

TOWN OF DUXBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the year ended
June 30, 2017**

On the cover: *An oak tree stands in the O'Neil Farm pasture*

*The Town of
Duxbury, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Year
July 1, 2016 through June 30, 2017**

Prepared by the Finance Department

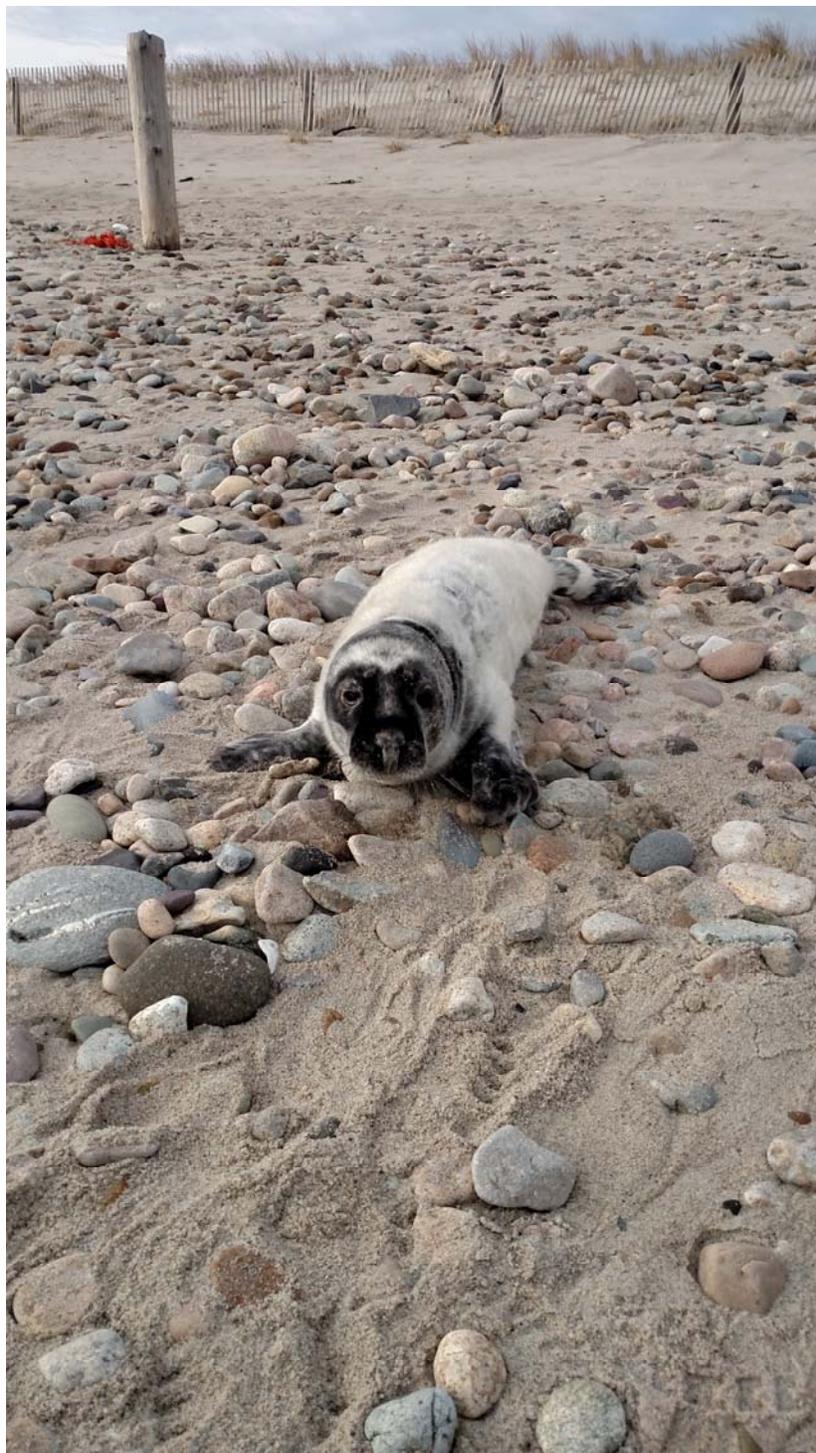
Town of Duxbury, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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Introductory Section



Introductory Section

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Finance Director
John Madden

Town of Duxbury, Massachusetts

ACCOUNTING DEPARTMENT

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December 22, 2017

Letter of Transmittal

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

Subsequent to the close of each year, state law requires the Town of Duxbury to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Duxbury, Massachusetts, for the year ending June 30, 2017, for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Duxbury a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Duxbury. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Duxbury's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP.

The Town of Duxbury's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Duxbury for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Duxbury's financial statements for the year ended June 30, 2017, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

Duxbury, incorporated on June 17, 1637, was the home of Captain Myles Standish and John Alden. The Town was originally established as a community with plentiful lands for harvesting crops and other natural resources as well as providing a livelihood for many in the shellfish and fishing industries. Because of its proximity to the ocean and its natural harbor, the harbor became one of the busiest in the world during the "Golden Age of Shipbuilding" (approximately 1800-1874) and the Town enjoyed a period of great prosperity. During the late 1800's other industries began to develop including shoe manufacturing, cranberry harvesting, charcoal production and the production of textiles. The first department store in America, "Ford's Store" was established in 1826 and the Franco-American cable was pulled ashore at Duxbury Beach on July 23, 1869, uniting Europe and the United States in the first trans-Atlantic telegraph connection. Duxbury is also home to the famous Island Creek oyster. Known for their quality and distinctive flavor, these oysters are in great demand and are shipped to points throughout the United States as well as Bermuda, the Caribbean, and Hong Kong. Duxbury is a town of quiet dignity and stability, with beautiful beaches, tides and marshes combined with Cape Cod homes and Sea Captain's Colonials.

The Town is governed by an open Town Meeting form of government and is located in Southeastern Massachusetts in Plymouth County approximately 33 miles from Boston. Duxbury is accessible by Route 3, a major highway, as well as secondary roads including Routes 3A and 114. The Town is bordered by the Towns of Pembroke on the west, Marshfield on the north, Kingston on the south and the Atlantic Ocean on the east and southeast. Duxbury occupies an area of approximately 23.76 square miles and its population is 15,636 based on the most recent town census.

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

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

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

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

Budgetary Controls

The Finance Director is responsible for preparing the budget and reviewing it with the various departments, boards and committees. This budget is then presented to the Town Manager who, in turn, after review, presents the budget to the Board of Selectmen. The Selectmen review all requests and town-wide issues and present a budget to Town Meeting for approval. A nine member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting. A separate Fiscal Advisory Committee also made up of nine citizen volunteers appointed by the Town Moderator reviews capital expenditure plans.

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

Factors Affecting Economic Condition

Local Economy

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

In 2017, the average price of a home in Duxbury was \$680,200 (based upon 2016 sales data), an increase of approximately 6.30% from the previous year. The current economic environment indicates that property values are on the rise. Building permit activity over the last several years has been strong; a good indicator that that building construction and renovation will convert to increased tax dollars. The community has preserved large amounts of open space. Duxbury is an ocean front community with a pristine coastline, as well as having an excellent reputation for academics, athletics and many cultural and natural amenities. Easy access to the commuter rail in neighboring Kingston facilitates the commute to Boston. All of this has made Duxbury a highly desirable location.

The Town continues to be faced with financial challenges. State aid results have been erratic in recent years. While the Town enjoyed a 4.48% increase from FY 2016 to FY 2017, State aid has risen, on average, less than 2.35% over the last three years while state and county assessments over that same period have risen, on average, nearly 8%. Local Receipts showed a one year increase of over 2.5%, due primarily to a spike in motor vehicle excise and continued strength in construction related permitting. While too early to be considered a trend, the three year average for local receipts was nearly 3.9%. The Town was less successful control rising health care costs which will necessitate a 12% rate increase in FY 2018. Fixed costs continue to add to the economic pressures. During the summer of 2017, the Town saw the return of the endangered species Piping Plover in significant numbers. This resulted in restricted use of the beach at various times during the summer. However, residents and non-residents alike continue to purchase annual beach stickers at a record pace.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town last approved a Proposition 2½ operating override (in the amount of \$1,000,000) in 1989 and it is unclear whether this will be a viable solution in the near future. New growth for 2017 was strong, and this trend looks to continue for the foreseeable future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards and committees, departments, unions and citizens. This cooperation has led to solid fund balances. Constant oversight is given to the Health Claims Trust, resulting in an equity position that more than covers the 'incurred but not reported' claims accrual at the end of 2017. A town-wide approach to problem solving in this area has resulted in a five year average of nearly level funding in the health insurance budget.

During the 2017 budget cycle, departments continued to work together to create a budget that did not rely heavily on long-term reserves. The Town further addressed revenue needs with increased fees wherever practical. Department heads, committees, and boards understand that, all in all, revenues are not going to dramatically increase anytime soon. Knowing this, everyone involved in the budget process is committed to providing services more efficiently and at a lower cost.

Long-Term Financial Planning

The Town's long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2½. Discussions are ongoing concerning issues regarding how to provide the community with the level of services it has come to expect under difficult financial conditions. Town departments, the School Committee, Finance Committee, and the Fiscal Advisory Committee have all provided input.

The Town continues to review and modify its sustainable long-term financial plan. Management recognizes that in order to continue to provide services to the community, while at the same time maintaining its existing infrastructure, a formalized plan is necessary. Issues being discussed include long range capital planning, appropriate reserve levels and new revenue sources. The Town has identified debt usage and increasing reserves such as Stabilization as areas requiring greater attention. FY 2017 was a quiet year for capital construction projects. Shortly the Town will be reviewing expansion projects related to the Council on Aging senior center and an aging Public Works facility.

During 2017, the Town dedicated just over \$1,100,000 in Free Cash and other one-time revenues to fund the portion of the capital plan related to building and equipment replacement and repair. Going forward, it is the goal of the Town to provide at least one million dollars in "cash" funding on an annual basis for capital needs. Additionally, \$950,000 was voted to increase reserves such as the Stabilization Fund and Pension Reserve Fund. This figure also includes \$300,000 to fund the Other Postemployment Benefit Fund.

Relevant Financial Policies

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

Major Initiatives

The Town, through its long range planning development and strong financial position, saw its bond rating reaffirmed at AAA status. We are all very proud of this achievement. It was through these efforts that the Town has secured and maintained such a lofty bond rating.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Duxbury for its comprehensive annual financial report (CAFR) for the year ended June 30, 2016. This was the twelfth year that the Town submitted a CAFR to the GFOA. Based on information available on the GFOA website, only thirty-five municipalities in Massachusetts received this distinction for fiscal year 2016. Of the thirty-five, only seven have held the distinction for more years. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Madden", with a long horizontal flourish extending to the right.

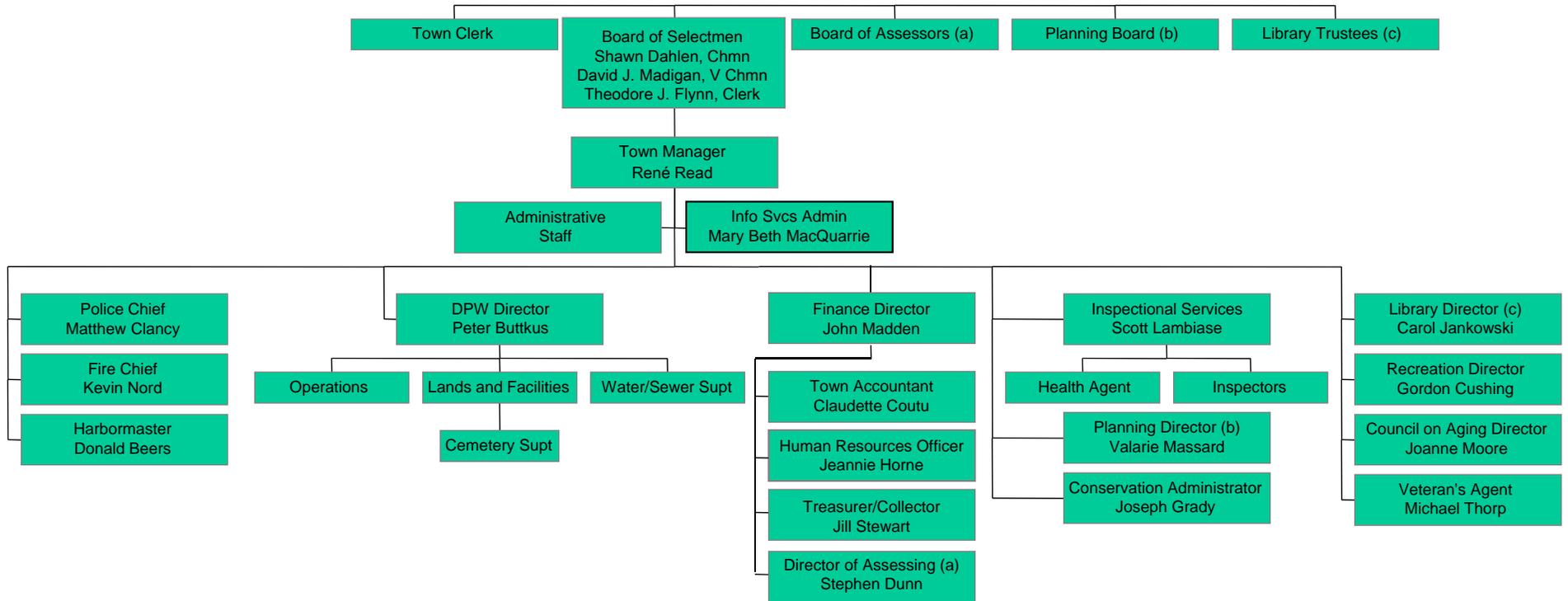
John Madden
Finance Director

Town of Duxbury, Massachusetts

Principal Executive Officers

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Length of Term</u>	<u>Expiration of Term</u>
Chairman-Board of Selectmen	Shawn Dahlen	Elected	3 Years	2019
Vice Chairman-Board of Selectmen	David J. Madigan	Elected	3 Years	2018
Clerk-Board of Selectmen	Theodore J. Flynn	Elected	3 Years	2020
Town Manager	René J. Read	Appointed	Indefinite	N/A
Finance Director	John M. Madden	Appointed	Indefinite	N/A
Town Accountant	Claudette Coutu	Appointed	Indefinite	N/A
Treasurer/Collector	Jill Stewart	Appointed	Indefinite	N/A
Town Clerk	Susan C. Kelley	Elected	3 Years	2019
Assessor- Chairman	Linda M. Collari	Elected	3 Years	2018
Assessor-Vice Chairman	James G. MacNab	Elected	3 Years	2019
Assessor-Clerk	Nancy D. Reed	Elected	3 Years	2020
Superintendent of Schools	Dr. John J. Antonucci	Appointed	Indefinite	N/A
School Business Manager	David Proule	Appointed	Indefinite	N/A
Director of Public Works	Peter Buttkus	Appointed	Indefinite	N/A
Town Moderator	John Tuffy	Elected	1 Year	2017
Town Counsel	Arthur P. Kreiger	Appointed	Indefinite	N/A

Town of Duxbury, Massachusetts Organizational Chart



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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Duxbury
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section



Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Duxbury, Massachusetts

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Duxbury, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Duxbury, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

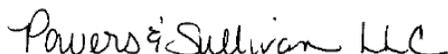
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Duxbury, Massachusetts' basic financial statements. The introductory section, combining statements, individual fund statements and statistical section, as listed in the table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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Town of Duxbury, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Duxbury, Massachusetts' internal control over financial reporting and compliance.



December 22, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Duxbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Duxbury's government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126 million at the end of 2017. The Town's total net position increased by \$32,000 during 2017, this is an indication that the Town's overall financial position improved from the prior year.

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

Governmental Activities

The results of operations of the governmental activities are discussed in the following paragraphs and tables. Net position of \$136 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental activities' net position, \$9.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$34.4 million. The deficit is primarily the result of the recognition of net pension liability of \$31.6 million along with the other postemployment benefits liability of \$32.5 million. These are long term unfunded liabilities that will not require significant short term resources.

The governmental activities net position decreased by \$326,000 during the current year. Net position invested in capital assets increased by \$2.1 million. Key reasons for this increase were capital grants of \$1.2 million for school, roadway, and community preservation projects, and funding from the operating budget and other special revenue funds totaling \$1.4 million toward capital purchases. The \$367,000 increase in restricted net position was mainly the use of the community preservation funds for capital purchases. The decrease of \$2.8 million in unrestricted net position was partially due to the recognition of an additional \$1.4 million in other postemployment benefit obligations liability (OPEB); a \$1.4 million increase to the net pension liability net of deferred inflows and outflows related to pensions; a \$1.2 million decrease in the health insurance internal service fund; offset by a transfer of capital assets from the Percy Walker Pool, better than expected budgetary results and capital outlay funded by current operations of approximately \$1.1 million.

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

	Balance at June 30, 2017	Balance at June 30, 2016
	<u>2017</u>	<u>2016</u>
Assets:		
Current assets.....	\$ 47,822,161	\$ 47,545,944
Noncurrent assets (excluding capital).....	509,140	536,536
Capital assets, non depreciable.....	40,669,810	40,999,705
Capital assets, net of accumulated depreciation.....	183,300,405	185,427,263
Total assets.....	<u>272,301,516</u>	<u>274,509,448</u>
Deferred Outflows of Resources.....	<u>4,593,587</u>	<u>3,536,683</u>
Liabilities:		
Current liabilities (excluding debt).....	9,129,065	8,643,618
Noncurrent liabilities (excluding debt).....	64,967,369	61,892,396
Current debt.....	9,079,472	12,646,159
Noncurrent debt.....	81,577,764	83,069,836
Total liabilities.....	<u>164,753,670</u>	<u>166,252,009</u>
Deferred Inflows of Resources.....	<u>1,230,985</u>	<u>557,598</u>
Net Position:		
Net investment in capital assets.....	135,950,281	133,843,271
Restricted.....	9,323,803	8,956,769
Unrestricted.....	<u>(34,363,636)</u>	<u>(31,563,516)</u>
Total net position.....	<u>\$ 110,910,448</u>	<u>\$ 111,236,524</u>

Capital grant revenues came in higher than the previous year due to increased reimbursement for roadway projects offset with decreased state reimbursements for the construction of the co-located school, as the project was completed during the year. Operating grant revenue came in higher from the previous year due to increased state financing for the Massachusetts's Teacher's Retirement System.

The public safety functional expense increased partly due to the expenditures related to the new regional 911 dispatch center. The education functional expense line increased due to an increase in the payment made to the Massachusetts's Teacher's Retirement System and in the operating budget. The claims and judgement payment in 2016 related to a settlement over the management of the Town's golf course.

