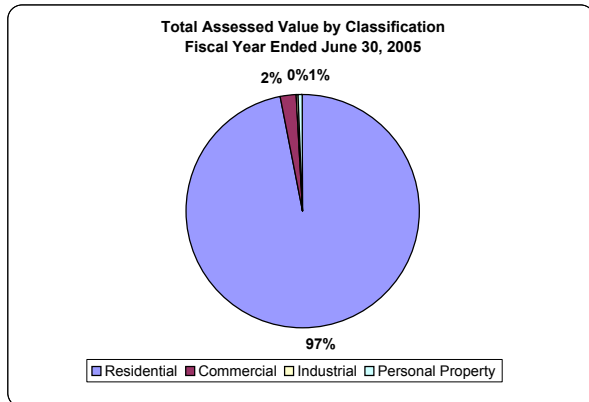
In fiscal year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

Debt service interest and principal expenditures for 1996 and 1997 are combined.

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

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates							
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value
1996	\$1,194,827,620	\$17.30	\$44,136,580	\$616,600	\$16,498,850	\$61,252,030	\$17.30	\$1,256,079,650
1997 (1)	\$1,322,615,822	\$16.30	\$44,728,624	\$668,100	\$17,456,830	\$62,853,554	\$16.30	\$1,385,469,376
1998	\$1,357,392,194	\$16.60	\$44,372,820	\$668,100	\$17,602,060	\$62,642,980	\$16.60	\$1,420,035,174
1999	\$1,447,489,529	\$16.25	\$46,775,022	\$668,100	\$18,114,280	\$65,557,402	\$16.25	\$1,513,046,931
2000 (1)	\$1,662,032,405	\$14.84	\$52,865,687	\$1,631,200	\$17,836,700	\$72,333,587	\$14.84	\$1,734,365,992
2001	\$1,966,361,045	\$13.17	\$59,424,509	\$1,846,200	\$18,818,640	\$80,089,349	\$13.17	\$2,046,450,394
2002	\$2,209,062,754	\$12.42	\$61,518,646	\$1,924,500	\$19,451,200	\$82,894,346	\$12.42	\$2,291,957,100
2003 (1)	\$2,483,838,545	\$12.06	\$70,975,755	\$1,986,300	\$18,557,010	\$91,519,065	\$12.06	\$2,575,357,610
2004	\$2,778,019,842	\$11.33	\$73,961,358	\$2,195,500	\$21,033,140	\$97,189,998	\$11.33	\$2,875,209,840
2005	\$3,194,763,079	\$10.14	\$78,663,121	\$2,003,400	\$22,077,720	\$102,744,241	\$10.14	\$3,297,507,320



(1) Revaluation year.