	Year Ended June 30, 2017	Year Ended June 30, 2016
	<u>2017</u>	<u>2016</u>
Program Revenues:		
Charges for services.....	\$ 15,806,189	\$ 15,205,361
Operating grants and contributions.....	16,276,654	13,869,319
Capital grants and contributions.....	1,161,840	953,518
General Revenues:		
Real estate and personal property taxes.....	57,825,786	56,346,529
Tax liens.....	65,223	2,570
Motor vehicle and other excise taxes.....	3,130,995	2,870,355
Community preservation taxes.....	482,247	462,949
Penalties and interest on taxes.....	285,929	263,221
Payments in lieu of taxes.....	11,725	13,476
Nonrestricted grants and contributions.....	1,030,560	982,675
Unrestricted investment income.....	864,313	1,404,393
Miscellaneous.....	50,000	6,500
Gain on sale of capital assets.....	4,440	-
Total revenues.....	<u>96,995,901</u>	<u>92,380,866</u>
Expenses:		
General government.....	4,980,915	4,943,552
Public safety.....	13,087,396	11,612,777
Education.....	65,375,555	58,761,241
Public works.....	6,666,580	7,653,366
Human services.....	1,333,179	1,359,923
Culture and recreation.....	3,394,809	3,146,025
Community preservation.....	259,022	334,472
Claims and judgements.....	-	435,000
Interest.....	2,302,634	2,385,421
Total expenses.....	<u>97,400,090</u>	<u>90,631,777</u>
Excess (deficiency) before special item and transfers.....	(404,189)	1,749,089
Special Item - Conversion to governmental activities (Note 14).....	<u>(214,215)</u>	<u>-</u>
Transfers.....	<u>292,328</u>	<u>(183,986)</u>
Change in net position.....	(326,076)	1,565,103
Beginning net position.....	<u>111,236,524</u>	<u>109,671,421</u>
Ending net position.....	<u><u>\$ 110,910,448</u></u>	<u><u>\$ 111,236,524</u></u>

Business-type Activities

The results of operations for the business-type activities are discussed in the following paragraphs and tables.

For the Town's water business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.1 million at the close of 2017. Of this amount \$10.5 million (69%) is net investment in capital assets, and \$4.6 million (31%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

There was an increase of \$606,000 in net position related to the Water Department's operations during the year. Revenue increased \$166,000 which is fairly consistent with prior year. Expenses increased \$216,000, which included a \$39,000 increase in the net pension liability, net of deferred outflows/inflows related to pensions along with an increase in maintenance expenditures and design services.

On June 30, 2017, the Percy Walker pool ceased operations as an enterprise fund and became a department of the general fund. The balance in net position of \$405,000 was transferred to governmental activities.

Business-Type Activities:

	Balance at June 30, 2017	Balance at June 30, 2016
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 6,379,550	\$ 5,615,288
Capital assets, non depreciable.....	3,629,017	4,712,442
Capital assets, net of accumulated depreciation.....	9,608,187	10,814,365
Total assets.....	<u>19,616,754</u>	<u>21,142,095</u>
Deferred Outflows of Resources.....	<u>156,098</u>	<u>161,425</u>
Liabilities:		
Current liabilities (excluding debt).....	194,384	120,922
Noncurrent liabilities (excluding debt).....	1,290,104	1,592,590
Current debt.....	586,307	598,311
Noncurrent debt.....	2,530,344	4,206,651
Total liabilities.....	<u>4,601,139</u>	<u>6,518,474</u>
Deferred Inflows of Resources.....	<u>33,499</u>	<u>5,066</u>
Net Position:		
Net investment in capital assets.....	10,518,550	11,036,636
Unrestricted.....	4,619,664	3,743,344
Total net position.....	<u>\$ 15,138,214</u>	<u>\$ 14,779,980</u>

	Year Ended June 30, 2017	Year Ended June 30, 2016
	<u> </u>	<u> </u>
Program revenues:		
Charges for services.....	\$ 3,746,571	\$ 3,578,258
	<u> </u>	<u> </u>
Expenses:		
Water.....	2,775,919	2,486,500
Percy Walker Pool.....	534,305	469,798
Total expenses.....	3,310,224	2,956,298
	<u> </u>	<u> </u>
Excess before special item and transfers.....	436,347	621,960
	<u> </u>	<u> </u>
Special Item - Conversion to governmental activities (Note 14).....	214,215	-
	<u> </u>	<u> </u>
Transfers.....	(292,328)	183,986
	<u> </u>	<u> </u>
Change in net position.....	358,234	805,946
	<u> </u>	<u> </u>
Beginning net position.....	14,779,980	13,974,034
	<u> </u>	<u> </u>
Ending net position.....	\$ 15,138,214	\$ 14,779,980
	<u> </u>	<u> </u>

Fiduciary Activities

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans, was implemented this year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$31.3 million, an increase of \$4.5 million from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$7.5 million, while total fund balance is \$17.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund

expenditures. Unassigned fund balance represents 9.4% of total general fund expenditures, while total fund balance represents 21.3% of that same amount.

The general fund increased by \$544,000 in 2017. This was due to the increase in the Town's stabilization funds better than expected budgetary results.

The Community Preservation Act fund had a fund balance at June 30, 2017, of \$3.9 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance increased \$286,000 in 2017. This was the net result of \$584,000 in taxes and state matching funds collected offset by \$297,000 in expenditures on community preservation projects.

The highway improvements fund reported \$317,000 of expenditures against \$317,000 of reimbursements on projects which are fully supported by state grants on a reimbursable basis.

The Co-located school major fund was established after the Town passed, by special election, an override of Proposition 2½ allowing the construction of a new middle and high school totaling \$128 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 45.13% of eligible construction costs. The Co-located school project was completed during 2016, in which the Town had received more than 95% of eligible reimbursements. During 2017, the Town had their final MSBA project costs submission audited by MSBA and soon thereafter, received their final payment of \$1.9 million.

General Fund Budgetary Highlights

The \$1.8 million increase from the original budget to the final amended budget resulted mainly from a Spring Special Town Meeting vote to use free cash of \$1.8 million to supplement various governmental departments and funds. The largest uses of free cash includes \$212,000 for collective bargaining, \$400,000 for Special Education Reserve, \$300,000 to fund other postemployment benefits, \$200,000 to fund debt associated with the purchase of a Fire Pumping Engine, \$435,000 for a court judgement BAN and transfers to the stabilization and compensated absence funds.

General Fund revenues came in approximately \$2 million more than budgeted. The largest area of the surplus was in departmental and other revenues, and motor vehicle excise which made up \$831,000 and \$780,000, of the total, respectively. This was mainly due to the Town budgeting conservatively in these areas.

General fund expenditures and encumbrances were approximately \$903,000 less than budgeted. Key components of this surplus include \$132,000 in education salaries, \$56,000 in legal expenditures, \$92,000 in fuel depot expenditures, \$66,000 in sewer department expenditures, and \$46,000 in property and liability insurance.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures. The Town's major governmental capital asset activity in 2017 includes additions in vehicles of \$978,000 and \$518,000 for infrastructure.

Capital Assets

	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
Governmental activities			
<i>Function:</i>			
General government.....	\$ 20,737,326	\$ (473,195)	\$ 20,264,131
Public safety.....	19,161,022	(7,049,823)	12,111,199
Education.....	184,740,819	(32,274,162)	152,466,657
Public works.....	26,211,368	(12,683,608)	13,527,760
Culture and recreation.....	12,020,446	(4,882,190)	7,138,256
Community preservation.....	18,626,878	(1,560,225)	17,066,653
Human services.....	<u>2,411,511</u>	<u>(1,015,952)</u>	<u>1,395,559</u>
 Total governmental.....	 <u>\$ 283,909,370</u>	 <u>\$ (59,939,155)</u>	 <u>\$ 223,970,215</u>
 Business-type activities			
 Water.....	 <u>\$ 27,635,001</u>	 <u>\$ (14,397,797)</u>	 <u>\$ 13,237,204</u>

Debt

The Town of Duxbury's governmental funds had total bonded debt outstanding of \$82.8 million at the end of the current year. Of this amount, \$69.7 million is related to school construction and equipment, \$1.9 million is related to the crematory, \$5 million is related to the police station construction, \$3 million is related to the fire station renovations, \$1.5 million is related to the Powder Point bridge and \$1.2 million for the Percy Walker Pool. The remaining \$400,000 relates to other capital related projects.

The water enterprise fund has \$3 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy.

For further discussion please refer to Note 4 for major capital activity and Notes 6 and 7 for debt activity.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 19,856,954	\$ 4,828,315	\$ 24,685,269
Investments.....	24,015,904	-	24,015,904
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,174,193	-	1,174,193
Tax liens.....	65,691	-	65,691
Motor vehicle and other excise taxes.....	203,255	-	203,255
User fees.....	33,187	1,551,235	1,584,422
Departmental and other.....	539,183	-	539,183
Special assessments.....	46,432	-	46,432
Intergovernmental.....	1,189,089	-	1,189,089
Tax foreclosures.....	698,273	-	698,273
Total current assets.....	47,822,161	6,379,550	54,201,711
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	178,796	-	178,796
Real estate tax deferrals.....	330,344	-	330,344
Capital assets:			
Nondepreciable.....	40,669,810	3,629,017	44,298,827
Depreciable.....	183,300,405	9,608,187	192,908,592
Total noncurrent assets.....	224,479,355	13,237,204	237,716,559
TOTAL ASSETS.....	272,301,516	19,616,754	291,918,270
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	4,593,587	156,098	4,749,685
LIABILITIES			
CURRENT:			
Warrants payable.....	1,138,632	108,270	1,246,902
Accrued payroll.....	3,446,736	22,269	3,469,005
Health claims and stop loss payable.....	1,654,849	-	1,654,849
Accrued interest.....	913,491	19,845	933,336
Other liabilities.....	448,193	-	448,193
Compensated absences.....	1,280,000	44,000	1,324,000
Workers' compensation.....	247,164	-	247,164
Notes payable.....	2,819,400	150,000	2,969,400
Bonds payable.....	6,260,072	436,307	6,696,379
Total current liabilities.....	18,208,537	780,691	18,989,228
NONCURRENT:			
Compensated absences.....	394,000	7,000	401,000
Workers' compensation.....	395,901	-	395,901
Net pension liability.....	31,629,040	1,074,812	32,703,852
Other postemployment benefits.....	32,548,428	208,292	32,756,720
Bonds payable.....	81,577,764	2,530,344	84,108,108
Total noncurrent liabilities.....	146,545,133	3,820,448	150,365,581
TOTAL LIABILITIES.....	164,753,670	4,601,139	169,354,809
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	245,182	-	245,182
Deferred inflows related to pensions.....	985,803	33,499	1,019,302
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,230,985	33,499	1,264,484
NET POSITION			
Net investment in capital assets.....	135,950,281	10,518,550	146,468,831
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	1,544,334	-	1,544,334
Nonexpendable.....	2,318,473	-	2,318,473
Gifts and grants.....	1,423,161	-	1,423,161
Community preservation.....	4,037,835	-	4,037,835
Unrestricted.....	(34,363,636)	4,619,664	(29,743,972)
TOTAL NET POSITION.....	\$ 110,910,448	\$ 15,138,214	\$ 126,048,662

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 4,980,915	\$ 742,913	\$ 85,674	\$ -	\$ (4,152,328)
Public safety.....	13,087,396	2,614,992	797,847	-	(9,674,557)
Education.....	65,375,555	7,865,831	14,617,629	157,747	(42,734,348)
Public works.....	6,666,580	2,008,238	169,632	914,880	(3,573,830)
Human services.....	1,333,179	186,542	216,408	-	(930,229)
Culture and recreation.....	3,394,809	2,387,673	355,438	-	(651,698)
Community preservation.....	259,022	-	-	89,213	(169,809)
Interest.....	2,302,634	-	34,026	-	(2,268,608)
Total Governmental Activities.....	97,400,090	15,806,189	16,276,654	1,161,840	(64,155,407)
<i>Business-Type Activities:</i>					
Water.....	2,775,919	3,490,670	-	-	714,751
Percy Walker pool.....	534,305	255,901	-	-	(278,404)
Total Business-Type Activities.....	3,310,224	3,746,571	-	-	436,347
Total Primary Government.....	\$ 100,710,314	\$ 19,552,760	\$ 16,276,654	\$ 1,161,840	\$ (63,719,060)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (64,155,407)	\$ 436,347	\$ (63,719,060)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	57,825,786	-	57,825,786
Tax liens.....	65,223	-	65,223
Motor vehicle and other excise taxes.....	3,130,995	-	3,130,995
Community preservation taxes.....	482,247	-	482,247
Penalties and interest on taxes.....	285,929	-	285,929
Payments in lieu of taxes.....	11,725	-	11,725
Grants and contributions not restricted to specific programs.....	1,030,560	-	1,030,560
Unrestricted investment income.....	864,313	-	864,313
Gain on sale of capital assets.....	4,440	-	4,440
Miscellaneous.....	50,000	-	50,000
<i>Special item</i> - Conversion to governmental activities (Note 14).....	(214,215)	214,215	-
<i>Transfers, net</i>	292,328	(292,328)	-
Total general revenues and transfers.....	63,829,331	(78,113)	63,751,218
 Change in net position.....	 (326,076)	 358,234	 32,158
<i>Net Position:</i>			
Beginning of year.....	111,236,524	14,779,980	126,016,504
End of year.....	\$ <u>110,910,448</u>	\$ <u>15,138,214</u>	\$ <u>126,048,662</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

	General	Community Preservation Act	Highway Improvements	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 6,682,520	\$ 3,955,604	\$ -	\$ 2,475,244	\$ 5,630,272	\$ 18,743,640
Investments.....	14,730,762	-	-	-	5,593,957	20,324,719
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	1,164,971	9,222	-	-	-	1,174,193
Real estate tax deferrals.....	330,344	-	-	-	-	330,344
Tax liens.....	64,312	1,379	-	-	-	65,691
Motor vehicle and other excise taxes.....	203,255	-	-	-	-	203,255
User fees.....	33,187	-	-	-	-	33,187
Departmental and other.....	242,341	-	-	-	18,711	261,052
Special assessments.....	225,228	-	-	-	-	225,228
Intergovernmental.....	-	82,967	1,106,122	-	-	1,189,089
Tax foreclosures.....	698,273	-	-	-	-	698,273
Due from other funds.....	5,476	-	-	-	-	5,476
TOTAL ASSETS.....	\$ 24,380,669	\$ 4,049,172	\$ 1,106,122	\$ 2,475,244	\$ 11,242,940	\$ 43,254,147
LIABILITIES						
Warrants payable.....	\$ 993,148	\$ -	\$ -	\$ 37,491	\$ 105,647	\$ 1,136,286
Accrued payroll.....	3,275,810	184	-	-	169,595	3,445,589
Other liabilities.....	85,742	11,153	-	-	351,298	448,193
Due to other funds.....	-	-	5,476	-	-	5,476
Notes payable.....	-	-	-	2,619,400	200,000	2,819,400
TOTAL LIABILITIES.....	4,354,700	11,337	5,476	2,656,891	826,540	7,854,944
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	245,182	-	-	-	-	245,182
Unavailable revenues.....	2,617,692	93,567	1,100,646	-	18,711	3,830,616
TOTAL DEFERRED INFLOWS OF RESOURCES.....	2,862,874	93,567	1,100,646	-	18,711	4,075,798
FUND BALANCES						
Nonspendable.....	-	-	-	-	2,318,473	2,318,473
Restricted.....	4,629,803	3,944,268	-	50,569	8,168,546	16,793,186
Committed.....	2,529,716	-	-	-	-	2,529,716
Assigned.....	2,468,179	-	-	-	-	2,468,179
Unassigned.....	7,535,397	-	-	(232,216)	(89,330)	7,213,851
TOTAL FUND BALANCES.....	17,163,095	3,944,268	-	(181,647)	10,397,689	31,323,405
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 24,380,669	\$ 4,049,172	\$ 1,106,122	\$ 2,475,244	\$ 11,242,940	\$ 43,254,147

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....		\$ 31,323,405
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		223,970,215
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		3,830,616
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		3,607,784
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		3,424,288
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(913,491)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(87,837,836)	
Compensated absences.....	(1,674,000)	
Worker's Compensation.....	(643,065)	
Net pension liability.....	(31,629,040)	
Other postemployment benefits obligation.....	(32,548,428)	
Net effect of reporting long-term liabilities.....		<u>(154,332,369)</u>
Net position of governmental activities.....		<u>\$ 110,910,448</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Community Preservation Act	Highway Improvements	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 58,041,540	\$ -	\$ -	\$ -	\$ -	\$ 58,041,540
Tax and trash liens.....	60,157	314	-	-	-	60,471
Motor vehicle and other excise taxes.....	3,154,608	-	-	-	21,465	3,176,073
Sewer charges.....	281,530	-	-	-	-	281,530
Trash disposal.....	624,436	-	-	-	-	624,436
Intergovernmental.....	13,916,128	96,007	317,483	157,747	2,756,846	17,244,211
Departmental and other.....	4,898,799	-	-	-	7,186,541	12,085,340
Community preservation taxes.....	-	482,247	-	-	-	482,247
Contributions.....	-	-	-	-	555,113	555,113
Investment income.....	502,762	4,947	-	-	256,853	764,562
TOTAL REVENUES.....	81,479,960	583,515	317,483	157,747	10,776,818	93,315,523
EXPENDITURES:						
Current:						
General government.....	2,766,949	-	-	-	634,201	3,401,150
Public safety.....	7,858,303	-	-	-	1,492,613	9,350,916
Education.....	33,997,210	-	-	341,824	7,389,582	41,728,616
Public works.....	4,726,117	-	317,483	-	102,940	5,146,540
Human services.....	633,528	-	-	-	299,002	932,530
Culture and recreation.....	2,293,045	-	-	-	510,935	2,803,980
Community preservation.....	-	297,300	-	-	-	297,300
Pension benefits - Town.....	3,166,708	-	-	-	2,282	3,168,990
Pension benefits - School.....	7,686,618	-	-	-	-	7,686,618
Property and liability insurance.....	410,395	-	-	-	-	410,395
Employee benefits.....	8,077,298	-	-	-	25,017	8,102,315
State and county charges.....	500,571	-	-	-	-	500,571
Debt service:						
Principal.....	5,552,518	-	-	-	-	5,552,518
Interest.....	2,900,403	-	-	-	-	2,900,403
TOTAL EXPENDITURES.....	80,569,663	297,300	317,483	341,824	10,456,572	91,982,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	910,297	286,215	-	(184,077)	320,246	1,332,681
OTHER FINANCING SOURCES (USES):						
Issuance of long-term bonds.....	-	-	-	3,185,000	-	3,185,000
Premium from issuance of bonds.....	2,918	-	-	343,000	-	345,918
Sale of capital assets.....	4,440	-	-	-	-	4,440
Transfers in.....	320,072	-	-	15,600	224,199	559,871
Transfers out.....	(592,881)	-	-	-	(192,995)	(785,876)
Special item - Conversion to governmental activities (Note 14).....	(100,519)	-	-	-	-	(100,519)
TOTAL OTHER FINANCING SOURCES (USES).....	(365,970)	-	-	3,543,600	31,204	3,208,834
NET CHANGE IN FUND BALANCES.....	544,327	286,215	-	3,359,523	351,450	4,541,515
FUND BALANCES AT BEGINNING OF YEAR.....	16,618,768	3,658,053	-	(3,541,170)	10,046,239	26,781,890
FUND BALANCES AT END OF YEAR.....	\$ 17,163,095	\$ 3,944,268	\$ -	\$ (181,647)	\$ 10,397,689	\$ 31,323,405

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....		\$ 4,541,515
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	2,296,384	
Percy Walker Pool transfer of capital assets, net of accumulated depreciation.....	2,009,425	
Depreciation expense.....	<u>(6,762,562)</u>	
Net effect of reporting capital assets.....		(2,456,753)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		263,854
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(3,185,000)	
Debt service principal payments.....	5,552,518	
Amortization of bond premiums.....	561,559	
Premium from issuance of refunding costs, net of issue costs.....	(345,918)	
Percy Walker Pool transfer of bonds payable.....	<u>(1,240,000)</u>	
Net effect of reporting long-term debt.....		1,343,159
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(148,000)	
Net change in worker's compensation accrual.....	138,178	
Net change in accrued interest on long-term debt.....	24,343	
Net change in deferred outflow/(inflow) of resources related to pensions.....	182,077	
Net change in net pension liability.....	(1,596,835)	
Net change in other postemployment benefits obligation.....	<u>(1,427,386)</u>	
Net effect of recording long-term liabilities.....		(2,827,623)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with governmental activities.....		<u>(1,190,228)</u>
Change in net position of governmental activities.....		<u>\$ (326,076)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 4,828,315	\$ -	\$ 4,828,315	\$ 1,113,314
Investments.....	-	-	-	3,691,185
Receivables, net of allowance for uncollectibles:				
User fees.....	1,551,235	-	1,551,235	-
Departmental and other.....	-	-	-	278,131
Total current assets.....	<u>6,379,550</u>	<u>-</u>	<u>6,379,550</u>	<u>5,082,630</u>
NONCURRENT:				
Capital assets:				
Nondepreciable.....	3,629,017	-	3,629,017	-
Depreciable.....	9,608,187	-	9,608,187	-
Total noncurrent assets.....	<u>13,237,204</u>	<u>-</u>	<u>13,237,204</u>	<u>-</u>
TOTAL ASSETS.....	<u>19,616,754</u>	<u>-</u>	<u>19,616,754</u>	<u>5,082,630</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	156,098	-	156,098	-
LIABILITIES				
CURRENT:				
Warrants payable.....	108,270	-	108,270	2,346
Accrued payroll.....	22,269	-	22,269	1,147
Health claims and stop loss payable.....	-	-	-	1,654,849
Accrued interest.....	19,845	-	19,845	-
Compensated absences.....	44,000	-	44,000	-
Notes payable.....	150,000	-	150,000	-
Bonds payable.....	436,307	-	436,307	-
Total current liabilities.....	<u>780,691</u>	<u>-</u>	<u>780,691</u>	<u>1,658,342</u>
NONCURRENT:				
Compensated absences.....	7,000	-	7,000	-
Net pension liability.....	1,074,812	-	1,074,812	-
Other postemployment benefits.....	208,292	-	208,292	-
Bonds payable.....	2,530,344	-	2,530,344	-
Total noncurrent liabilities.....	<u>3,820,448</u>	<u>-</u>	<u>3,820,448</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>4,601,139</u>	<u>-</u>	<u>4,601,139</u>	<u>1,658,342</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	33,499	-	33,499	-
NET POSITION				
Net investment in capital assets.....	10,518,550	-	10,518,550	-
Unrestricted.....	4,619,664	-	4,619,664	3,424,288
TOTAL NET POSITION.....	<u>\$ 15,138,214</u>	<u>\$ -</u>	<u>\$ 15,138,214</u>	<u>\$ 3,424,288</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
OPERATING REVENUES:				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 3,312,333
Employer contributions.....	-	-	-	7,278,540
Charges for services.....	3,490,670	255,901	3,746,571	-
TOTAL OPERATING REVENUES.....	3,490,670	255,901	3,746,571	10,590,873
OPERATING EXPENSES:				
Cost of services and administration.....	1,788,112	427,780	2,215,892	11,880,852
Depreciation.....	914,090	60,348	974,438	-
TOTAL OPERATING EXPENSES.....	2,702,202	488,128	3,190,330	11,880,852
OPERATING INCOME (LOSS).....	788,468	(232,227)	556,241	(1,289,979)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	-	-	-	99,751
Interest expense.....	(73,717)	(46,177)	(119,894)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(73,717)	(46,177)	(119,894)	99,751
INCOME (LOSS) BEFORE SPECIAL ITEMS AND TRANSFERS.....	714,751	(278,404)	436,347	(1,190,228)
SPECIAL ITEM:				
Conversion to governmental activities (Note 14).....	-	214,215	214,215	-
TRANSFERS:				
Transfers in.....	-	471,215	471,215	-
Transfers out.....	(108,616)	(654,927)	(763,543)	-
TOTAL TRANSFERS.....	(108,616)	(183,712)	(292,328)	-
CHANGE IN NET POSITION.....	606,135	(247,901)	358,234	(1,190,228)
NET POSITION AT BEGINNING OF YEAR.....	14,532,079	247,901	14,779,980	4,614,516
NET POSITION AT END OF YEAR.....	\$ 15,138,214	\$ -	\$ 15,138,214	\$ 3,424,288

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 3,555,790	\$ 255,901	\$ 3,811,691	\$ -
Receipts from interfund services provided.....	-	-	-	10,396,733
Payments to vendors.....	(984,810)	(309,335)	(1,294,145)	(12,137,353)
Payments to employees.....	(658,088)	(256,645)	(914,733)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,912,892	(310,079)	1,602,813	(1,740,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	-	471,215	471,215	-
Transfers out.....	(108,616)	(36,075)	(144,691)	-
Special item - Conversion to governmental activities (Note 14).....	-	95,211	95,211	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(108,616)	530,351	421,735	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	150,000	-	150,000	-
Acquisition and construction of capital assets.....	(677,426)	(16,834)	(694,260)	-
Principal payments on bonds and notes.....	(443,311)	(155,000)	(598,311)	-
Interest expense.....	(75,409)	(48,438)	(123,847)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,046,146)	(220,272)	(1,266,418)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales and maturities of investments.....	-	-	-	3,591,161
Purchase of investments.....	-	-	-	(3,691,185)
Investment income.....	-	-	-	99,751
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	(273)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	758,130	-	758,130	(1,740,893)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,070,185	-	4,070,185	2,854,207
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,828,315	\$ -	\$ 4,828,315	\$ 1,113,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 788,468	\$ (232,227)	\$ 556,241	\$ (1,289,979)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	914,090	60,348	974,438	-
Deferred (outflows)/inflows related to pensions.....	(4,998)	(4,451)	(9,449)	-
Changes in assets and liabilities:				
User fees.....	65,120	-	65,120	-
Departmental and other.....	-	-	-	(194,140)
Warrants payable.....	80,469	(3,907)	76,562	2,346
Accrued payable.....	1,877	(3,157)	(1,280)	(139)
Health claims payable.....	-	-	-	(258,708)
Due to other funds.....	-	(166,463)	(166,463)	-
Accrued compensated absences.....	15,000	-	15,000	-
Net pension liability.....	43,837	39,027	82,864	-
Other postemployment benefits obligation.....	9,029	751	9,780	-
Total adjustments.....	1,124,424	(77,852)	1,046,572	(450,641)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,912,892	\$ (310,079)	\$ 1,602,813	\$ (1,740,620)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Special item - Conversion to governmental activities.....	-	309,426	309,426	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 19,080	\$ 43,779	\$ 255,604
Investments:			
Mutual funds.....	1,828,618	-	-
Government sponsored enterprises.....	-	2,991,976	-
Corporate bonds.....	-	35,750	-
Equity securities.....	-	35,196	-
TOTAL ASSETS.....	1,847,698	3,106,701	255,604
LIABILITIES			
Liabilities due depositors.....	-	-	255,604
NET POSITION			
Restricted for other postemployment benefits.....	1,847,698	-	-
Held in trust for other purposes.....	-	3,106,701	-
TOTAL NET POSITION.....	\$ 1,847,698	\$ 3,106,701	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions to the trust.....	\$ 300,000	\$ -
Employer contributions to pay benefit payments.....	1,692,355	-
Total contributions.....	1,992,355	-
Net investment income:		
Interest.....	90,773	197,735
TOTAL ADDITIONS.....	2,083,128	197,735
DEDUCTIONS:		
Benefit payments.....	1,692,355	-
Scholarships and other.....	-	50,214
TOTAL DEDUCTIONS.....	1,692,355	50,214
CHANGE IN NET POSITION.....	390,773	147,521
NET POSITION AT BEGINNING OF YEAR.....	1,456,925	2,959,180
NET POSITION AT END OF YEAR.....	\$ 1,847,698	\$ 3,106,701

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Duxbury, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

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

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

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

The following major governmental funds are reported:

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

The *community preservation act fund* is a special revenue fund used to account for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose up to a 1% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

The *highway improvements fund* is a special revenue fund used to account for construction, reconstruction and improvements of roadways, streets and sidewalks. Costs charged to the fund are subject to reimbursement by the Commonwealth of Massachusetts.

The *co-located school fund* is a capital project fund used to account for the design and construction of the new co-located school.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or capital projects.

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

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

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

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

The following major proprietary funds are reported:

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

The *Percy Walker pool enterprise fund* is used to account for the operating activities at the Town's pool. At the March 2017 Annual Town Meeting, the Town voted to revoke the enterprise fund provisions of the Massachusetts

General Law pertaining to the Percy Walker Pool as of June 30, 2017. The Town has transferred the enterprise fund's balances at June 30, 2017 from the proprietary fund statement of net position to governmental activities. Starting in fiscal year 2018, the pool will operate as a department of the general fund.

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund is comprised of performance bonds, security deposits, and fees and licenses collected on behalf of the state.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

User Fees

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

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

Departmental and Other

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

Special Assessments

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

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

Intergovernmental

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

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

G. 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.

H. 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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Building Improvements.....	40
Plant, Facilities and Infrastructure.....	20-40
Vehicles.....	5-15
Furniture, Fixtures and Equipment.....	10
Improvements.....	10-20

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance and deferred inflows of resources related to pensions in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

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

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

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

Net position has been "restricted for" the following:

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

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

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

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of Open Town Meeting, the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by majority vote of a warrant article at an open Town Meeting, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose, the purpose no longer exists, or a vote is taken to modify the commitment.

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

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Plymouth County Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. 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.

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Individual Fund Deficits

Individual fund deficit exists within the nonmajor capital project funds and in the co-located school major fund. These deficits will be funded through grants, available funds, and bond proceeds in future years.

T. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, the custodial credit risk is the risk that, in the event of a bank failure the Town's deposits may not be recovered. At year-end, the carrying amount of deposits totaled \$23,816,838 and the bank balance totaled \$24,315,451. Of the bank balance, \$2,462,543 was covered by Federal Depository Insurance, \$517,230 was covered by Share Insurance Fund, \$9,858,083 was covered by Depositors Insurance Fund, and \$11,477,595 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town's investment policy limits its custodial credit risk by 1) pre-qualifying banks, 2) diversifying its investments across several banks and 3) collateralizing deposits where practical.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments of \$17,460,557 in debt securities and \$9,395,114 in equity securities are exposed to custodial credit risk as the securities are uninsured. The shares of MMDT and open end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The securities are registered to Dunn & Co. as nominee for the Town of Duxbury. The Town of Duxbury's investment policy allows for custodial safekeeping in the name of a nominee. It also requires proof that securities purchased from any bank or dealer be provided to the Treasurer and recorded on the Town's books.

Investments

As of June 30, 2017, the Town of Duxbury had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities:</u>					
Government Sponsored Enterprises.....	\$ 9,010,037	\$ 152,111	\$ 6,936,708	\$ 1,614,219	\$ 306,999
Corporate Bonds.....	1,952,884	-	1,718,833	234,051	-
U.S. Treasury Notes.....	6,497,636	-	3,344,743	2,033,260	1,119,633
Total Debt Securities.....	17,460,557	\$ 152,111	\$ 12,000,284	\$ 3,881,530	\$ 1,426,632
<u>Other Investments:</u>					
Equity Securities.....	9,395,114				
Money Market Mutual Funds.....	340,330				
Equity Mutual Funds.....	2,051,773				
MMDT Cash Portfolio.....	846,564				
Total Investments.....	\$ 30,094,338				

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. At June 30, 2017, the Town’s investments were rated as follows:

Quality Ratings	Government Sponsored Enterprises	Corporate Bonds	U.S. Treasury Notes
AAA.....	\$ -	\$ -	\$ 6,497,636
AA+.....	9,010,037	-	-
A+.....	-	199,952	-
A.....	-	287,438	-
A-.....	-	821,597	-
BBB+.....	-	643,897	-
Fair Value.....	\$ 9,010,037	\$ 1,952,884	\$ 6,497,636

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

The Town’s investment policy states that bank deposits, including repurchase agreements; certificates of deposit; and demand deposits, that exceed the FDIC insured amount are to be made in banks or savings and loan associations with a Moody’s Rating of A3 or above; a Standard & Poor’s and Finch rating of A or above; or a Thompson Bond Watch Rating of A or B.

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corporation.....	14.56%
Federal National Mortgage Association.....	15.40%

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment Type	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Fair Value:				
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 9,010,037	\$ 9,010,037	\$ -	\$ -
Corporate Bonds.....	1,952,884	-	1,952,884	-
U.S. Treasury Notes.....	6,497,636	6,497,636	-	-
Total debt securities.....	17,460,557	15,507,673	1,952,884	-
<u>Other investments:</u>				
Equity Securities.....	9,395,114	9,395,114	-	-
Money Market Mutual Funds.....	340,330	340,330	-	-
Equity Mutual Funds.....	2,051,773	2,051,773	-	-
Total other investments.....	11,787,217	11,787,217	-	-
Total investments measured at fair value....	29,247,774	\$ 27,294,890	\$ 1,952,884	\$ -
Investments Measured at Amortized Cost:				
MMDT Cash Portfolio.....	846,564			
Total investments.....	\$ 30,094,338			

Government sponsored enterprises, U.S. treasury notes, equity securities, money market mutual funds, and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT Cash Portfolio investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 – RECEIVABLES

At June 30, 2017, receivables for the individual major and nonmajor governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,191,971	\$ (17,778)	\$ 1,174,193
Real estate tax deferrals.....	330,344	-	330,344
Tax liens.....	65,691	-	65,691
Motor vehicle and other excise taxes.....	328,280	(125,025)	203,255
User fees.....	33,187	-	33,187
Departmental and other.....	688,307	(149,124)	539,183
Special assessments.....	225,228	-	225,228
Intergovernmental.....	1,189,089	-	1,189,089
 Total.....	 <u>\$ 4,052,097</u>	 <u>\$ (291,927)</u>	 <u>\$ 3,760,170</u>

At June 30, 2017, receivables for the water enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water user fees.....	\$ 1,551,235	\$ -	\$ 1,551,235

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

	<u>General Fund</u>	<u>Community Preservation Act</u>	<u>Highway Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Receivable and other asset type:</u>					
Real estate and personal property taxes.....	\$ 822,206	\$ 9,222	\$ -	\$ -	\$ 831,428
Real estate tax deferrals.....	330,344	-	-	-	330,344
Tax liens.....	64,313	1,378	-	-	65,691
Motor vehicle and other excise taxes.....	203,255	-	-	-	203,255
User fees.....	33,187	-	-	-	33,187
Departmental and other.....	240,886	-	-	18,711	259,597
Special assessments.....	225,228	-	-	-	225,228
Intergovernmental.....	-	82,967	1,100,646	-	1,183,613
Tax foreclosures.....	698,273	-	-	-	698,273
 Total.....	 <u>\$ 2,617,692</u>	 <u>\$ 93,567</u>	 <u>\$ 1,100,646</u>	 <u>\$ 18,711</u>	 <u>\$ 3,830,616</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Transfer of Percy Walker Pool Capital Assets	Ending Balance
Capital assets not being depreciated:					
Land.....	\$ 38,255,188	\$ 260,000	\$ -	\$ -	\$ 38,515,188
Construction in progress.....	2,744,517	60,824	(650,719)	-	2,154,622
Total capital assets not being depreciated.....	<u>40,999,705</u>	<u>320,824</u>	<u>(650,719)</u>	<u>-</u>	<u>40,669,810</u>
Capital assets being depreciated:					
Buildings.....	185,566,178	341,637	-	2,380,219	188,288,034
Building improvements.....	7,701,046	376,976	-	-	8,078,022
Infrastructure.....	22,825,721	517,970	(379,463)	-	22,964,228
Vehicles.....	6,878,182	978,067	(226,756)	-	7,629,493
Furniture, fixtures and equipment.....	4,510,546	411,629	-	16,834	4,939,009
Improvements.....	11,340,774	-	-	-	11,340,774
Total capital assets being depreciated.....	<u>238,822,447</u>	<u>2,626,279</u>	<u>(606,219)</u>	<u>2,397,053</u>	<u>243,239,560</u>
Less accumulated depreciation for:					
Buildings.....	(21,658,001)	(4,530,155)	-	(386,785)	(26,574,941)
Building improvements.....	(995,149)	(197,604)	-	-	(1,192,753)
Infrastructure.....	(13,671,972)	(946,452)	379,463	-	(14,238,961)
Vehicles.....	(4,659,516)	(576,946)	226,756	-	(5,009,706)
Furniture, fixtures and equipment.....	(3,346,397)	(221,737)	-	(843)	(3,568,977)
Improvements.....	(9,064,149)	(289,668)	-	-	(9,353,817)
Total accumulated depreciation.....	<u>(53,395,184)</u>	<u>(6,762,562)</u>	<u>606,219</u>	<u>(387,628)</u>	<u>(59,939,155)</u>
Total capital assets being depreciated, net.....	<u>185,427,263</u>	<u>(4,136,283)</u>	<u>-</u>	<u>2,009,425</u>	<u>183,300,405</u>
Total governmental activities capital assets.....	<u>\$ 226,426,968</u>	<u>\$ (3,815,459)</u>	<u>\$ (650,719)</u>	<u>\$ 2,009,425</u>	<u>\$ 223,970,215</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Enterprise Fund Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,899,437	\$ -	\$ -	\$ 2,899,437
Construction in progress.....	1,813,005	376,533	(1,459,958)	729,580
Total capital assets not being depreciated.....	4,712,442	376,533	(1,459,958)	3,629,017
<u>Capital assets being depreciated:</u>				
Plant, facilities and infrastructure.....	21,768,204	1,673,933	(23,722)	23,418,415
Equipment and motor vehicles.....	524,624	86,918	(23,973)	587,569
Total capital assets being depreciated.....	22,292,828	1,760,851	(47,695)	24,005,984
<u>Less accumulated depreciation for:</u>				
Plant, facilities and infrastructure.....	(13,304,420)	(833,727)	23,722	(14,114,425)
Equipment and motor vehicles.....	(226,982)	(80,363)	23,973	(283,372)
Total accumulated depreciation.....	(13,531,402)	(914,090)	47,695	(14,397,797)
Total capital assets being depreciated, net.....	8,761,426	846,761	-	9,608,187
Total Water Enterprise capital assets.....	\$ 13,473,868	\$ 1,223,294	\$ (1,459,958)	\$ 13,237,204

	Beginning Balance	Increases	Decreases	Transfer of Percy Walker Pool Capital Assets	Ending Balance
Percy Walker Pool Enterprise Fund Activities:					
<u>Capital assets being depreciated:</u>					
Buildings.....	\$ 2,380,219	\$ -	\$ -	\$ (2,380,219)	\$ -
Furniture, fixtures and equipment.....	-	16,834	-	(16,834)	-
Total capital assets being depreciated.....	2,380,219	16,834	-	(2,397,053)	-
<u>Less accumulated depreciation for:</u>					
Buildings.....	(327,280)	(59,505)	-	386,785	-
Furniture, fixtures and equipment.....	-	(843)	-	843	-
Total accumulated depreciation.....	(327,280)	(60,348)	-	387,628	-
Total Percy Walker Pool Enterprise capital assets.....	\$ 2,052,939	\$ (43,514)	\$ -	\$ (2,009,425)	\$ -

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

Governmental Activities:

General government.....	\$	13,929
Public safety.....		792,147
Education.....		4,403,027
Public works.....		1,078,428
Human services.....		57,912
Culture and recreation.....		220,797
Community preservation.....		<u>196,322</u>

Total depreciation expense - governmental activities..... \$ 6,762,562

Business-Type Activities:

Water.....	\$	914,090
Percy Walker Pool.....		<u>60,348</u>

Total depreciation expense - business-type activities..... \$ 974,438

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2017, the Town has interfund receivables/payables of \$5,476 which exists between the general fund and highway improvements fund. The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General Fund	Co-located School	Nonmajor Governmental Funds	Percy Walker Pool Enterprise Fund		
General Fund.....	\$ -	\$ 15,600	\$ 206,585	\$ 471,215	\$ 693,400 (1)	
Nonmajor Governmental Funds.....	192,995	-	-	-	192,995 (2)	
Water Enterprise Fund.....	108,616	-	-	-	108,616 (3)	
Percy Walker Pool Enterprise Fund.....	<u>18,461</u>	<u>-</u>	<u>17,614</u>	<u>-</u>	<u>36,075 (3)</u>	
Total.....	<u>\$ 320,072</u>	<u>\$ 15,600</u>	<u>\$ 224,199</u>	<u>\$ 471,215</u>	<u>\$ 1,031,086</u>	

- (1) Represents a transfer to the Co-located school for a BAN paydown and a transfer from general fund reserves to nonmajor funds to fund a portion of a new fire pumper truck. Also represents budgeted transfers from the General Fund to the Percy Walker Pool enterprise fund to reimburse for debt service which is raised through taxation and to subsidize the enterprise fund and for the transfer of services to close the enterprise fund at June 30, 2017.
- (2) Represents a transfer to the General Fund to reclassify balances from special revenue accounts.
- (3) Represents budgeted transfers to the General Fund from the Water and Percy Walker Pool Enterprise funds for indirect costs.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2017, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
<i>Governmental Funds</i>							
BAN	Municipal Purpose.....	0.80%	3/24/2017	\$ 6,335,000	\$ -	\$ (6,335,000)	\$ -
BAN	Municipal Purpose.....	0.75%	3/24/2017	200,000	-	(200,000)	-
BAN	Municipal Purpose.....	1.10%	3/24/2017	-	435,000	(435,000)	-
BAN	Municipal Purpose.....	1.10%	6/30/2017	-	3,500,000	(3,500,000)	-
BAN	Municipal Purpose.....	1.15%	12/1/2017	-	2,819,400	-	2,819,400 (1)
<i>Total Governmental Funds.....</i>				<u>6,535,000</u>	<u>6,754,400</u>	<u>(10,470,000)</u>	<u>2,819,400</u>
<i>Water Enterprise Fund</i>							
BAN	Municipal Purpose.....	1.25%	12/1/2017	-	150,000	-	150,000 (1)
<i>Total.....</i>				<u>\$ 6,535,000</u>	<u>\$ 6,904,400</u>	<u>\$ (10,470,000)</u>	<u>\$ 2,969,400</u>

(1) On December 1, 2017 the Town paid down \$2,207,200 of the BAN and rolled the remaining balance of \$762,200 into a new BAN totaling \$962,200 with a maturity date of June 25, 2018 and an interest rate of 1.30%.