Source: Assessor's Department, Town of Duxbury

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

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

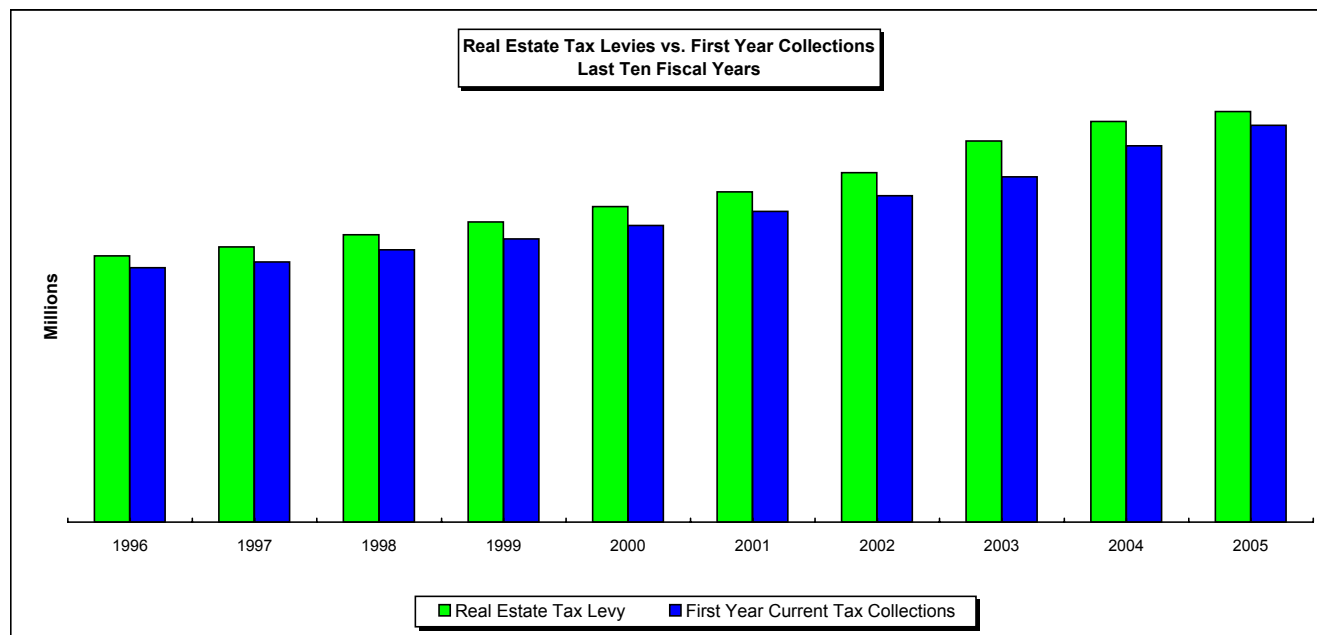
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name	Nature of Business	2005			1996*		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
The Village at Duxbury	Retirement community	\$37,321,270	1	0.85%	\$10,000,000	1	0.85%
Nstar Services	Utility	\$8,141,730	2	0.25%	-	-	-
Sheehan, Gerald	Residence	\$8,002,000	3	0.24%	\$2,203,200	9	0.19%
Welch, Thomas F.	Nursing Home	\$7,394,600	4	0.22%	\$4,580,700	2	0.39%
Schleicher, Don	Residence	\$6,532,500	5	0.20%	-	-	-
Dunn, Steven	Residence	\$6,060,300	6	0.18%	-	-	-
Standish, LLC	Medical Building	\$5,582,300	7	0.17%	-	-	-
Weyerhaeuser, CA	Residence	\$4,259,200	8	0.13%	-	-	-
Trapelo Realty	Shopping Plaza	\$4,235,300	9	0.13%	\$3,004,200	4	0.26%
Kellywood Nom Trust	Residence	\$4,157,000	10	0.13%	-	-	-
Island Creek Village	Real Estate	-	-	-	\$3,686,900	3	0.31%
Schofield, Albert	Real Estate - Condos	-	-	-	\$2,393,100	5	0.20%
Duxbury Yacht Club	Private Club	-	-	-	\$2,360,100	6	0.20%
Nynex	Utility	-	-	-	\$2,332,400	7	0.20%
Keith J. W. and Duggan W. E.	Builder/Developer	-	-	-	\$2,328,100	8	0.20%
Cavanaugh, D. J. and Rubin J. A.	Real Estate	-	-	-	\$2,134,400	10	0.18%
<b>Totals</b>		<u>\$91,686,200</u>		<u>2.50%</u>	<u>\$35,023,100</u>		<u>2.98%</u>
Source: Assessor's Department							
*Actual numbers from fiscal 1995							

# Property Tax Levies and Collections

## Last Ten Fiscal Years

Fiscal Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1996		\$21,730,178	\$132,486	\$21,597,692	99.39%	\$21,121,381	97.8%	\$476,311	\$21,597,692	100.00%
1997	(1)	\$22,583,151	\$247,547	\$22,335,604	98.90%	\$22,098,628	98.9%	\$236,976	\$22,335,604	100.00%
1998		\$23,572,583	\$262,975	\$23,309,608	98.88%	\$22,970,756	98.5%	\$338,852	\$23,309,608	100.00%
1999		\$24,587,013	\$223,540	\$24,363,473	99.09%	\$24,065,194	98.8%	\$298,279	\$24,363,473	100.00%
2000	(1)	\$25,737,991	\$124,136	\$25,613,855	99.52%	\$25,206,187	98.4%	\$407,668	\$25,613,855	100.00%
2001		\$26,951,751	\$154,035	\$26,797,716	99.43%	\$26,481,552	98.8%	\$316,164	\$26,797,716	100.00%
2002		\$28,466,107	\$101,481	\$28,364,626	99.64%	\$28,008,980	98.7%	\$355,646	\$28,364,626	100.00%
2003	(1)	\$31,058,813	\$126,554	\$30,932,259	99.59%	\$30,546,914	98.8%	\$385,345	\$30,932,259	100.00%
2004		\$32,576,128	\$74,104	\$32,502,024	99.77%	\$32,184,832	99.0%	\$317,192	\$32,502,024	100.00%
2005		\$33,436,724	\$113,945	\$33,322,779	99.66%	\$32,956,365	98.9%	\$416,659	\$33,373,024	100.15%



(1) Revaluation year.