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2017, and the debt service requirements are as follows:

General Obligation Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Transfer of Percy Walker Pool Debt	Outstanding at June 30, 2017
MCWT 1997.....	2017	\$ 650,000	5.27	\$ 41,960	\$ -	\$ (41,960)	\$ -	\$ -
MCWT 2001 Title V.....	2019	195,676	4.50	32,604	-	(10,868)	-	21,736
MCWT 2004 Title V.....	2021	192,582	3.30-5.25	53,665	-	(10,690)	-	42,975
Municipal Purpose Loans of 2009.....	2017	125,000	3.00-3.85	10,000	-	(10,000)	-	-
Municipal Purpose Refunding Loans of 2009.....	2017	1,300,000	3.00-3.85	145,000	-	(145,000)	-	-
Municipal Purpose Loans of 2010.....	2023	2,950,000	2.00-5.00	345,000	-	(40,000)	1,240,000	1,545,000
Municipal Purpose Loans of 2013.....	2038	82,575,000	3.00-4.00	72,870,000	-	(3,585,000)	-	69,285,000
Municipal Purpose Loans of 2014.....	2024	2,200,000	2.00-3.00	1,760,000	-	(220,000)	-	1,540,000
Municipal Purpose Refunding Loans of 2014.....	2023	425,000	2.00-3.00	454,000	-	(189,000)	-	265,000
Municipal Purpose Loans of 2015.....	2025	4,500,000	2.00-3.00	4,050,000	-	(450,000)	-	3,600,000
Municipal Purpose Refunding Loans of 2016.....	2021	4,120,000	2.00-4.00	4,120,000	-	(850,000)	-	3,270,000
Municipal Purpose Loans of 2017.....	2027	3,185,000	4.00	-	3,185,000	-	-	3,185,000
Total Bonds Payable.....				83,882,229	3,185,000	(5,552,518)	1,240,000	82,754,711
Add: Unamortized Premium.....				5,298,766	345,918	(561,559)	-	5,083,125
Total Bonds Payable, net.....				\$ 89,180,995	\$ 3,530,918	\$ (6,114,077)	\$ 1,240,000	\$ 87,837,836

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

Year	Principal	Interest	Total
2018.....	\$ 5,676,558	\$ 2,839,294	\$ 8,515,852
2019.....	5,656,558	2,634,843	8,291,401
2020.....	5,630,690	2,423,462	8,054,152
2021.....	5,630,905	2,207,228	7,838,133
2022.....	4,805,000	2,007,257	6,812,257
2023.....	4,795,000	1,823,863	6,618,863
2024.....	4,745,000	1,663,737	6,408,737
2025.....	4,525,000	1,507,473	6,032,473
2026.....	3,885,000	1,353,150	5,238,150
2027.....	3,885,000	1,233,450	5,118,450
2028.....	3,570,000	1,095,900	4,665,900
2029.....	3,150,000	961,500	4,111,500
2030.....	3,150,000	835,500	3,985,500
2031.....	3,150,000	709,500	3,859,500
2032.....	3,150,000	583,500	3,733,500
2033.....	3,150,000	473,250	3,623,250
2034.....	2,840,000	383,400	3,223,400
2035.....	2,840,000	298,200	3,138,200
2036.....	2,840,000	213,000	3,053,000
2037.....	2,840,000	127,800	2,967,800
2038.....	2,840,000	42,599	2,882,599
Totals.....	\$ 82,754,711	\$ 25,417,906	\$ 108,172,617

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) for governmental fund debt on a periodic basis for interest costs for \$6,502. Thus, net MCWT loan repayments, including interest, are

scheduled to be \$64,712 for the three MCWT governmental debt issuances. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2017 principal and interest subsidies totaled approximately \$12,543 and \$6,203, respectively.

General Obligation Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Loans of 2008.....	2023	\$ 1,700,000	3.00-3.85	\$ 720,000	\$ -	\$ (120,000)	\$ 600,000
MCWT 2009.....	2029	3,150,000	2.00	2,179,962	-	(148,311)	2,031,651
Municipal Purpose Loans of 2014.....	2019	864,000	2.00	510,000	-	(175,000)	335,000
Total Bonds Payable.....				\$ 3,409,962	\$ -	\$ (443,311)	\$ 2,966,651

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

Year	Principal	Interest	Total
2018.....	\$ 436,307	\$ 64,702	\$ 501,009
2019.....	424,364	54,314	478,678
2020.....	262,482	45,556	308,038
2021.....	265,664	38,331	303,995
2022.....	263,909	31,139	295,048
2023.....	237,221	24,555	261,776
2024.....	170,599	19,828	190,427
2025.....	174,045	16,382	190,427
2026.....	177,561	12,866	190,427
2027.....	181,149	9,279	190,428
2028.....	184,808	5,619	190,427
2029.....	188,542	1,885	190,427
Totals.....	\$ 2,966,651	\$ 324,456	\$ 3,291,107

General Obligation Bonds Payable Schedule – Percy Walker Pool Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Transfer of Percy Walker Pool Debt	Outstanding at June 30, 2017
Municipal Purpose Loans of 2010.....	2025	\$ 2,363,000	2.00-5.00	\$ 1,395,000	\$ -	\$ (155,000)	\$ (1,240,000)	\$ -

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, 2017, the Town had the following authorized and unissued debt:

Purpose	Amount
School Construction.....	\$ 42,836,300
Water Mains.....	612,000
Replace Pumping Engine.....	700,000
Rehab Captain's Hill Tank.....	900,000
Total.....	\$ 45,048,300

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Balance June 30, 2016	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Reclass Percy Walker Pool	Balance June 30, 2017	Due Within One Year
Governmental Activities:								
Long-Term Bonds Payable.....	\$ 83,882,229	\$ 3,185,000	\$ (5,552,518)	\$ -	\$ -	\$ -	\$ 81,514,711	\$ 5,676,558
Add: Unamortized Premium.....	5,298,766	345,918	(561,559)	-	-	-	5,083,125	583,514
Total Long-Term Bonds Payable.....	89,180,995	3,530,918	(6,114,077)	-	-	-	86,597,836	6,260,072
Net Pension Liability.....	30,032,205	-	-	4,358,649	(3,140,624)	378,810	31,629,040	-
Other Postemployment Benefits.....	31,121,042	-	-	3,388,699	(1,978,633)	17,320	32,548,428	-
Compensated Absences.....	1,526,000	-	-	1,447,000	(1,299,000)	-	1,674,000	1,280,000
Total governmental activity long-term liabilities.....	<u>\$ 151,860,242</u>	<u>\$ 3,530,918</u>	<u>\$ (6,114,077)</u>	<u>\$ 9,194,348</u>	<u>\$ (6,418,257)</u>	<u>\$ 396,130</u>	<u>\$ 152,449,304</u>	<u>\$ 7,540,072</u>
Business-Type Activities:								
Long-Term Bonds Payable.....	\$ 4,804,962	\$ -	\$ (598,311)	\$ -	\$ -	\$ -	\$ 4,206,651	\$ 436,307
Net Pension Liability.....	1,370,758	-	-	228,952	(146,088)	(378,810)	1,074,812	-
Other Postemployment Benefits.....	215,832	-	-	23,502	(13,722)	(17,320)	208,292	-
Compensated Absences.....	36,000	-	-	59,000	(44,000)	-	51,000	44,000
Total business-type activity long-term liabilities.....	<u>\$ 6,427,552</u>	<u>\$ -</u>	<u>\$ (598,311)</u>	<u>\$ 311,454</u>	<u>\$ (203,810)</u>	<u>\$ (396,130)</u>	<u>\$ 5,540,755</u>	<u>\$ 480,307</u>

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

As of June 30, 2017, the governmental fund balances consisted of the following:

	General	Community Preservation Act	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Town services fund.....	\$ -	\$ -	\$ -	2,318,473	\$ 2,318,473
Restricted for:					
Debt service - interest.....	4,629,803	-	-	-	4,629,803
Community Preservation Act.....	-	3,944,268	-	-	3,944,268
Co-located school.....	-	-	50,569	-	50,569
School lunch.....	-	-	-	563,553	563,553
School gift and grant funds.....	-	-	-	646,316	646,316
School revolving.....	-	-	-	1,910,211	1,910,211
Recreation revolving.....	-	-	-	5,300	5,300
Receipts reserved for appropriations.....	-	-	-	676,080	676,080
Town gifts and grants.....	-	-	-	776,845	776,845
Town revolving.....	-	-	-	36,180	36,180
Affordable housing.....	-	-	-	1,748,343	1,748,343
Special revenue trust funds.....	-	-	-	172,505	172,505
Miscellaneous small projects.....	-	-	-	59,077	59,077
Public safety buildings.....	-	-	-	28,339	28,339
Crematory.....	-	-	-	1,463	1,463
Town services fund.....	-	-	-	1,544,334	1,544,334
Committed for:					
Selectmen.....	99,931	-	-	-	99,931
Information systems.....	284,648	-	-	-	284,648
Assessor.....	26,000	-	-	-	26,000
Human resources.....	28,855	-	-	-	28,855
Planning board.....	35,000	-	-	-	35,000
Facilities management.....	186,617	-	-	-	186,617
Harbormaster/Beach Management.....	28,482	-	-	-	28,482
DPW management.....	113,906	-	-	-	113,906
Cemetery.....	5,280	-	-	-	5,280
Library.....	4,368	-	-	-	4,368
North Hill.....	4,275	-	-	-	4,275
Pension reserve.....	1,249,738	-	-	-	1,249,738
Unemployment.....	248,314	-	-	-	248,314
Compensated absences.....	214,302	-	-	-	214,302
Assigned to:					
General government.....	24,769	-	-	-	24,769
Public safety.....	79,276	-	-	-	79,276
Education.....	182,416	-	-	-	182,416
Public works.....	98,701	-	-	-	98,701
Human services.....	7,399	-	-	-	7,399
Culture and recreation.....	3,969	-	-	-	3,969
Free cash used to fund the the 2018 budget.....	2,071,649	-	-	-	2,071,649
Unassigned.....	7,535,397	-	(232,216)	(89,330)	7,213,851
TOTAL FUND BALANCES.....	\$ 17,163,095	\$ 3,944,268	\$ (181,647)	\$ 10,397,689	\$ 31,323,405

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

At year end, the balance of the general stabilization fund was \$4,302,878 and reported as unassigned fund balance in the general fund. The pension trust stabilization, unemployment trust stabilization, and compensated absences trust stabilization totaled \$1,249,738, \$248,314 and \$214,302, respectively. These three funds are reported as committed fund balance in the general fund. The pension trust fund is distinct and separate from the System information in Note 11. The purpose of the fund is to provide a reserve to meet future annual contributions to the Pension System.

With the exception of the pension reserve and the unemployment reserve, the committed balances in the General Fund are articles carried forward to next year. With the exception of free cash used to fund the 2018 budget, assigned balances in the General Fund are encumbrances carried forward to next year. The detail of each article and encumbrance is included in the budgetary comparison schedule presented as required supplementary information.

NOTE 9 – COMMUNITY PRESERVATION FUNDS

In March of 2001, the Town approved the Community Preservation Act (CPA) which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The CPA requires that the Town spend or set aside for later spending a minimum of 10% of annual revenues for open space, a minimum of 10% of annual revenues for historic resources and a minimum of 10% of annual revenues for community housing.

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

As of June 30, 2017, the CPA fund has a balance of \$3.9 million and is reported as a major fund in the governmental funds financial statements.

NOTE 10 – RISK FINANCING

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

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

(a) *Employee Health Insurance*

The Town estimates its Incurred But Not Reported (IBNR) claims based on a multiyear analysis of average claims paid. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim. At June 30, 2017, the amount of the liability for health insurance claims totaled \$1,292,217. This liability is the Town’s best estimate based on available information. The Town has elected to record a conservative estimate using the high range of the estimated potential liability. Changes in the reported liability since July 1, 2015, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2016.....	\$ 852,980	\$ 10,439,436	\$ (10,245,336)	\$ 1,047,080
2017.....	1,047,080	12,382,490	(12,137,353)	1,292,217

(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. Changes in the reported liability since July 1, 2015, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2016.....	\$ -	\$ 1,051,390	\$ (270,147)	\$ 781,243
2017.....	781,243	194,583	(332,761)	643,065

NOTE 11 – PENSION PLAN

Plan Descriptions

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 54 member units. The PCCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,686,618 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$75,354,160 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Board and are borne by the System.

There were no changes of benefit terms that affected the total pension liability at December 31, 2016.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's total contribution for the year ended December 31, 2016, was \$3,286,712, 20.39% of covered payroll, actuarially determined as an amount that, when combine with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$4,251,876. The Town paid \$3,286,712 for its actual contribution. The required contribution is payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the required contributions.

Pension Liabilities

At June 30, 2017, the Town reported a liability of \$32,703,852 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 5.162%, which increased by 0.211% from its proportion measured at December 31, 2015 of 4.951%.

Pension Expense

For the year ended June 30, 2017, the Town recognized a net pension expense of \$4,439,284. At June 30, 2017, Town reported deferred outflows of resources related to pensions of \$4,749,685 and deferred inflows of resources related to pensions of \$1,019,302.

The balances of deferred outflows/(inflows) related to pensions consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 853,130	\$ -	\$ 853,130
Differences between projected and actual earnings.....	3,157,142	-	3,157,142
Changes of assumptions.....	-	(932,055)	(932,055)
Changes in proportion and proportionate share of contributions.....	739,413	(87,247)	652,166
Total Deferred Outflows/(Inflows) of Resources.....	\$ 4,749,685	\$ (1,019,302)	\$ 3,730,383

The deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018.....	\$ 1,302,385
2019.....	1,302,385
2020.....	954,665
2021.....	170,948
Total.....	\$ 3,730,383

Actuarial Assumptions

The total pension liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increase at 3.5% for the unfunded actuarial accrued liability, and level amortization of the 2002, 2003, and 2013 Early Retirement Incentives (ERI).

Remaining amortization period.....	Amortization of the unfunded actuarial accrued liability over 12 years, the 2002 ERI over two years, 2003 ERI over three years, and the 2013 ERI over 11 years; all as of July 1, 2017.
Asset valuation method.....	Market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Investment rate of return/Discount rate..	8% nominal rate, net of investment expense.
Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
Family composition.....	Assumption that 80% of members will be survived by a spouse, females are three years younger than males and males are three years older than females.

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The investment objective is to fully fund the Plan by generating sufficient long-term inflation adjusted capital appreciation while providing sufficient liquidity to meet short-term withdrawal requirements. The Board desires to balance the goal of higher long-term returns with the goal of minimizing contribution volatility, recognizing these are often competing goals. This requires taking both assets and liabilities into account when setting investment strategy.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	26.50%	7.50%
Developed markets equity.....	16.00%	7.30%
Emerging markets equity.....	4.00%	9.80%
Core bonds.....	11.50%	4.20%
Foreign bonds.....	3.00%	2.40%
Emerging markets bonds.....	4.00%	5.50%
High yield bonds.....	4.00%	6.00%
Bank loans.....	3.00%	5.50%
Private equity.....	10.00%	9.60%
Real estate.....	10.00%	6.90%
Natural resources.....	1.00%	7.00%
Infrastructure.....	2.00%	7.80%
Hedge fund of funds.....	4.00%	5.30%
Cash.....	1.00%	2.80%
Total Asset Allocation.....	100.00%	

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Town's proportionate share of the net pension liability.....	\$ 40,880,824	\$ 32,703,852	\$ 25,733,304

Changes in Assumptions and Plan Provisions

The following changes in assumptions were included in the January 1, 2017 actuarial valuation:

- Cost of living increases were 3.0% of the first \$14,000 of retirement income, as compared to \$13,000 in the prior year.
- The annual rate of both pre-retirement and beneficiary mortality was changed to the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational table.
- The mortality for retired group 1 and 2 members was changed to the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retired members were changed to the RP-2014 Blue Collar Mortality table set forward three years for males, and six years for females, fully generational.
- The assumed family composition was changed to assume that 80% of all male members and 60% of all female members will be survived by a spouse, as compared to the prior valuation assumption that 80% of all members will be survived by a spouse.
- The amortization method changed from the level percent open group method to a method where payments increase at 3.5% for the unfunded actuarial accrued liability and level amortization for the 2002, 2003 and 2013 ERI.
- The amortization period changed from 17 years to amortization of the unfunded liability over 12 years, the 2002 ERI over 2 years, the 2003 ERI over 3 years, and the 2013 ERI over 11 years.
- The assumed annual increase in administrative expenses was changed to 3.75%, from 4.00%.

There were no changes in plan provisions in the January 1, 2017 actuarial valuation.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. Administrative costs of the plan are assumed to be included in plan premiums. For 2017, the Town contributed approximately \$1.9 million to the plan. For the year ended June 30, 2017, the Town's average contribution rate was 4.52% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2017, the Town pre-funded future OPEB liabilities totaling approximately \$300,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2017, the balance of this fund totaled \$1.8 million.

The annual money-weighted rate of return on OPEB plan investments was 5.93%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Plan Membership – The following table represents the Plan’s membership at July 1, 2016:

Active members.....	644
Inactive employees or beneficiaries currently receiving benefits.....	<u>488</u>
Total.....	<u>1132</u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB liability.....	\$ 51,784,190
Less: OPEB plan's fiduciary net position.....	<u>(1,847,698)</u>
Net OPEB liability.....	<u>\$ 49,936,492</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	3.57%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2016, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2017, to be in accordance with GASB #74:

Valuation date.....	Actuarially determined contribution was calculated as of June 30, 2017.
Actuarial cost method.....	Entry Age Normal.
Asset valuation method.....	Fair value of assets as of June 30, 2017, the reporting date.
Nominal Investment rate of return.....	Partial prefunding: 4.25%, net of investment expenses
Single equivalent discount rate.....	4.25%
Healthcare cost trend rate.....	5.0% decreasing to 4.5% for periods starting in 2017.
Pre-Retirement mortality.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by 'the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational.
Post-Retirement mortality.....	Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational.

Disabled mortality..... Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

Investment Policy

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	44.00%	4.66%
Domestic Equity - Small/Mid Cap.....	8.00%	1.02%
International Equity - Developed Market.....	9.00%	0.94%
International Equity - Emerging Market.....	3.00%	0.44%
Domestic Fixed Income.....	22.00%	0.92%
International Fixed Income.....	3.00%	0.13%
Alternatives.....	9.00%	0.70%
Real Estate.....	2.00%	0.25%
Total Asset Allocation.....	100.00%	

The Town’s net other postemployment benefits liability was determined based on a projection of employer and employee contributions, benefit payments (with and without subsidy), expenses and the long-term expected rate of return on the other postemployment trust assets which resulted in a selected discount rate of 4.25%.

Sensitivity of the net other postemployment benefit liability to changes in the discount rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.25%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current rate.

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Net OPEB liability..... \$	\$ 58,672,900	\$ 49,936,492	\$ 42,953,932

Sensitivity of the net other postemployment benefit liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%).

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability.....	\$ 41,725,741	\$ 49,936,492	\$ 60,592,374

Changes in Assumptions and Plan Provisions

There were no changes in assumptions or plan provisions in the January 30, 2017 actuarial valuation.

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

Annual Required Contribution.....	\$ 3,022,313
Interest on net OPEB obligation.....	1,880,212
Adjustment to annual required contribution.....	<u>(1,490,325)</u>
Annual OPEB Cost (expense).....	3,412,200
Annual Employer Contributions.....	<u>(1,992,355)</u>
Increase/Decrease in net OPEB obligation.....	1,419,845
Net OPEB obligation - beginning of year.....	<u>31,336,874</u>
Net OPEB obligation - end of year.....	<u>\$ 32,756,719</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 3,412,200	58%	\$ 32,756,719
6/30/2016	3,280,022	58%	31,336,874
6/30/2015	4,071,142	56%	29,965,807

Funded Status and Funding Progress – As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$41.2 million. The actuarial value of assets for the plan was \$1.4 million, or 4%. The remaining \$39.8 million was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$42.6 million, and the ratio of the UAAL to the covered payroll was 93.4%.

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

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

In the June 30, 2016, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 6.0% partially funded rate of return, net of investment expenses; 3.25% projected salary increases; and an annual medical/drug cost trend rate of 5.5% initially, graded to 4.5% over 3 years, and an inflation rate of 3.25%. The UAAL is being amortized over an open 30 year period using a level percent of pay. The asset valuation method being used is market value. The remaining amortization period at June 30, 2017, is 30 years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

NOTE 14 – PERCY WALKER POOL ENTERPRISE FUND RECLASSIFICATION

The rates at the Percy Walker Pool are not set to recover 100% of the cost of the pools operations, therefore, Town Meeting voted to revoke the enterprise provisions of Massachusetts General Law Chapter 44, Section 53F½ which terminated the Percy Walker Pool enterprise fund as of June 30, 2017. The Percy Walker Pool Enterprise Fund's net position on June 30, 2017, of \$404,637, was transferred to Governmental Activities as a special item. All current financial resources were transferred to the General Fund. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources previously reported within the Enterprise Fund are now reported in the Governmental Activities and the General Fund.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2017, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2017

	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				
REVENUES:								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 57,755,015	\$ 57,755,015	\$ 57,924,531	\$ 58,052,315	\$ -	\$ -	127,784
Tax and trash liens.....	-	-	-	-	60,157	-	-	60,157
Motor vehicle and other excise taxes.....	-	2,375,000	2,375,000	2,375,000	3,154,608	-	-	779,608
Sewer charges.....	-	270,000	270,000	270,000	281,530	-	-	11,530
Trash disposal.....	-	550,000	550,000	550,000	624,436	-	-	74,436
Intergovernmental.....	-	6,159,147	6,159,147	6,159,147	6,229,510	-	-	70,363
Departmental and other.....	-	4,067,500	4,067,500	4,067,500	4,898,799	-	-	831,299
Investment income.....	-	120,114	120,114	120,114	162,908	-	-	42,794
TOTAL REVENUES.....	-	71,296,776	71,296,776	71,466,292	73,464,263	-	-	1,997,971
EXPENDITURES:								
Current:								
General government								
Town Meeting								
Expenditures.....	-	3,650	3,650	5,659	5,659	-	-	-
Town Moderator								
Salaries.....	-	40	40	40	-	-	-	40
Selectmen								
Salaries.....	-	242,282	242,282	255,961	255,823	-	-	138
Expenditures.....	4,565	12,985	17,550	17,540	16,016	1,524	-	-
Articles.....	112,723	-	112,723	177,723	77,792	99,931	-	-
Total.....	117,288	255,267	372,555	451,224	349,631	101,455	-	138
Finance Committee								
Expenditures.....	-	450	450	450	204	-	-	246
Information Systems								
Salaries.....	-	153,980	153,980	151,185	151,185	-	-	-
Expenditures.....	38,257	289,500	327,757	334,957	314,576	17,882	-	2,499
Articles.....	329,510	46,724	376,234	376,235	91,587	284,648	-	-
Total.....	367,767	490,204	857,971	862,377	557,348	302,530	-	2,499
Accounting								
Salaries.....	-	341,020	341,020	351,652	349,223	-	-	2,429
Expenditures.....	-	11,100	11,100	11,100	10,931	-	-	169
Total.....	-	352,120	352,120	362,752	360,154	-	-	2,598
Audit								
Expenditures.....	-	46,800	46,800	46,800	46,680	-	-	120
Assessor								
Salaries.....	-	219,790	219,790	225,422	214,967	-	-	10,455
Expenditures.....	-	21,500	21,500	21,500	18,733	513	-	2,254
Articles.....	30,000	-	30,000	30,000	4,000	26,000	-	-
Total.....	30,000	241,290	271,290	276,922	237,700	26,513	-	12,709
Treasurer/Collector								
Salaries.....	-	265,845	265,845	254,845	236,857	-	-	17,988
Expenditures.....	244	57,268	57,512	63,512	46,507	331	-	16,674
Total.....	244	323,113	323,357	318,357	283,364	331	-	34,662
Legal								
Expenditures.....	-	280,000	280,000	240,000	183,937	-	-	56,063
Human Resources								
Salaries.....	-	119,635	119,635	113,095	111,426	-	-	1,669
Expenditures.....	651	35,110	35,761	44,761	41,099	2,628	-	1,034
Articles.....	21,151	119,000	140,151	31,431	-	28,855	-	2,576
Total.....	21,802	273,745	295,547	189,287	152,525	31,483	-	5,279
Town Clerk								
Salaries.....	-	142,363	142,363	147,009	143,935	-	-	3,074
Expenditures.....	3,531	63,655	67,186	71,381	70,605	-	-	776
Articles.....	14,195	42,500	56,695	42,500	41,498	-	-	1,002
Total.....	17,726	248,518	266,244	260,890	256,038	-	-	4,852

(Continued)

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

YEAR ENDED JUNE 30, 2017

	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				
Conservation								
Salaries.....	-	134,248	134,248	139,239	137,145	-	2,094	
Expenditures.....	-	12,413	12,413	12,413	10,994	1,003	416	
Total.....	-	146,661	146,661	151,652	148,139	1,003	2,510	
Planning Board								
Salaries.....	-	103,710	103,710	105,358	105,271	-	87	
Expenditures.....	-	8,650	8,650	8,650	7,681	868	101	
Articles.....	-	43,000	43,000	43,000	8,000	35,000	-	
Total.....	-	155,360	155,360	157,008	120,952	35,868	188	
Tax Title								
Expenditures.....	-	8,000	8,000	8,000	3,698	20	4,282	
Historical Commission								
Expenditures.....	-	2,040	2,040	2,242	120	-	2,122	
Facilities Management								
Salaries.....	-	210,287	210,287	215,937	215,520	-	417	
Expenses.....	194	119,880	120,074	120,074	113,220	-	6,854	
Articles.....	7,963	299,171	307,134	307,134	93,519	186,617	26,998	
	8,157	629,338	637,495	643,145	422,259	186,617	34,269	
Total General Government.....	562,984	3,456,596	4,019,580	3,976,805	3,128,408	685,820	162,577	
Public safety								
Police								
Salaries.....	-	3,033,668	3,033,668	3,031,552	3,026,381	-	5,171	
Expenditures.....	29,299	378,967	408,266	438,212	386,284	43,779	8,149	
Articles.....	2,154	28,331	30,485	30,485	29,778	-	707	
Total.....	31,453	3,440,966	3,472,419	3,500,249	3,442,443	43,779	14,027	
Fire								
Salaries.....	-	2,876,095	2,876,095	3,023,742	3,010,443	-	13,299	
Expenditures.....	6,919	298,697	305,616	325,615	308,150	5,946	11,519	
Articles.....	24,975	67,000	91,975	91,975	91,974	-	1	
Total.....	31,894	3,241,792	3,273,686	3,441,332	3,410,567	5,946	24,819	
Municipal Services								
Salaries.....	-	439,304	439,304	492,395	464,378	-	28,017	
Expenditures.....	9,277	101,709	110,986	114,586	81,509	29,376	3,701	
Total.....	9,277	541,013	550,290	606,981	545,887	29,376	31,718	
Harbormaster/Beach Management								
Salaries.....	-	262,916	262,916	263,184	261,562	-	1,622	
Expenditures.....	169	31,200	31,369	31,888	30,243	175	1,470	
Articles.....	5,897	106,597	112,494	112,494	83,902	28,482	110	
Total.....	6,066	400,713	406,779	407,566	375,707	28,657	3,202	
Total Public Safety.....	78,690	7,624,484	7,703,174	7,956,128	7,774,604	107,758	73,766	
Education								
Salaries and Expenditures.....	217,187	33,813,460	34,030,647	34,110,647	33,796,301	182,416	131,930	
Articles.....	-	176,710	176,710	176,710	165,319	-	11,391	
Total.....	217,187	33,990,170	34,207,357	34,287,357	33,961,620	182,416	143,321	
Public Works								
DPW Management								
Salaries.....	-	279,353	279,353	287,389	281,344	-	6,045	
Expenditures.....	-	56,650	56,650	49,563	40,958	-	8,605	
Articles.....	69,268	45,000	114,268	114,310	42	113,906	362	
Total.....	69,268	381,003	450,271	451,262	322,344	113,906	15,012	
Vehicle Maintenance								
Salaries.....	-	157,446	157,446	160,550	157,842	-	2,708	
Expenditures.....	13,960	120,500	134,460	145,940	137,115	1,197	7,628	
Total.....	13,960	277,946	291,906	306,490	294,957	1,197	10,336	
Highway Department								
Salaries.....	-	469,945	469,945	478,884	470,254	-	8,630	
Expenditures.....	5,361	75,500	80,861	80,861	75,223	234	5,404	
Articles.....	-	34,873	34,873	34,873	33,819	-	1,054	
Total.....	5,361	580,318	585,679	594,618	579,296	234	15,088	

(Continued)

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

YEAR ENDED JUNE 30, 2017

	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				
Snow & Ice								
Salaries.....	-	60,400	60,400	93,617	93,617	-	-	
Expenditures.....	-	111,000	111,000	252,867	252,867	-	-	
Total.....	-	171,400	171,400	346,484	346,484	-	-	
Fuel Depot								
Expenditures.....	8	303,000	303,008	277,925	186,132	-	91,793	
Land & Natural Resources								
Salaries.....	-	461,114	461,114	470,482	423,923	-	46,559	
Expenditures.....	-	47,000	47,000	47,000	46,331	-	669	
Articles.....	-	114,000	114,000	114,000	114,000	-	-	
Total.....	-	622,114	622,114	631,482	584,254	-	47,228	
Street Lights								
Expenditures.....	1,079	37,000	38,079	40,590	36,995	2,511	1,084	
Transfer Station								
Salaries.....	-	230,601	230,601	234,509	229,505	-	5,004	
Expenditures.....	100	517,700	517,800	634,800	564,046	70,203	551	
Articles.....	-	85,000	85,000	85,000	83,000	-	2,000	
Total.....	100	833,301	833,401	954,309	876,551	70,203	7,555	
Sewer Department								
Salaries.....	-	16,332	16,332	16,517	16,517	-	-	
Expenditures.....	2,465	236,000	238,465	238,465	172,574	336	65,555	
Total.....	2,465	252,332	254,797	254,982	189,091	336	65,555	
Cemetery								
Salaries.....	-	403,812	403,812	412,281	406,738	-	5,543	
Expenditures.....	11,657	224,950	236,607	236,607	181,880	22,645	32,082	
Articles.....	38,624	67,885	106,509	106,509	81,162	5,280	20,067	
Total.....	50,281	696,647	746,928	755,397	669,780	27,925	57,692	
Central Building								
Salaries.....	-	61,493	61,493	62,666	60,940	-	1,726	
Expenditures.....	4,108	203,400	207,508	200,508	186,462	1,575	12,471	
Total.....	4,108	264,893	269,001	263,174	247,402	1,575	14,197	
Animal Control								
Salaries.....	-	79,426	79,426	81,416	77,021	-	4,395	
Expenditures.....	-	7,500	7,500	7,500	6,678	-	822	
Total.....	-	86,926	86,926	88,916	83,699	-	5,217	
Tarklin Building								
Expenditures.....	75	9,550	9,625	9,625	6,162	-	3,463	
Total Public Works.....	146,705	4,516,430	4,663,135	4,975,254	4,423,147	217,887	334,220	
Human services								
Council on Aging								
Salaries.....	-	396,878	396,878	404,212	402,514	-	1,698	
Expenditures.....	5,057	129,275	134,332	137,332	126,638	7,089	3,605	
Total.....	5,057	526,153	531,210	541,544	529,152	7,089	5,303	
Veterans								
Salaries.....	-	25,030	25,030	25,780	25,780	-	-	
Expenditures.....	78	120,775	120,853	120,853	78,596	310	41,947	
Total.....	78	145,805	145,883	146,633	104,376	310	41,947	
Plymouth County Cooperative								
Expenditures.....	-	400	400	400	400	-	-	
Total Human Services.....	5,135	672,358	677,493	688,577	633,928	7,399	47,250	
Culture and Recreation								
Library								
Salaries.....	-	986,811	986,811	990,880	960,318	-	30,562	
Expenditures.....	5,651	321,788	327,439	327,439	317,089	3,969	6,381	
Articles.....	5,779	37,430	43,209	43,209	38,672	4,368	169	
Total.....	11,430	1,346,029	1,357,459	1,361,528	1,316,079	8,337	37,112	

(Continued)

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

YEAR ENDED JUNE 30, 2017

	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				
Recreation								
Salaries.....	-	171,790	171,790	183,272	182,791	-	481	
Expenditures.....	-	850	850	850	840	-	10	
Articles.....	-	660,000	660,000	660,000	660,000	-	-	
Total.....	-	832,640	832,640	844,122	843,631	-	491	
North Hill								
Expenditures.....	-	1,500	1,500	1,500	1,226	-	274	
Articles.....	104,275	-	104,275	104,275	97,725	4,275	2,275	
Total.....	104,275	1,500	105,775	105,775	98,951	4,275	2,549	
Lifeguards								
Salaries.....	-	20,160	20,160	20,160	17,933	-	2,227	
Expenditures.....	-	1,500	1,500	1,500	1,451	-	49	
Total.....	-	21,660	21,660	21,660	19,384	-	2,276	
Public Celebrations								
Expenditures.....	202	-	202	-	-	-	-	
Articles.....	-	15,000	15,000	-	-	-	-	
Total.....	202	15,000	15,202	-	-	-	-	
Total Culture and Recreation.....	115,907	2,216,829	2,332,736	2,333,085	2,278,045	12,612	42,428	
Pension Benefits								
Contributory Retirement.....	-	3,146,762	3,146,762	3,146,762	3,146,762	-	-	
Non-Contributory Retirement.....	-	20,000	20,000	20,000	19,946	-	54	
Total.....	-	3,166,762	3,166,762	3,166,762	3,166,708	-	54	
Property and Liability Insurance.....	500	481,363	481,863	456,863	410,395	-	46,468	
Employee Benefits.....	-	7,270,000	7,270,000	7,782,092	7,777,298	-	4,794	
Claims and judgments.....	-	333,767	333,767	-	-	-	-	
Reserve fund.....	-	115,000	115,000	480	-	-	480	
State and County Charges.....	-	527,872	527,872	527,872	500,171	-	27,701	
Debt Service								
Debt Service Principal.....	-	5,552,518	5,552,518	5,552,518	5,552,518	-	-	
Debt Service Interest.....	-	2,935,767	2,935,767	2,920,167	2,900,403	-	19,764	
Total.....	-	8,488,285	8,488,285	8,472,685	8,452,921	-	19,764	
TOTAL EXPENDITURES.....	1,127,108	72,859,916	73,987,024	74,623,960	72,507,245	1,213,892	902,823	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,127,108)	(1,563,140)	(2,690,248)	(3,157,668)	957,018	(1,213,892)	2,900,794	
OTHER FINANCING SOURCES (USES):								
Premium from issuance of bonds.....	-	-	-	-	2,918	-	2,918	
Sale of capital assets.....	-	-	-	-	4,440	-	4,440	
Transfers in.....	-	340,783	340,783	340,783	400,072	-	59,289	
Transfers out.....	-	(373,661)	(373,661)	(1,542,881)	(1,542,881)	-	-	
TOTAL OTHER FINANCING SOURCES (USES).....	-	(32,878)	(32,878)	(1,202,098)	(1,135,451)	-	66,647	
NET CHANGE IN FUND BALANCE.....	(1,127,108)	(1,596,018)	(2,723,126)	(4,359,766)	(178,433)	(1,213,892)	2,967,441	
BUDGETARY FUND BALANCE, Beginning of year...	-	10,684,051	10,684,051	10,684,051	10,684,051	-	-	
BUDGETARY FUND BALANCE, End of year.....	\$ (1,127,108)	\$ 9,088,033	\$ 7,960,925	\$ 6,324,285	\$ 10,505,618	\$ (1,213,892)	\$ 2,967,441	

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	4.951%	4.951%	5.162%
Town's proportionate share of the net pension liability (asset)..... \$	28,862,001	\$ 31,402,963	\$ 32,703,852
Town's covered employee payroll..... \$	15,363,907	\$ 15,940,054	\$ 16,118,261
Net pension liability as a percentage of covered-employee payroll.....	187.86%	197.01%	202.90%
Plan fiduciary net position as a percentage of the total pension liability.....	58.88%	56.76%	58.32%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>
Actuarially determined contribution.....	\$ 3,004,465	\$ 3,180,625	\$ 3,286,712
Contributions in relation to the actuarially determined contribution.....	<u>(3,004,465)</u>	<u>(3,180,625)</u>	<u>(3,286,712)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 15,363,907	\$ 15,940,054	\$ 16,118,261
Contributions as a percentage of covered- employee payroll.....	19.56%	19.95%	20.39%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Fiscal Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2017.....\$	75,354,160 \$	7,686,618	52.73%
2016.....	69,363,733	5,626,016	55.38%
2015.....	53,033,926	3,684,521	61.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

GASB #74

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the Plan's net other postemployment benefit liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

GASB #45

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

The Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the plan.