(2) Includes tax liens.

# Ratios of Outstanding Debt and General Bonded Debt

## Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1996	14,506	359,313,620	\$1,247,372,200	\$4,360,000	\$0	\$301	1.21%	0.35%
1997	14,661	391,410,068	\$1,408,233,000	\$3,550,000	\$0	\$242	0.91%	0.25%
1998	14,480	406,924,048	\$1,408,233,000	\$6,110,000	\$0	\$422	1.50%	0.43%
1999	14,880	440,173,730	\$1,578,071,900	\$7,140,000	\$0	\$480	1.62%	0.45%
2000	14,890	463,652,153	\$1,734,365,922	\$8,415,000	\$0	\$565	1.81%	0.49%
2001	14,847	486,645,472	\$2,046,450,394	\$7,170,000	\$0	\$483	1.47%	0.35%
2002	14,696	507,048,516	\$2,291,957,100	\$8,574,000	\$0	\$583	1.69%	0.37%
2003	15,121	549,170,602	\$2,575,357,610	\$9,103,000	\$0	\$602	1.66%	0.35%
2004	15,127	578,303,697	\$2,875,209,840	\$8,454,997	\$0	\$559	1.46%	0.29%
2005	15,210	612,080,820	\$3,297,507,320	\$7,893,853	\$0	\$519	1.29%	0.24%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1996	\$1,941,000	\$0	\$6,301,000	\$434	1.75%	0.51%
1997	\$2,328,000	\$0	\$5,878,000	\$401	1.50%	0.42%
1998	\$2,173,947	\$0	\$8,283,947	\$572	2.04%	0.59%
1999	\$4,691,316	\$0	\$11,831,316	\$795	2.69%	0.75%
2000	\$4,844,780	\$0	\$13,259,780	\$891	2.86%	0.76%
2001	\$4,340,404	\$0	\$11,510,404	\$775	2.37%	0.56%
2002	\$4,061,926	\$0	\$12,635,926	\$860	2.49%	0.55%
2003	\$4,155,841	\$0	\$13,258,841	\$877	2.41%	0.51%
2004	\$5,249,991	\$0	\$13,704,988	\$906	2.37%	0.48%
2005	\$3,755,000	\$0	\$11,648,853	\$766	1.90%	0.35%

(1) Sewer Fund

Source: Audited Financial Statements, U. S. Census



# **Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2005**

<u>Town of Duxbury, Massachusetts</u>	<u>Debt Outstanding*</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Plymouth County.....	\$ 5,500,000	5.85%	\$ 321,750
Massachusetts Bay Transportation Authority.....	3,342,985,000	0.09%	<u>3,008,687</u>
Subtotal, overlapping debt.....			3,330,437
Town direct debt.....			<u>7,893,853</u>
Total direct and overlapping debt.....			<u>\$ 11,224,290</u>

\*Outstanding debt as of 11/1/04

Source: Plymouth County and Massachusetts Bay Transportation Authority

# Computation of Legal Debt Margin

## Last Ten Fiscal Years

(Amounts in Thousands)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Equalized Valuation	<u>\$1,247,372</u>	<u>\$1,408,233</u>	<u>\$1,408,233</u>	<u>\$1,578,072</u>	<u>\$1,578,072</u>	<u>\$1,892,796</u>	<u>\$1,892,796</u>	<u>\$2,564,487</u>	<u>\$2,564,487</u>	<u>\$3,133,658</u>
Debt Limit -5% of Equalized Valuation	\$62,369	\$ 70,412	\$ 70,412	\$ 78,904	\$ 78,904	\$ 94,640	\$ 94,640	\$ 128,224	\$ 128,224	\$ 156,683
Less:										
Outstanding debt applicable to limit	6,301	8,522	8,279	11,831	13,060	13,302	12,636	13,451	13,705	11,649
Authorized and unissued debt	<u>7,372</u>	<u>5,228</u>	<u>7,875</u>	<u>2,540</u>	<u>5,955</u>	<u>47,999</u>	<u>48,492</u>	<u>45,889</u>	<u>47,276</u>	<u>51,297</u>
Legal debt margin	<u>\$48,696</u>	<u>\$56,662</u>	<u>\$54,258</u>	<u>\$64,533</u>	<u>\$59,889</u>	<u>\$33,339</u>	<u>\$33,512</u>	<u>\$68,884</u>	<u>\$67,243</u>	<u>\$93,737</u>
Total debt applicable to the limit as a percentage of debt limit	21.92%	19.53%	22.94%	18.21%	24.10%	64.77%	64.59%	46.28%	47.56%	40.17%