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

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Total OPEB Liability	
Service Cost.....	\$ 1,574,616
Interest.....	2,145,961
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	-
Benefit payments.....	<u>(1,692,355)</u>
Net change in total OPEB liability.....	2,028,222
Total OPEB liability- beginning.....	<u>49,755,968</u>
Total OPEB liability- ending (a).....	<u><u>\$ 51,784,190</u></u>
Plan fiduciary net position	
Contributions- employer	\$ 1,992,355
Net investment income.....	90,773
Benefit payments.....	<u>(1,692,355)</u>
Net change in plan fiduciary net position.....	390,773
Plan fiduciary net position- beginning.....	<u>1,456,925</u>
Plan fiduciary net position- ending (b).....	<u><u>\$ 1,847,698</u></u>
Town's net OPEB liability- ending (a)-(b).....	<u><u>\$ 49,936,492</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	3.57%
Covered-employee payroll.....	\$ 44,107,553
Town's net OPEB liability as a percentage of covered-employee payroll.....	113.22%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years
for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 2,487,355
Contributions in relation to the actuarially determined contribution.....	(1,992,355)
Contribution deficiency (excess).....	\$ 495,000
Covered-employee payroll.....	\$ 44,107,553
Contributions as a percentage of covered- employee payroll.....	4.52%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	5.93%
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Note: This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 1,456,925	\$ 41,248,291	\$ 39,791,366	4%	\$ 42,615,993	93.4%
6/30/2014	712,978	45,389,676	44,676,698	2%	39,817,927	112.2%
6/30/2012	-	87,999,907	87,999,907	0%	37,469,000	234.9%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2017	\$ 3,022,313	\$ 1,992,355	66%
2016	2,907,198	1,908,570	66%
2015	3,720,922	2,285,335	61%
2014	3,548,000	2,388,000	67%
2013	8,203,000	2,440,000	30%
2012	7,683,000	2,259,000	29%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN

Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Level percentage of payroll over a 30 year period
Remaining amortization period.....	30 years as of June 30, 2016, open

Actuarial Assumptions:

Investment rate of return.....	6.00% for a partial prefunded plan
Inflation rate/projected salary increases.....	3.25%
Medical/drug cost trend rate.....	5.5% graded to 4.5% over 3 years

Plan Membership:

Current retirees, beneficiaries, and dependents...	488
Current active members.....	<u>644</u>
Total.....	<u><u>1,132</u></u>

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTINGA. Budgetary Information

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

Supplementary appropriations are voted at special town meetings.

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2017 approved budget for the General Fund includes \$73.1 million in current year appropriations and other amounts to be raised and \$1.1 million in encumbrances and appropriations carried over from previous years. During 2017, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$1.8 million used primarily to fund the snow and ice deficit (\$175,000), the Other Postemployment Benefit Trust Fund (\$300,000), the Stabilization Trust Funds (\$550,000), the Compensated Absence Trust Fund (\$100,000), collective bargaining (\$212,000), and various other expenditure increases totaling (\$300,000).

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2017, is presented on the following page.

Net Change in Fund Balance - budgetary basis.....	\$ (178,433)
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	756,975
Activity of the pension, unemployment, and compensated absence trust funds recorded in the general fund for GAAP.....	77,079
Pool enterprise fund balance at June 30, 2017 moved to the general fund.....	(100,519)
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	(10,775)
Recognition of revenue for on-behalf payments.....	7,686,618
Recognition of expenditures for on-behalf payments.....	<u>(7,686,618)</u>
Net Change in Fund Balance - GAAP basis.....	\$ <u><u>544,327</u></u>

NOTE B – PENSION PLAN

Pension Plan Schedules

A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

The following changes in assumptions were included in the January 1, 2017 actuarial valuation:

- Cost of living increases were 3.0% of the first \$14,000 of retirement income, as compared to \$13,000 in the prior year.
- The annual rate of both pre-retirement and beneficiary mortality was changed to the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational table.
- The mortality for retired group 1 and 2 members was changed to the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retired members were changed to the RP-2014 Blue Collar Mortality table set forward three years for males, and six years for females, fully generational.
- The assumed family composition was changed to assume that 80% of all male members and 60% of all female members will be survived by a spouse, as compared to the prior valuation assumption that 80% of all members will be survived by a spouse.
- The amortization method changed from the level percent open group method to a method where payments increase at 3.5% for the unfunded actuarial accrued liability and level amortization for the 2002, 2003 and 2013 ERI.
- The amortization period changed from 17 years to amortization of the unfunded liability over 12 years, the 2002 ERI over 2 years, the 2003 ERI over 3 years, and the 2013 ERI over 11 years.
- The assumed annual increase in administrative expenses was changed to 3.75%, from 4.00%.

E. Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN

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

The Other Postemployment Benefit Plan

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

The Town

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 4%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

A. Schedule of Funding Progress

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

B. Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

C. Schedule of Actuarial Methods and Assumptions

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

D. Changes in Assumptions – None.**E. Changes in Plan Provisions** – None.

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Other Supplementary Information

Combining and Individual Fund Statements

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

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

Individual fund statements offer more descriptive account information.

Nonmajor Governmental Funds

Fund Description

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's grouping for nonmajor special revenue funds is as described as follows:

- ***School Lunch*** – accounts for the operations of the public school lunch program.
- ***School Gifts & Grants*** – accounts for educational programs specifically financed by gifts, grants and other restricted revenues.
- ***School Revolving*** – accounts for self-supporting educational programs and activities.
- ***Recreation Revolving*** – accounts for self-supporting recreational programs and activities.
- ***Receipts Reserved for Appropriation*** – accounts for the sale of cemetery lots.
- ***Town Gifts & Grants*** – accounts for various gifts, grants and legally restricted revenues for special programs administered by Town departments.
- ***Town Revolving*** – accounts for self-supporting programs and activities.
- ***Affordable Housing*** – accounts for activity related to the creation and preservation of affordable housing.
- ***Special Revenue Trust Funds*** – accounts for statutory trust accounts that may be spent to support the government.

Capital Projects Funds

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

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

Permanent Funds

Permanent Funds are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs. The Town's grouping for non-major permanent funds is as described as follows:

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
ASSETS						
Cash and cash equivalents.....	\$ 565,751	\$ 686,662	\$ 2,348,476	\$ 79,619	\$ 676,080	\$ 812,849
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
TOTAL ASSETS.....	<u>\$ 565,751</u>	<u>\$ 686,662</u>	<u>\$ 2,348,476</u>	<u>\$ 79,619</u>	<u>\$ 676,080</u>	<u>\$ 812,849</u>
LIABILITIES						
Warrants payable.....	\$ 2,198	\$ 36,134	\$ 43,020	\$ 10,672	\$ -	\$ 7,528
Accrued payroll.....	-	4,212	102,740	4,854	-	28,476
Other liabilities.....	-	-	292,505	58,793	-	-
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	<u>2,198</u>	<u>40,346</u>	<u>438,265</u>	<u>74,319</u>	<u>-</u>	<u>36,004</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues.....	-	-	-	-	-	-
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	563,553	646,316	1,910,211	5,300	676,080	776,845
Unassigned.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>563,553</u>	<u>646,316</u>	<u>1,910,211</u>	<u>5,300</u>	<u>676,080</u>	<u>776,845</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES...	<u>\$ 565,751</u>	<u>\$ 686,662</u>	<u>\$ 2,348,476</u>	<u>\$ 79,619</u>	<u>\$ 676,080</u>	<u>\$ 812,849</u>

Special Revenue Funds				Capital Project Funds			
Town Revolving	Affordable Housing	Special Revenue Trust Funds	Subtotal	Miscellaneous Small Projects	Powder Point Bridge	Public Safety Buildings	Capital Equipment
\$ 66,056	\$ 23,445	\$ 120,145	\$ 5,379,083	\$ 59,077	\$ 110,670	\$ 28,339	\$ -
-	1,724,898	52,360	1,777,258	-	-	-	-
18,711	-	-	18,711	-	-	-	-
<u>\$ 84,767</u>	<u>\$ 1,748,343</u>	<u>\$ 172,505</u>	<u>\$ 7,175,052</u>	<u>\$ 59,077</u>	<u>\$ 110,670</u>	<u>\$ 28,339</u>	<u>\$ -</u>
\$ 563	\$ -	\$ -	\$ 100,115	\$ -	\$ -	\$ -	\$ -
29,313	-	-	169,595	-	-	-	-
-	-	-	351,298	-	-	-	-
-	-	-	-	-	200,000	-	-
29,876	-	-	621,008	-	200,000	-	-
18,711	-	-	18,711	-	-	-	-
-	-	-	-	-	-	-	-
36,180	1,748,343	172,505	6,535,333	59,077	-	28,339	-
-	-	-	-	-	(89,330)	-	-
36,180	1,748,343	172,505	6,535,333	59,077	(89,330)	28,339	-
<u>\$ 84,767</u>	<u>\$ 1,748,343</u>	<u>\$ 172,505</u>	<u>\$ 7,175,052</u>	<u>\$ 59,077</u>	<u>\$ 110,670</u>	<u>\$ 28,339</u>	<u>\$ -</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>	Total Nonmajor Governmental Funds
	<u>Crematory</u>	<u>Subtotal</u>	<u>Town Services Fund</u>	
ASSETS				
Cash and cash equivalents.....	\$ 1,463	\$ 199,549	\$ 51,640	\$ 5,630,272
Investments.....	-	-	3,816,699	5,593,957
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	18,711
TOTAL ASSETS.....	\$ 1,463	\$ 199,549	\$ 3,868,339	\$ 11,242,940
LIABILITIES				
Warrants payable.....	\$ -	\$ -	\$ 5,532	\$ 105,647
Accrued payroll.....	-	-	-	169,595
Other liabilities.....	-	-	-	351,298
Notes payable.....	-	200,000	-	200,000
TOTAL LIABILITIES.....	-	200,000	5,532	826,540
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	-	-	-	18,711
FUND BALANCES				
Nonspendable.....	-	-	2,318,473	2,318,473
Restricted.....	1,463	88,879	1,544,334	8,168,546
Unassigned.....	-	(89,330)	-	(89,330)
TOTAL FUND BALANCES.....	1,463	(451)	3,862,807	10,397,689
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 1,463	\$ 199,549	\$ 3,868,339	\$ 11,242,940

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

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
REVENUES:						
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 21,465	\$ -
Intergovernmental.....	114,786	1,751,734	-	-	-	890,326
Departmental and other.....	746,547	90,632	4,671,524	171,975	225,560	676,871
Contributions.....	-	-	-	-	-	475,687
Investment income.....	-	-	-	-	-	-
TOTAL REVENUES.....	861,333	1,842,366	4,671,524	171,975	247,025	2,042,884
EXPENDITURES:						
Current:						
General government.....	-	-	-	-	-	504,309
Public safety.....	-	-	-	-	-	816,775
Education.....	702,657	2,088,042	4,591,956	-	-	-
Public works.....	-	-	-	-	-	9,485
Human services.....	-	-	-	-	-	179,895
Culture and recreation.....	-	-	-	155,824	-	335,723
Pension benefits - Town.....	-	-	-	-	-	2,282
Employee benefits.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	702,657	2,088,042	4,591,956	155,824	-	1,848,469
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	158,676	(245,676)	79,568	16,151	247,025	194,415
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	-	-	-	-	6,585
Transfers out.....	-	(47)	(488)	(57,183)	(133,706)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(47)	(488)	(57,183)	(133,706)	6,585
NET CHANGE IN FUND BALANCES.....	158,676	(245,723)	79,080	(41,032)	113,319	201,000
FUND BALANCES AT BEGINNING OF YEAR.....	404,877	892,039	1,831,131	46,332	562,761	575,845
FUND BALANCES AT END OF YEAR.....	\$ 563,553	\$ 646,316	\$ 1,910,211	\$ 5,300	\$ 676,080	\$ 776,845

Special Revenue Funds				Capital Project Funds			
Town Revolving	Affordable Housing	Special Revenue Trust Funds	Sub-total	Miscellaneous Small Projects	Powder Point Bridge	Public Safety Buildings	Capital Equipment
\$ -	\$ -	\$ -	\$ 21,465	\$ -	\$ -	\$ -	\$ -
-	-	-	2,756,846	-	-	-	-
603,432	-	-	7,186,541	-	-	-	-
-	-	25,626	501,313	-	-	-	-
-	82,227	4,473	86,700	-	-	-	-
<u>603,432</u>	<u>82,227</u>	<u>30,099</u>	<u>10,552,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
13,589	21,862	88,300	628,060	-	-	-	-
421,968	-	-	1,238,743	-	-	-	253,870
-	-	-	7,382,655	-	-	-	-
-	-	-	9,485	-	16,394	-	-
119,107	-	-	299,002	-	-	-	-
-	-	17,900	509,447	-	-	-	-
-	-	-	2,282	-	-	-	-
25,017	-	-	25,017	-	-	-	-
<u>579,681</u>	<u>21,862</u>	<u>106,200</u>	<u>10,094,691</u>	<u>-</u>	<u>16,394</u>	<u>-</u>	<u>253,870</u>
<u>23,751</u>	<u>60,365</u>	<u>(76,101)</u>	<u>458,174</u>	<u>-</u>	<u>(16,394)</u>	<u>-</u>	<u>(253,870)</u>
-	-	-	6,585	17,614	-	-	200,000
(1,571)	-	-	(192,995)	-	-	-	-
<u>(1,571)</u>	<u>-</u>	<u>-</u>	<u>(186,410)</u>	<u>17,614</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
22,180	60,365	(76,101)	271,764	17,614	(16,394)	-	(53,870)
<u>14,000</u>	<u>1,687,978</u>	<u>248,606</u>	<u>6,263,569</u>	<u>41,463</u>	<u>(72,936)</u>	<u>28,339</u>	<u>53,870</u>
<u>\$ 36,180</u>	<u>\$ 1,748,343</u>	<u>\$ 172,505</u>	<u>\$ 6,535,333</u>	<u>\$ 59,077</u>	<u>\$ (89,330)</u>	<u>\$ 28,339</u>	<u>\$ -</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>	Total
	<u>Crematory</u>	<u>Sub-total</u>	<u>Town Services Fund</u>	<u>Nonmajor Governmental Funds</u>
REVENUES:				
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ 21,465
Intergovernmental.....	-	-	-	2,756,846
Departmental and other.....	-	-	-	7,186,541
Contributions.....	-	-	53,800	555,113
Investment income.....	-	-	170,153	256,853
TOTAL REVENUES.....	-	-	223,953	10,776,818
EXPENDITURES:				
Current:				
General government.....	-	-	6,141	634,201
Public safety.....	-	253,870	-	1,492,613
Education.....	-	-	6,927	7,389,582
Public works.....	-	16,394	77,061	102,940
Human services.....	-	-	-	299,002
Culture and recreation.....	-	-	1,488	510,935
Pension benefits - Town.....	-	-	-	2,282
Employee benefits.....	-	-	-	25,017
TOTAL EXPENDITURES.....	-	270,264	91,617	10,456,572
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(270,264)	132,336	320,246
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	217,614	-	224,199
Transfers out.....	-	-	-	(192,995)
TOTAL OTHER FINANCING SOURCES (USES).....	-	217,614	-	31,204
NET CHANGE IN FUND BALANCES.....	-	(52,650)	132,336	351,450
FUND BALANCES AT BEGINNING OF YEAR.....	1,463	52,199	3,730,471	10,046,239
FUND BALANCES AT END OF YEAR.....	\$ 1,463	\$ (451)	\$ 3,862,807	\$ 10,397,689

(Concluded)

Agency Fund

Fund Description

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
ASSETS				
Cash and cash equivalents.....	\$ <u>253,970</u>	\$ <u>386,007</u>	\$ <u>(384,373)</u>	\$ <u>255,604</u>
LIABILITIES				
Warrants payable.....	\$ -	\$ 10,074	\$ (10,074)	\$ -
Liabilities due depositors.....	<u>253,970</u>	<u>375,933</u>	<u>(374,299)</u>	<u>255,604</u>
TOTAL LIABILITIES.....	\$ <u>253,970</u>	\$ <u>386,007</u>	\$ <u>(384,373)</u>	\$ <u>255,604</u>

Statistical Section

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



Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position By Component

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets.....	\$ 70,846,707	\$ 73,890,487	\$ 75,622,789	\$ 76,170,781	\$ 81,520,404	\$ 92,575,525	\$ 117,755,690	\$ 127,204,540	\$ 133,843,271	\$ 135,950,281
Restricted.....	2,817,488	2,630,344	2,967,897	3,556,664	3,634,743	3,809,125	4,944,484	9,979,621	8,956,769	9,323,803
Unrestricted.....	<u>15,660,425</u>	<u>12,286,665</u>	<u>10,146,293</u>	<u>8,172,334</u>	<u>1,690,298</u>	<u>3,581,453</u>	<u>(23,663,282)</u>	<u>(27,512,740)</u>	<u>(31,563,516)</u>	<u>(34,363,636)</u>
Total governmental activities net position.....	<u>\$ 89,324,620</u>	<u>\$ 88,807,496</u>	<u>\$ 88,736,979</u>	<u>\$ 87,899,779</u>	<u>\$ 86,845,445</u>	<u>\$ 99,966,103</u>	<u>\$ 99,036,892</u>	<u>\$ 109,671,421</u>	<u>\$ 111,236,524</u>	<u>\$ 110,910,448</u>
Business-type activities										
Net investment in capital assets.....	\$ 9,439,228	\$ 9,523,752	\$ 9,535,029	\$ 10,300,382	\$ 10,672,429	\$ 10,972,261	\$ 10,935,005	\$ 11,043,300	\$ 11,036,636	\$ 10,518,550
Unrestricted.....	<u>2,754,332</u>	<u>2,493,137</u>	<u>3,010,096</u>	<u>2,769,929</u>	<u>2,741,409</u>	<u>2,705,180</u>	<u>2,291,772</u>	<u>2,930,734</u>	<u>3,743,344</u>	<u>4,619,664</u>
Total business-type activities net position.....	<u>\$ 12,193,560</u>	<u>\$ 12,016,889</u>	<u>\$ 12,545,125</u>	<u>\$ 13,070,311</u>	<u>\$ 13,413,838</u>	<u>\$ 13,677,441</u>	<u>\$ 13,226,777</u>	<u>\$ 13,974,034</u>	<u>\$ 14,779,980</u>	<u>\$ 15,138,214</u>
Primary government										
Net investment in capital assets.....	\$ 80,285,935	\$ 83,414,239	\$ 85,157,818	\$ 86,471,163	\$ 92,192,833	\$ 103,547,786	\$ 128,690,695	\$ 138,247,840	\$ 144,879,907	\$ 146,468,831
Restricted.....	2,817,488	2,630,344	2,967,897	3,556,664	3,634,743	3,809,125	4,944,484	9,979,621	8,956,769	9,323,803
Unrestricted.....	<u>18,414,757</u>	<u>14,779,802</u>	<u>13,156,389</u>	<u>10,942,263</u>	<u>4,431,707</u>	<u>6,286,633</u>	<u>(21,371,510)</u>	<u>(24,582,006)</u>	<u>(27,820,172)</u>	<u>(29,743,972)</u>
Total primary government net position.....	<u>\$ 101,518,180</u>	<u>\$ 100,824,385</u>	<u>\$ 101,282,104</u>	<u>\$ 100,970,090</u>	<u>\$ 100,259,283</u>	<u>\$ 113,643,544</u>	<u>\$ 112,263,669</u>	<u>\$ 123,645,455</u>	<u>\$ 126,016,504</u>	<u>\$ 126,048,662</u>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #68.

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 3,686,678	\$ 3,942,177	\$ 3,974,258	\$ 4,293,359	\$ 5,128,146	\$ 5,085,169	\$ 4,762,290	\$ 5,069,723	\$ 4,943,552	\$ 4,980,915
Public safety.....	8,522,903	9,850,181	9,710,965	10,039,369	10,964,082	11,307,480	11,087,856	11,467,443	11,612,777	13,087,396
Education.....	44,398,693	50,478,418	50,300,591	52,156,368	53,522,811	56,017,363	54,816,225	53,150,719	58,761,241	65,375,555
Public works.....	5,194,930	5,911,232	5,258,010	5,453,666	5,724,373	6,068,943	6,130,939	6,058,919	7,653,366	6,666,580
Human services.....	710,722	857,340	891,585	945,904	1,054,046	1,220,090	1,262,417	1,222,376	1,359,923	1,333,179
Culture and recreation.....	2,742,203	2,923,774	2,731,672	2,692,071	2,642,103	2,752,739	2,593,462	2,563,386	3,146,025	3,394,809
Community preservation.....	200,192	147,179	189,761	349,793	376,498	255,580	452,800	243,827	334,472	259,022
Claims and judgements.....	-	-	-	-	-	-	-	-	435,000	-
Interest.....	784,810	637,234	592,335	477,255	489,622	2,351,280	2,682,114	2,360,916	2,385,421	2,302,634
Total government activities expenses.....	66,241,131	74,747,535	73,649,177	76,407,785	79,901,681	85,058,644	83,788,103	82,137,309	90,631,777	97,400,090
Business-type activities:										
Water.....	2,487,440	2,323,558	2,197,814	2,350,547	2,628,618	2,753,314	2,508,246	2,616,985	2,486,500	2,775,919
Percy Walker Pool.....	-	-	33,774	380,020	459,274	503,243	467,604	534,863	469,798	534,305
Total business-type activities expenses.....	2,487,440	2,323,558	2,231,588	2,730,567	3,087,892	3,256,557	2,975,850	3,151,848	2,956,298	3,310,224
Total primary government expenses.....	\$ 68,728,571	\$ 77,071,093	\$ 75,880,765	\$ 79,138,352	\$ 82,999,573	\$ 88,315,201	\$ 86,763,953	\$ 85,289,157	\$ 93,588,075	\$ 100,710,314
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 6,232,869	\$ 6,441,625	\$ 6,099,245	\$ 6,046,720	\$ 5,942,281	\$ 6,548,587	\$ 6,468,917	\$ 6,628,568	\$ 6,844,498	\$ 7,865,831
Public works charges for services.....	1,698,068	2,920,314	1,755,578	1,818,978	1,801,734	1,928,235	1,913,976	1,801,517	1,705,098	2,008,238
Culture and recreation charges for services.....	2,141,441	2,106,940	2,174,635	2,082,263	2,306,106	2,143,397	2,191,537	2,188,621	2,165,686	2,387,673
Other charges for services.....	2,223,067	2,939,352	2,557,845	2,527,548	3,414,885	3,170,531	3,284,393	4,171,799	4,490,079	3,544,447
Operating grants and contributions.....	10,749,772	12,761,352	13,460,616	14,269,178	13,958,828	13,969,717	15,014,771	11,256,335	13,869,319	16,276,654
Capital grant and contributions.....	1,250,418	1,286,073	799,351	1,128,082	2,371,488	19,383,562	22,173,296	7,112,572	953,518	1,161,840
Total government activities program revenues.....	24,295,635	28,455,656	26,847,270	27,872,769	29,795,322	47,144,029	51,046,890	33,159,412	30,028,198	33,244,683
Business-type activities:										
Charges for services - water.....	2,901,469	2,460,603	2,990,133	3,101,148	3,008,160	3,009,145	3,274,399	3,401,453	3,324,676	3,490,670
Charges for services - Percy Walker Pool.....	-	-	46,497	304,513	313,563	372,637	315,811	283,813	253,582	255,901
Total business-type activities program revenues.....	2,901,469	2,460,603	3,036,630	3,405,661	3,321,723	3,381,782	3,590,210	3,685,266	3,578,258	3,746,571
Total primary government program revenues.....	\$ 27,197,104	\$ 30,916,259	\$ 29,883,900	\$ 31,278,430	\$ 33,117,045	\$ 50,525,811	\$ 54,637,100	\$ 36,844,678	\$ 33,606,456	\$ 36,991,254
Net (Expense)/Revenue										
Governmental activities.....	\$ (41,945,496)	\$ (46,291,879)	\$ (46,801,907)	\$ (48,535,016)	\$ (50,106,359)	\$ (37,914,615)	\$ (32,741,213)	\$ (48,977,897)	\$ (60,603,579)	\$ (64,155,407)
Business-type activities.....	414,029	137,045	805,042	675,094	233,831	125,225	614,360	537,418	621,960	436,347
Total primary government net expense.....	\$ (41,531,467)	\$ (46,154,834)	\$ (45,996,866)	\$ (47,859,922)	\$ (49,872,528)	\$ (37,789,390)	\$ (32,126,853)	\$ (48,440,479)	\$ (59,981,619)	\$ (63,719,060)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 38,483,995	\$ 40,555,656	\$ 40,995,795	\$ 41,964,019	\$ 43,943,583	\$ 45,330,505	\$ 52,613,168	\$ 54,467,814	\$ 56,346,529	\$ 57,825,786
Tax liens.....	126,079	48,105	220,392	133,744	20,397	74,317	128,258	17,656	2,570	65,223
Motor vehicle and other excise taxes.....	2,262,861	2,117,119	2,114,070	2,236,742	2,227,654	2,433,608	2,552,550	2,695,218	2,870,355	3,130,995
Community preservation taxes.....	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959	452,436	462,949	482,247
Penalties and interest on taxes.....	108,421	155,068	177,297	157,119	239,386	208,925	241,339	240,792	263,221	285,929
Payments in lieu of taxes.....	28,750	12,804	9,321	4,250	10,950	12,956	12,934	15,965	13,476	11,725
Grants and contributions not restricted to specific programs.....	1,385,213	1,145,359	872,532	994,936	904,812	982,014	995,264	1,062,816	982,675	1,030,560
Unrestricted investment income.....	484,751	255,383	877,505	852,850	529,788	808,801	1,247,143	656,988	1,404,393	864,313
Miscellaneous.....	30,914	-	-	-	-	-	-	-	6,500	50,000
Gain on sale of capital assets.....	-	-	-	-	-	-	-	212,580	-	4,440
Special Item - Conversion to governmental activities.....	-	-	-	-	-	-	-	-	-	(214,215)
Transfers.....	309,109	313,716	276,806	149,908	(109,696)	(138,378)	(112,976)	(210,612)	(183,986)	292,328
Total governmental activities.....	44,330,271	45,774,755	46,731,391	47,697,815	49,052,025	51,035,273	58,122,639	59,611,653	62,168,682	63,829,331
Business-type activities:										
Special Item - Conversion to governmental activities.....	-	-	-	-	-	-	-	-	-	214,215
Transfers.....	(309,109)	(313,716)	(276,806)	(149,908)	109,696	138,378	112,976	210,612	183,986	(292,328)
Total business-type activities.....	(309,109)	(313,716)	(276,806)	(149,908)	109,696	138,378	112,976	210,612	183,986	(78,113)
Total primary government.....	\$ 44,021,162	\$ 45,461,039	\$ 46,454,585	\$ 47,547,907	\$ 49,161,721	\$ 51,173,651	\$ 58,235,615	\$ 59,822,265	\$ 62,352,668	\$ 63,751,218
Changes in Net Position										
Governmental activities.....	\$ 2,384,775	\$ (517,124)	\$ (70,516)	\$ (837,201)	\$ (1,054,334)	\$ 13,120,658	\$ 25,381,426	\$ 10,633,756	\$ 1,565,103	\$ (326,076)
Business-type activities.....	104,920	(176,671)	528,236	525,186	343,527	263,603	727,336	748,030	805,946	358,234
Total primary government.....	\$ 2,489,695	\$ (693,795)	\$ 457,720	\$ (312,015)	\$ (710,807)	\$ 13,384,261	\$ 26,108,762	\$ 11,381,786	\$ 2,371,049	\$ 32,158

Fund Balances, Governmental Funds

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved.....	\$ 474,343	\$ 823,067	\$ 771,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	4,441,420	4,731,295	5,882,157	-	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	7,013,483	6,612,344	6,071,276	5,127,521	4,629,803
Committed.....	-	-	-	1,000,645	1,332,306	2,032,555	2,257,522	2,606,405	2,238,705	2,529,716
Assigned.....	-	-	-	2,054,451	1,698,230	2,234,372	1,474,689	1,785,239	1,621,478	2,468,179
Unassigned.....	-	-	-	6,606,737	7,868,426	6,504,610	7,823,978	6,775,272	7,631,064	7,535,397
Total general fund.....	\$ 4,915,763	\$ 5,554,362	\$ 6,653,698	\$ 9,661,833	\$ 10,898,962	\$ 17,785,020	\$ 18,168,533	\$ 17,238,192	\$ 16,618,768	\$ 17,163,095
All Other Governmental Funds										
Reserved.....	\$ 1,788,474	\$ 1,871,270	\$ 1,926,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	6,704,198	5,252,915	7,438,997	-	-	-	-	-	-	-
Capital projects funds.....	103,266	(82,588)	102,903	-	-	-	-	-	-	-
Permanent funds.....	406,604	263,675	430,125	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	1,971,395	2,034,870	2,077,070	2,152,855	2,205,823	2,264,673	2,318,473
Restricted.....	-	-	-	7,132,302	11,664,137	47,844,142	14,581,241	11,814,850	11,512,555	12,163,383
Unassigned.....	-	-	-	(961,306)	(255,726)	(498,150)	-	-	(3,614,106)	(321,546)
Total all other governmental funds....	\$ 9,002,542	\$ 7,305,272	\$ 9,898,370	\$ 8,142,391	\$ 13,443,281	\$ 49,423,062	\$ 16,734,096	\$ 14,020,673	\$ 10,163,122	\$ 14,160,310

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

Changes in Fund Balances, Governmental Funds

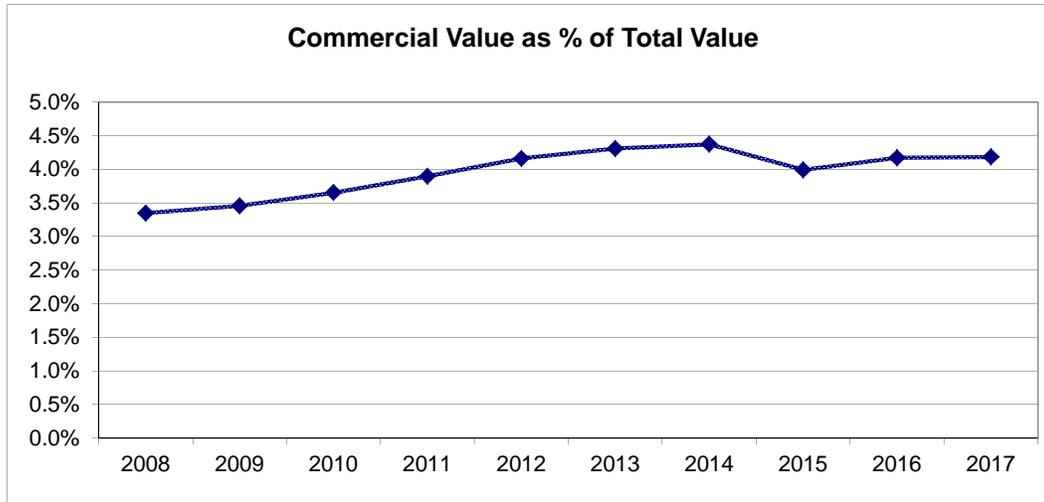
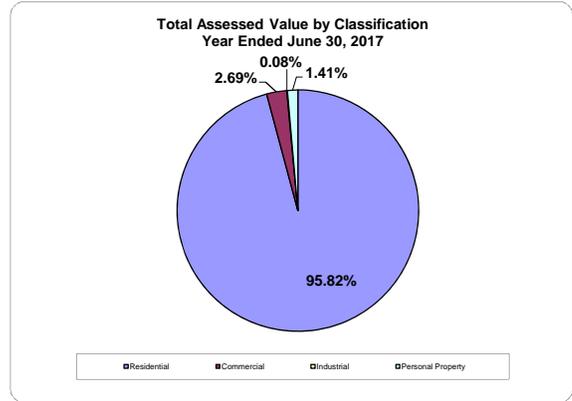
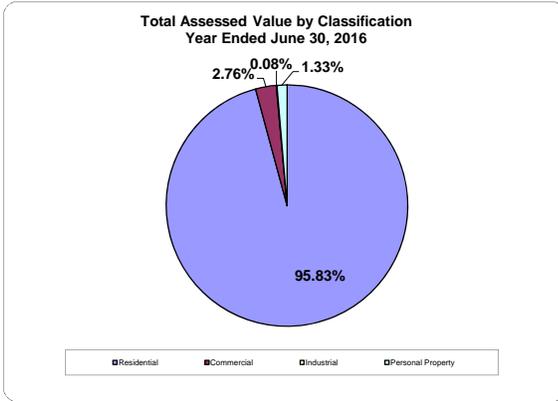
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 38,456,971	\$ 40,270,024	\$ 40,844,508	\$ 41,658,119	\$ 43,933,438	\$ 45,288,464	\$ 52,513,892	\$ 54,204,322	\$ 56,295,558	\$ 58,041,540
Tax and trash liens.....	101,964	123,783	216,803	84,186	91,948	69,547	34,594	17,656	67,508	60,471
Motor vehicle and other excise taxes.....	2,281,039	2,135,478	2,099,164	2,107,443	2,304,289	2,264,283	2,630,758	2,492,965	3,035,431	3,176,073
Sewer charges.....	320,752	365,785	295,819	319,396	304,243	287,269	296,186	212,226	312,228	281,530
Trash disposal.....	315,661	544,505	568,964	633,692	604,833	591,499	599,680	605,573	616,259	624,436
Intergovernmental.....	14,015,696	14,682,388	15,069,862	15,405,675	17,004,600	32,930,015	38,635,421	18,317,424	15,926,713	17,244,211
Departmental and other.....	8,779,635	9,621,256	9,198,751	9,016,882	10,107,279	10,601,027	10,543,232	11,577,762	11,766,381	12,085,340
Community preservation taxes.....	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959	452,436	462,949	482,247
Contributions.....	84,246	537,054	275,223	341,316	348,240	302,255	290,207	319,020	351,013	555,113
Investment income.....	327,076	255,659	812,935	753,198	464,529	728,342	1,072,436	554,845	1,156,690	764,562
Total Revenues.....	65,793,218	69,707,477	70,569,702	71,524,154	76,448,550	94,385,226	107,061,365	88,754,229	89,990,730	93,315,523
Expenditures:										
General government.....	2,498,132	2,394,190	2,652,335	2,923,274	3,236,553	3,668,986	3,421,889	3,619,149	3,392,746	3,290,326
Public safety.....	5,790,187	6,210,899	6,308,590	6,139,513	7,110,163	7,272,844	7,456,518	8,076,183	7,892,295	8,830,467
Education.....	30,667,459	31,933,772	32,759,722	33,097,960	33,962,562	36,483,547	36,443,826	38,288,116	38,752,314	41,314,574
Public works.....	3,462,378	3,919,387	3,443,754	3,671,585	3,731,811	3,884,382	4,162,988	4,255,555	4,770,444	4,457,197
Human services.....	551,566	642,844	652,303	694,772	765,164	928,925	935,898	887,962	980,453	932,530
Culture and recreation.....	1,886,953	1,853,985	1,746,958	1,277,439	1,639,688	1,796,905	1,722,918	1,706,659	2,250,499	2,476,854
Community preservation.....	192,695	99,858	100,102	635,483	718,536	163,408	260,986	52,013	136,400	62,700
Pension benefits - Town.....	1,790,855	1,879,350	1,937,647	2,199,485	2,159,162	2,422,765	2,525,382	2,840,847	3,075,063	3,168,990
Pension benefits - School.....	4,970,000	5,556,000	5,916,000	6,521,227	6,666,279	6,882,597	7,487,437	3,684,521	5,626,016	7,686,618
Property and liability insurance.....	265,802	274,266	223,935	239,620	186,966	253,465	280,147	380,564	387,272	410,395
Employee benefits.....	7,209,088	7,597,692	6,799,445	6,785,582	6,806,418	6,692,042	6,916,638	6,973,526	7,642,949	8,102,315
Claims and judgments.....	-	-	-	-	-	-	-	-	435,000	-
State and county charges.....	251,548	259,473	251,333	273,473	327,762	296,362	448,529	485,681	459,520	500,571
Capital outlay.....	1,499,905	4,908,558	3,121,296	3,917,109	16,632,384	53,127,988	61,056,139	16,721,338	9,887,399	2,296,384
Debt service:										
Principal.....	2,746,985	2,584,860	1,761,774	1,543,513	1,482,726	1,363,792	4,301,886	6,276,053	5,580,267	5,552,518
Principal - current refunding.....	-	-	-	-	-	-	-	-	4,325,000	-
Interest.....	787,513	673,298	590,079	520,706	502,267	505,484	4,576,710	3,112,964	3,026,758	2,900,403
Total Expenditures.....	64,571,066	70,788,432	68,265,273	70,440,741	85,928,441	125,743,492	141,997,891	97,361,131	98,620,395	91,982,842
Excess (deficiency) of revenues over (under) expenditures.....	1,222,152	(1,080,955)	2,304,429	1,083,413	(9,479,891)	(31,358,266)	(34,936,526)	(8,606,902)	(8,629,665)	1,332,681
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	125,000	-	787,000	-	16,098,000	67,349,000	2,200,000	4,500,000	-	3,185,000
Issuance of refunding bonds.....	1,300,000	-	-	-	-	-	425,000	282,000	4,120,000	-
Premium from issuance of bonds and notes.....	17,918	-	32,767	18,834	29,606	7,013,483	119,049	150,750	216,676	345,918
Premium from issuance of refunding bonds.....	23,014	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	(1,294,074)	-	-	-	-	-	-	-	-	-
Sale of capital assets.....	-	-	-	-	-	-	-	241,000	-	4,440
Transfers in.....	1,241,414	1,306,323	1,418,382	765,242	404,377	527,892	254,154	375,344	852,350	559,871
Transfers out.....	(932,305)	(992,607)	(1,141,576)	(615,334)	(514,073)	(666,270)	(367,130)	(585,956)	(1,036,336)	(785,876)
Special item - Reclassification Percy Walker Pool.....	-	-	-	-	-	-	-	-	-	(100,519)
Total other financing sources (uses).....	480,967	313,716	1,096,573	168,742	16,017,910	74,224,105	2,631,073	4,963,138	4,152,690	3,208,834
Net change in fund balance.....	\$ 1,703,119	\$ (767,239)	\$ 3,401,002	\$ 1,252,155	\$ 6,538,019	\$ 42,865,839	\$ (32,305,453)	\$ (3,643,764)	\$ (4,476,975)	\$ 4,541,515
Debt service as a percentage of noncapital expenditures....	5.60%	4.95%	3.61%	3.10%	2.86%	2.57%	10.97%	11.64%	14.57%	9.42%
(a) Does not include the transfer of capital assets from the Percy Walker Pool Enterprise Fund.										