## Demographic and Economic Statistics

### Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
1996	14,506	359,313,620	\$24,770	37.2	2,774	2.7%
1997	14,661	391,410,068	\$26,697	37.2	2,868	2.5%
1998	14,480	406,924,048	\$28,102	37.2	2,940	2.2%
1999	14,880	440,173,730	\$29,582	37.2	2,961	2.2%
2000	14,890	463,652,153	\$31,138	37.2	3,048	1.6%
2001	14,847	486,645,472	\$32,777	40.3	3,085	1.8%
2002	14,696	507,048,516	\$34,502	40.3	3,150	2.7%
2003	15,121	549,170,602	\$36,318	40.3	3,191	3.9%
2004	15,127	578,303,697	\$38,230	40.3	3,231	3.9%
2005	15,210	612,080,820	\$40,242	40.3	3,282	3.2%

**Principal Employers (excluding Town)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2005			1996*		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bay Path Nursing Home	Nursing Home	180	1	2.57%	180	1	2.63%
Various Utilities	Utilities	130	2	1.86%	-	-	-
The Village at Duxbury	Retirement Condos	100	3	1.43%	100	2	1.46%
Battelle Labs	Research	80	4	1.14%	80	4	1.17%
Duxbury Yacht Club	Yacht Club	45	5	0.64%	45	5	0.66%
US Post Office	Mail	33	6	0.47%	33	6	0.48%
Verc Enterprises	Convenience Store, Gasoline Sales	30	7	0.43%	-	-	-
Millbrook Motors	Automotive	16	8	0.23%	16	8	0.23%
A&P Food Store	Grocery	-	-	-	98	3	1.43%
Verc Garage	Automotive	-	-	-	30	7	0.44%
Goodrich	Building Supplies	-	-	-	11	9	0.16%
Shawn Dahlen Co. Inc.	Builder	-	-	-	10	10	0.15%
*Actual numbers from fiscal 1995							

Source: Massachusetts Department of Employment and Training

# Full-time Equivalent Town Employees by Function

## Last Ten Fiscal Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Function										
General government.....	19	19	19	22	22	22	22	23	22	22
Public safety.....	57	64	66	66	66	66	66	66	67	67
Education.....	254	260	237	236	231	275	277	286	286	297
Public works.....	37	37	38	38	38	42	42	42	42	43
Human services.....	2	2	2	2	2	2	2	3	3	3
Culture and recreation.....	12	14	14	20	20	20	22	22	19	19
Total .....	<u>381</u>	<u>396</u>	<u>376</u>	<u>384</u>	<u>379</u>	<u>427</u>	<u>431</u>	<u>442</u>	<u>439</u>	<u>451</u>

# Operating Indicators by Function/Program

## Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fire Department										
Fire related calls.....	n/a	n/a	n/a	n/a	n/a	878	671	785	645	794
Rescue/EMS.....	n/a	n/a	n/a	n/a	n/a	877	1,115	1,104	1,163	1,138
Inspectional Services Department										
Number of building permits (quick and zoning).....	408	408	491	577	513	511	554	717	631	507
Number of electrical permits.....	441	477	508	514	544	516	551	585	553	360
Number of plumbing/gas permits.....	479	407	415	555	589	567	602	644	635	436
Water/Sewer										
Number of gallons pumped (millions).....	492,011	574,234	584,433	541,120	480,278	530,384	501,266	523,613	487,600	550,523
Number of new services added.....	28	39	47	38	36	11	41	44	40	20
Number of additional mains installed.....	4	3	3	4	3	-	-	4	4	1
Number of main improvements.....	5	2	17	16	7	6	2	7	4	2
Highway										
Number of miles completed-road rehab.....	7.2	6.08	9.11	5.92	4.9	n/a	n/a	n/a	n/a	n/a
Number of snow operations.....	n/a	17	n/a	33	17	43	25	n/a	28	
Recreation										
Number of programs offered.....	20	22	25	28	35	36	41	45	48	52
Number of participants-winter.....	n/a	n/a	n/a	n/a	n/a	584	592	609	587	n/a
Number of participants-spring.....	n/a	n/a	n/a	n/a	n/a	362	380	331	358	260
Number of participants-summer.....	n/a	n/a	n/a	n/a	n/a	793	774	794	781	789
Number of participants-fall.....	n/a	n/a	n/a	n/a	n/a	439	453	602	444	550
Parking Sticker Sales										
Non resident oversand.....	n/a	n/a	2,200	2,700	2,544	2,742	3,114	3,076	2,834	2,507
Oversand.....	n/a	n/a	2,600	2,700	2,757	2,748	2,846	2,822	2,850	3,131
Parking lot.....	n/a	n/a	3,500	3,600	3,627	3,588	3,586	3,367	3,396	3,380
Transfer station.....	n/a	n/a	7,500	7,800	7,476	7,972	7,310	7,349	6,192	6,046
Senior Center										
Number of visitors.....	n/a	n/a	n/a	n/a	n/a	n/a	7,500	13,352	17,776	19,600
Number of activities.....	n/a	n/a	n/a	n/a	n/a	132	477	622	663	697
Number of congregate meals.....	n/a	n/a	n/a	n/a	n/a	1,560	n/a	7,129	7,657	5,493
Number of delivered meals.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,269	3,756	6,904
Number of paying rentals.....	n/a	n/a	n/a	n/a	n/a	n/a	12	59	64	84
Number of committee meetings.....	n/a	n/a	n/a	n/a	n/a	n/a	46	71	128	164
Duxbury Free Library										
	Wright Building		New Building							
Holdings.....	83,339	86,952	90,226	101,688	98,663	104,163	107,478	111,584	114,928	116,131
Reference questions answered.....	9,320	8,316	8,926	8,736	7,213	10,249	13,536	12,878	10,854	9,935
Print materials loaned.....	113,009	119,150	141,368	156,134	160,377	162,300	166,131	170,188	169,868	153,802
Videos loaned.....	10,802	17,573	23,972	31,122	37,881	43,216	48,020	46,287	54,176	49,047
All loans.....	143,356	158,631	190,357	216,941	231,098	239,644	246,765	259,480	257,439	235,680
Loans provided to other towns.....	12,789	12,731	13,488	17,468	17,115	19,772	24,551	22,451	22,816	19,123
Materials borrowed from other towns.....	8,851	10,640	14,148	16,240	17,648	19,728	21,978	22,509	20,648	21,869
Children's programs held.....	183	134	241	306	300	317	327	332	262	218
Children's program attendance.....	3,306	3,526	5,743	6,213	6,914	7,430	7,999	7,568	6,015	6,229
Adult & Teen programs held.....	12	9	18	21	20	202	202	135	138	119
Adult & Teen program attendance.....	750	625	1,232	480	525	3,728	3,381	2,546	2,525	3,065
Public computers.....	10	10	21	21	23	27	30	28	28	30
Public meeting room use.....	n/a	n/a	n/a	n/a	n/a	768	739	834	709	640

Source: Various Town Departments

N/A - Information not available

# Capital Asset Statistics by Function/Program

## Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government										
Number of buildings.....	5	5	5	5	5	5	5	5	5	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Animal control facilities.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	1	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
Public Works										
Water pumping stations.....	13	13	13	13	13	13	13	13	13	13
Water towers.....	2	2	2	2	2	2	2	2	2	2
Water other.....	3	3	3	3	3	3	3	3	3	3
Sewage treatment plant.....	1	1	1	1	1	1	1	1	1	1
Shared septic systems.....	2	2	2	2	2	2	2	2	2	2
Public works buildings.....	11	11	11	11	11	11	11	11	11	11
Crematories.....	1	1	1	1	1	1	1	1	1	1
Cemetery buildings.....	3	3	3	3	3	3	3	3	3	3
Human Services										
Council on aging - senior center.....	-	-	-	-	-	-	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	28.3	28.3	28.3	28.3	28.3	28.3	28.3	28.3	28.3	32.8
Playgrounds*.....	-	-	-	-	-	1	2	2	3	3
Ball fields*.....	24	24	24	24	24	24	24	24	24	29
Basketball courts.....	2	2	2	2	2	2	2	2	2	3
Tennis courts.....	13	13	13	13	13	13	13	13	13	14
Pools.....	1	1	1	1	1	1	1	1	1	1
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	4	4	4	4	4	4	4	4	4	4
Libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

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



*Recreational facilities; including several fields, tennis courts, and playgrounds;  
were improved with Community Preservation funds*