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

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (2)	Total Town Value
2008	\$3,529,253,752	\$10.61	\$91,783,748	\$2,155,600	\$28,288,280	\$122,227,628	\$10.61	\$10.61	\$3,651,481,380
2009	(1) \$3,605,653,048	\$10.91	\$92,736,552	\$2,174,600	\$34,180,600	\$129,091,752	\$10.91	\$10.91	\$3,734,744,800
2010	\$3,374,398,059	\$11.81	\$89,418,341	\$2,233,500	\$36,242,040	\$127,893,881	\$11.81	\$11.81	\$3,502,291,940
2011	\$3,222,272,471	\$12.60	\$87,896,029	\$2,319,500	\$40,395,200	\$130,610,729	\$12.60	\$12.60	\$3,352,883,200
2012	(1) \$3,067,422,072	\$13.79	\$88,685,699	\$2,844,400	\$41,683,140	\$133,213,239	\$13.79	\$13.79	\$3,200,635,311
2013	\$3,076,141,600	\$14.19	\$92,204,500	\$2,735,800	\$43,585,780	\$138,526,080	\$14.19	\$14.19	\$3,214,667,680
2014	\$3,133,284,628	\$16.15	\$94,583,642	\$2,779,800	\$45,889,560	\$143,253,002	\$16.15	\$16.15	\$3,276,537,630
2015	(1) \$3,366,472,285	\$15.60	\$90,881,004	\$4,128,976	\$44,938,420	\$139,948,400	\$15.60	\$15.60	\$3,506,420,685
2016	\$3,480,420,057	\$15.55	\$100,122,228	\$3,009,900	\$48,372,550	\$151,504,678	\$15.55	\$15.55	\$3,631,924,735
2017	\$3,590,943,268	\$15.51	\$100,882,281	\$3,009,900	\$52,872,380	\$156,764,561	\$15.51	\$15.51	\$3,747,707,829



(1) Revaluation year.

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

Source: Assessor's Department, Town of Duxbury

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

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

Principal Taxpayers

Current Year and Nine Years Ago

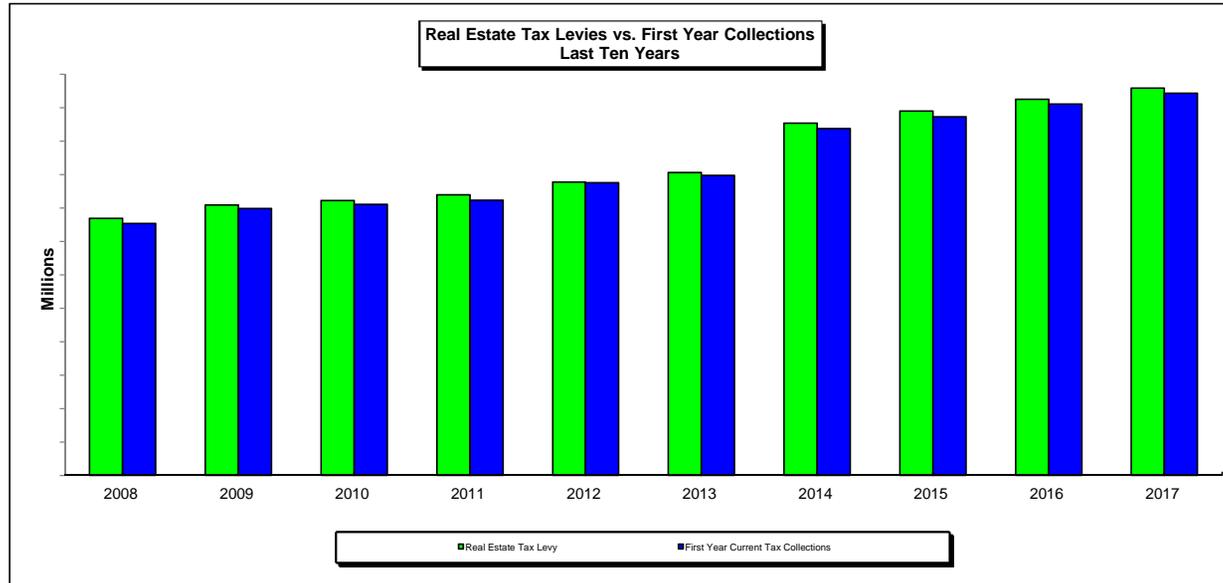
Name	Nature of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
The Village at Duxbury - Assisted Living	Retirement Community	\$35,205,100	1	0.94%	\$36,468,670	1	1.00%
Nstar Service	Utility	\$19,389,920	2	0.52%	\$10,405,600	3	0.28%
The Village at Duxbury - 30 Apartments	Retirement Community	\$11,260,400	3	0.30%	\$13,011,000	2	0.36%
Verizon New England	Utility	\$10,336,300	4	0.28%	-	-	-
Bay State Gas	Public Utility	\$6,244,120	5	0.17%	\$5,466,980	8	0.15%
Individual	Residence	\$7,665,700	6	0.20%	\$9,425,500	4	0.26%
Standish LLC	Medical Office Building	\$7,070,200	7	0.19%	\$6,598,500	6	0.18%
Island Creek Village East	Subsidized Housing	\$10,859,400	8	0.29%	\$5,293,900	9	0.14%
Battelle Memorial Institute	Research & Office Building	\$7,026,000	9	0.19%	-	-	-
Welch Thomas F & Welch Rita M	Nursing Home	\$5,712,200	10	0.15%	\$6,428,800	7	0.18%
Individual	Residence	-	-	-	\$7,175,200	5	0.20%
Individual	Residence	-	-	-	\$4,698,700	10	0.13%
	Totals	<u>\$120,769,340</u>		<u>3.22%</u>	<u>\$104,972,850</u>		<u>2.87%</u>

Source: Assessor's Department

Property Tax Levies and Collections

Last Ten Years

Year	(2) Total Tax Levy	Less Reserve for Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (3)
2008	\$38,742,217	\$278,653	\$38,463,564	99.28%	\$37,686,962	97.98%	\$537,732	\$38,224,694	99.38%
2009 (1)	\$40,746,066	\$298,044	\$40,448,022	99.27%	\$39,912,037	98.67%	\$446,809	\$40,358,846	99.78%
2010	\$41,362,073	\$252,238	\$41,109,835	99.39%	\$40,569,284	98.69%	\$532,412	\$41,101,696	99.98%
2011	\$42,246,328	\$248,028	\$41,998,300	99.41%	\$41,174,757	98.04%	\$765,813	\$41,940,570	99.86%
2012 (1)	\$44,136,761	\$268,633	\$43,868,128	99.39%	\$43,785,222	99.81%	\$551,104	\$44,336,326	101.07%
2013	\$45,616,134	\$285,269	\$45,330,865	99.37%	\$44,899,174	99.05%	\$935,072	\$45,834,246	101.11%
2014	\$52,916,083	\$232,932	\$52,683,151	99.56%	\$51,883,927	98.48%	\$589,775	\$52,473,702	99.60%
2015 (1)	\$54,700,163	\$214,125	\$54,486,038	99.61%	\$53,668,095	98.50%	\$634,864	\$54,302,959	99.66%
2016	\$56,476,430	\$222,947	\$56,253,483	99.61%	\$55,536,843	98.73%	\$900,660	\$56,437,502	100.33%
2017	\$58,126,948	\$202,417	\$57,924,531	99.65%	\$57,151,655	98.67%	\$0	\$57,151,655	98.67%



(1) Revaluation year.

(2) Includes tax liens.

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

Source: Official Statements, Town of Duxbury.

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases				
2008	\$ 17,341,100	\$ -	\$ 4,559,000	\$ -	21,900,100	3.07%	15,360	\$ 1,426
2009	14,756,240	-	6,944,000	-	21,700,240	2.99%	15,372	1,412
2010	13,781,466	-	8,523,149	-	22,304,615	3.15%	15,059	1,481
2011	12,237,953	-	7,623,610	-	19,861,563	2.78%	15,274	1,300
2012	26,853,227	-	6,729,413	-	33,582,640	4.53%	15,290	2,196
2013	92,838,435	-	5,957,505	-	98,795,940	12.87%	15,582	6,340
2014	91,161,549	-	6,101,831	-	97,263,380	11.40%	15,560	6,251
2015	89,667,496	-	5,450,336	-	95,117,832	10.77%	15,636	6,083
2016	89,180,995	-	4,804,962	-	93,985,957	10.13%	15,937	5,897
2017	87,837,836	-	2,966,651	-	90,804,487	9.90%	15,297	5,936

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
------	--------------------------------	---	-------------------

2008	\$ 21,900,100	0.60%	\$ 1,426
2009	21,700,240	0.58%	1,412
2010	22,304,615	0.64%	1,481
2011	19,861,563	0.59%	1,300
2012	33,582,640	1.05%	2,196
2013	98,795,940	3.07%	6,340
2014	97,263,380	2.97%	6,251
2015	95,117,832	2.71%	6,083
2016	93,985,957	2.59%	5,897
2017	90,804,487	2.42%	5,936

(1) Property value data is disclosed on the Schedule of Assessed Value of Taxal and Tax Rates.

(2) Population data is disclosed on the Schedule of Demographic and Economic

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes Plymouth County.....	\$ 2,750,000	4.94%	\$ 135,850
Town direct debt.....			<u>87,837,836</u>
Total direct and overlapping debt.....			<u>\$ 87,973,686</u>

Source: Official Statements

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

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

Computation of Legal Debt Margin

Last Ten Years

(Amounts in Thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Equalized Valuation.....	\$ <u>3,837,216</u>	\$ <u>4,026,593</u>	\$ <u>4,026,593</u>	\$ <u>3,853,684</u>	\$ <u>3,853,684</u>	\$ <u>3,466,188</u>	\$ <u>3,466,188</u>	\$ <u>3,475,391</u>	\$ <u>3,475,391</u>	\$ <u>3,475,391</u>
Debt Limit -5% of Equalized Valuation.....	\$ 191,861	\$ 201,330	\$ 201,330	\$ 192,684	\$ 192,684	\$ 173,309	\$ 173,309	\$ 173,770	\$ 173,770	\$ 173,770
Less:										
Outstanding debt applicable to limit.....	15,612	13,287	14,936	13,315	11,758	29,227	29,061	26,477	23,716	21,195
Authorized and unissued debt applicable to limit.....	<u>3,579</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>1,900</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
Legal debt margin.....	\$ <u>172,670</u>	\$ <u>188,030</u>	\$ <u>186,394</u>	\$ <u>179,369</u>	\$ <u>177,601</u>	\$ <u>142,182</u>	\$ <u>144,048</u>	\$ <u>147,093</u>	\$ <u>150,054</u>	\$ <u>152,575</u>
Total debt applicable to the limit as a percentage of debt limit.....	10.00%	6.61%	7.42%	6.91%	7.83%	17.96%	16.88%	15.35%	13.65%	12.20%

Source: Assessor's Office

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	15,360	\$ 712,986,624	\$ 46,418	41.0	3,324	3.8%
2009	15,372	726,034,932	47,231	41.0	3,341	3.8%
2010	15,059	707,697,705	46,995	40.0	3,291	4.0%
2011	15,274	715,052,310	46,815	40.0	3,219	5.7%
2012	15,290	742,054,280	48,532	42.2	3,184	4.9%
2013	15,582	767,553,738	49,259	43.0	3,181	5.2%
2014	15,560	853,497,120	54,852	45.2	3,187	4.5%
2015	15,636	883,395,848	56,498	47.3	3,242	4.3%
2016	15,937	927,413,662	58,192	45.4	3,218	4.4%
2017	15,297	916,875,585	59,938	46.4	3,121	3.3%

Source: U. S. Census, Division of Local Services
 Median age is based on most recent census data

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bay Path Nursing Home	Nursing Home	176	1	2.41%	176	1	2.43%
The Village at Duxbury	Retirement Condos	160	2	2.19%	160	2	2.21%
Batelle Labs	Science and Technology Research	70	3	0.96%	70	3	0.97%
Duxbury Yacht Club	Yacht Club, Golf Course, Tennis	70	4	0.96%	70	4	0.97%
Foodies	Grocery Store	60	5	0.82%	60	5	0.83%
Plymouth Bay Orthopedic Associates	Physician Services	54	6	0.74%	54	6	0.75%
South Shore Conservatory	Music and Art Institution	50	7	0.69%	50	7	0.69%
Millbrook Motors	Automotive	39	8	0.53%	39	8	0.54%
U.S. Post Office	Mail	28	9	0.38%	28	9	0.39%
Verc Enterprises	Convenience Stores, Gasoline Sales	7	10	0.10%	-	-	-
	Totals	<u>714</u>		<u>9.79%</u>	<u>707</u>		<u>9.76%</u>

For 2008 only information on the 9 largest employers is available.

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function										
General government.....	30	30	29	29	29	30	32	32	32	32
Public safety.....	73	72	68	69	68	70	72	72	72	78
Education.....	391	411	398	382	392	392	387	385	385	409
Public works.....	44	42	44	46	46	45	48	48	48	50
Human services.....	4	4	4	5	5	5	6	5	5	6
Culture and recreation.....	23	21	24	25	20	20	21	20	20	20
Total	<u>565</u>	<u>580</u>	<u>567</u>	<u>556</u>	<u>560</u>	<u>562</u>	<u>566</u>	<u>562</u>	<u>562</u>	<u>595</u>

Source: Various Town Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire Department										
Fire related calls.....	810	805	606	817	1,035	1,131	847	1,066	992	973
Rescue/EMS.....	1,199	1,247	1,328	1,281	1,245	1,323	1,291	1,345	1,479	1,441
Inspectional Services Department										
Number of building permits (quick and zoning).....	762	626	522	491	794	573	593	699	769	741
Number of electrical permits.....	483	343	362	368	429	477	606	536	600	543
Number of plumbing/gas permits.....	658	529	531	543	618	739	871	796	869	739
Water/Sewer										
Number of gallons pumped (millions).....	543,000	492,250	410,896	500,002	499,754	469,000	502,942	552,891	563,756	587,577
Number of new services added.....	15	13	15	8	11	6	6	4	25	8
Number of additional mains installed.....	10,810	-	-	-	-	1	1	-	-	-
Number of main improvements.....	2	1	-	2	1	2	2	1	-	2
Highway										
Number of miles completed-road rehab.....	3	3	4	2	2	3	3	4	2	7
Number of snow operations.....	35	54	39	31	2	30	36	48	21	22
Cemetery										
Cremations.....	3,240	3,624	3,014	3,008	3,184	3,248	3,382	2,956	2,583	2,780
Recreation										
Number of programs offered.....	52	52	60	56	65	68	64	70	68	69
Number of participants-winter.....	585	578	588	555	504	522	595	739	664	702
Number of participants-spring.....	349	342	320	272	397	325	302	469	371	358
Number of participants-summer.....	737	788	822	762	955	798	702	848	766	528
Number of participants-fall.....	638	642	658	558	507	439	440	442	484	489
Parking Sticker Sales										
Non resident over sand.....	3,075	2,948	3,512	3,653	3,771	3,281	2,981	3,122	2,862	3,043
Over sand.....	2,935	3,331	3,051	3,127	3,203	2,730	3,267	3,873	3,088	3,195
Parking lot.....	3,569	3,895	3,511	3,423	3,276	2,799	2,204	2,631	2,968	3,011
Transfer station.....	6,178	6,376	6,122	5,822	5,617	5,088	5,207	6,129	5,652	5,886
Senior Center										
Number of visitors.....	24,585	34,200	31,940	32,500	27,902	28,000	32,381	34,083	41,081	41,633
Number of activities.....	1,788	2,234	2,364	2,256	2,308	2,602	10,339	3,492	3,560	3,780
Number of congregate meals.....	4,986	4,693	5,356	4,867	5,367	5,384	5,949	5,050	8,124	4,833
Number of delivered meals.....	7,064	7,005	4,218	5,301	4,025	4,515	4,440	3,996	4,996	6,261
Number of meals served from the café.....	-	-	-	-	-	-	-	5,537	7,558	9,424
Number of paying rentals.....	357	172	135	322	376	118	27	25	13	17
Number of committee meetings.....	382	325	340	59	43	180	294	300	423	254
Duxbury Free Library										
Holdings.....	121,685	121,609	116,948	115,006	117,461	109,437	112,783	253,933	243,665	154,234
Reference questions answered.....	6,857	7,887	8,537	8,159	7,829	6,862	6,788	6,368	6,485	6,764
Print materials loaned.....	167,153	167,206	174,542	168,838	202,980	157,088	151,582	139,986	137,287	131,840
Videos loaned.....	75,445	93,416	82,615	48,883	47,071	44,584	41,254	37,444	32,319	28,987
All loans.....	242,598	260,622	257,457	247,909	250,059	236,207	229,079	213,943	212,020	201,278
Loans provided to other towns.....	35,212	37,978	39,594	39,282	41,306	38,109	22,163	20,419	21,461	19,991
Materials borrowed from other towns.....	27,610	31,847	32,107	30,564	29,639	25,625	14,768	13,327	14,857	14,587
Children's programs held.....	246	248	234	259	238	228	338	334	383	427
Children's program attendance.....	7,056	6,871	6,646	6,413	6,316	5,558	6,856	6,057	7,062	8,523
Adult & Teen programs held.....	214	236	241	228	262	332	445	467	395	411
Adult & Teen program attendance.....	4,849	3,218	3,690	3,901	4,234	4,618	4,300	4,402	4,064	4,098
Public computers.....	16	17	30	30	30	30	37	31	35	39
Public meeting room use.....	888	979	998	975	941	842	964	918	913	1,160

Source: Various Town Departments

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Number of buildings.....	5	5	5	5	5	5	5	5	5	5
Police										
Number of stations.....	1	1	1	1	1	2	2	2	1	1
Animal control facilities.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Antique apparatus storage.....	1	1	1	1	1	1	1	1	1	1
Harbormaster										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Public beaches.....	3	3	3	3	3	3	3	3	3	3
Public landings.....	16	16	16	16	16	16	16	16	16	16
Education										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Performing arts center.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water pumping stations.....	13	13	13	13	13	13	13	13	13	13
Water towers.....	2	2	2	3	3	3	3	3	3	3
Water other.....	3	3	3	3	3	3	3	3	3	3
Sewage treatment plant.....	1	1	1	1	1	1	1	1	1	1
Shared septic systems.....	2	2	2	2	2	2	2	2	2	2
Public works buildings.....	11	11	11	11	11	11	11	11	11	11
Crematories.....	1	1	1	1	1	1	1	1	1	1
Cemetery buildings.....	3	3	3	3	3	3	3	3	3	3
Human Services										
Council on aging - senior center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	179.5	179.5	179.5	182.5	187.5	190.5	190.5	190.5	455.5	455.5
Playgrounds*.....	3	3	3	3	3	3	3	3	3	3
Ball fields*.....	29	29	29	29	29	29	29	29	29	29
Basketball courts.....	3	3	3	3	3	3	3	3	3	3
Tennis courts.....	14	14	14	14	14	14	14	14	14	14
Pools.....	1	1	1	1	1	1	1	1	1	1
Golf courses.....	1	1	1	1	1	1	1	1	1	1
Golf clubhouses.....	1	1	1	1	1	1	1	1	1	1
Golf course buildings.....	4	4	4	3	3	3	3	3	3	3
Libraries.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

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