

# TOWN OF DUXBURY, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

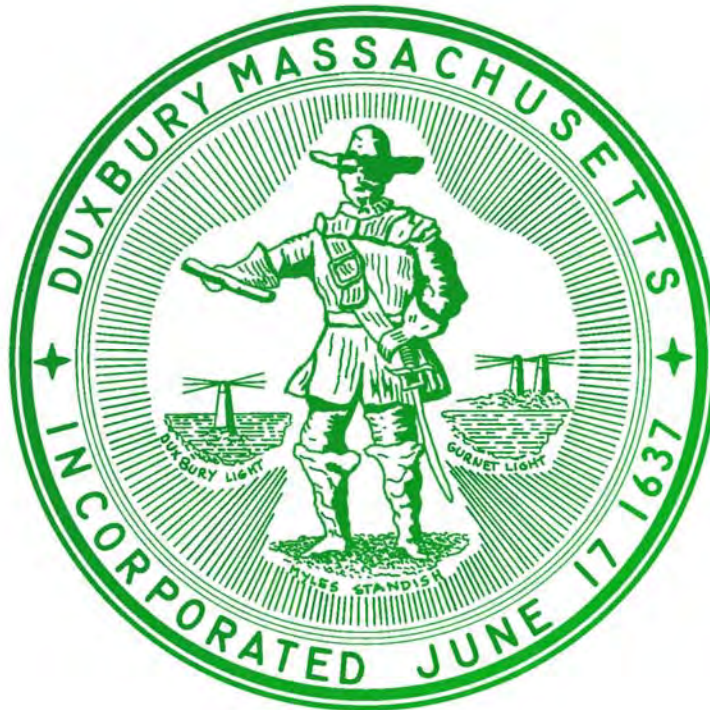


**For the year ended  
June 30, 2016**

On the cover: The pumping engine was a product of the FY 2016 Capital Plan.  
This page: Jaycox, Duxbury's own tree farm.



*The Town of  
Duxbury, Massachusetts*



**Comprehensive  
Annual Financial Report**

**For the Year  
July 1, 2015 through June 30, 2016**

Prepared by the Finance Department

**Town of Duxbury, Massachusetts**  
**Comprehensive Annual Financial Report**  
*For the Year Ended June 30, 2016*

**Table of Contents**

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<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal .....	3
Principal Executive Officers .....	8
Organizational Chart .....	9
Certificate of Achievement for Excellence in Financial Reporting .....	10
<b>FINANCIAL SECTION .....</b>	<b>11</b>
Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	15
Basic Financial Statements .....	24
Government-Wide Financial Statements .....	25
Statement of Net Position .....	25
Statement of Activities .....	26
Fund Financial Statements .....	28
Governmental Funds – Balance Sheet .....	28
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	29
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
Proprietary Funds – Statement of Net Position .....	32
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position .....	33
Proprietary Funds – Statement of Cash Flows .....	34
Fiduciary Funds – Statement of Fiduciary Net Position .....	35
Fiduciary Funds – Statement of Changes in Fiduciary Net Position .....	36
Notes to Basic Financial Statements .....	37
Required Supplementary Information .....	72
General Fund Budgetary Comparison Schedule .....	73
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Budget and Actual .....	74
Pension Plan Schedules .....	79
Schedule of the Town's Proportionate Share of the Net Pension Liability .....	80
Schedule of Town's Contributions .....	81

Schedule of the Special Funding Amounts of the Net Pension Liability .....	82
Other Postemployment Benefit Plan Schedules.....	83
Other Postemployment Benefit Plan Schedule of Funding Progress and Employer Contributions .....	84
Other Postemployment Benefit Plan Actuarial Methods and Assumptions .....	85
Notes to Required Supplementary Information .....	86
Other Supplementary Information.....	90
Combining and Individual Fund Statements.....	91
Nonmajor Governmental Funds.....	92
Nonmajor Governmental Funds - Combining Balance Sheet.....	94
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	98
Agency Fund.....	101
Agency Fund – Statement of Changes in Assets and Liabilities .....	102
<b>STATISTICAL SECTION.....</b>	<b>103</b>
Net Position by Component.....	104
Changes in Net Position .....	105
Fund Balances, Governmental Funds .....	106
Changes in Fund Balances, Governmental Funds.....	107
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates .....	108
Principal Taxpayers .....	109
Property Tax Levies and Collections .....	110
Ratios of Outstanding Debt and General Bonded Debt.....	111
Direct and Overlapping Governmental Activities Debt .....	112
Computation of Legal Debt Margin .....	113
Demographic and Economic Statistics .....	114
Principal Employers (excluding Town).....	115
Full-time Equivalent Town Employees by Function.....	116
Operating Indicators by Function/Program.....	117
Capital Assets Statistics by Function/Program.....	118

# ***Introductory Section***



Photo By: Karen Wong

*Island Creek in the fall*

# ***Introductory Section***

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Finance Director  
John Madden

# *Town of Duxbury, Massachusetts*

## ACCOUNTING DEPARTMENT

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December 23, 2016

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, 2016, 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, 2016, 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, 2016, 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, 2016, 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 2016, the average price of a home in Duxbury was \$626,600 (based upon 2015 sales data), an increase of approximately 2.86% 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. During 2016 the Town spent \$1.98 million of Community Preservation funds on the purchase of approximately 265 acres known as the Merry property. 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 has risen, on average, less than 2.20% over the last three years while state and county assessments over that same period have risen, on average, 8.40%. Local Receipts showed a one year increase of over 9.30%, 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 4.30%. The Town continues to successfully control rising health care costs, but still, these and other fixed costs continue to add to the economic pressures. During the summer of 2016, 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 2016 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 2016. 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 2016 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 2016 was a quiet year for capital construction projects. Perhaps a respite between the completed School, Fire, Police, and Crematory projects and what is to come. Shortly the Town will be reviewing expansion projects related to the Council on Aging senior center and an aging Public Works facility.

During 2016, the Town dedicated just over \$1,200,000 in Free Cash and other one-time revenues to fund the portion of the capital plan related to building and equipment replacement and repair. Going forward, it is the goal of the Town to provide at least one million dollars in "cash" funding on an annual basis. Additionally, \$605,000 was voted to increase reserves such as the Stabilization Fund and Pension Reserve Fund. This figure also includes \$300,000 to fund the Town's 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, 2015. This was the eleventh year that the Town submitted a CAFR to the GFOA. Based on information available on the GFOA website, only thirty-one municipalities in Massachusetts received this distinction for fiscal year 2014. 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,



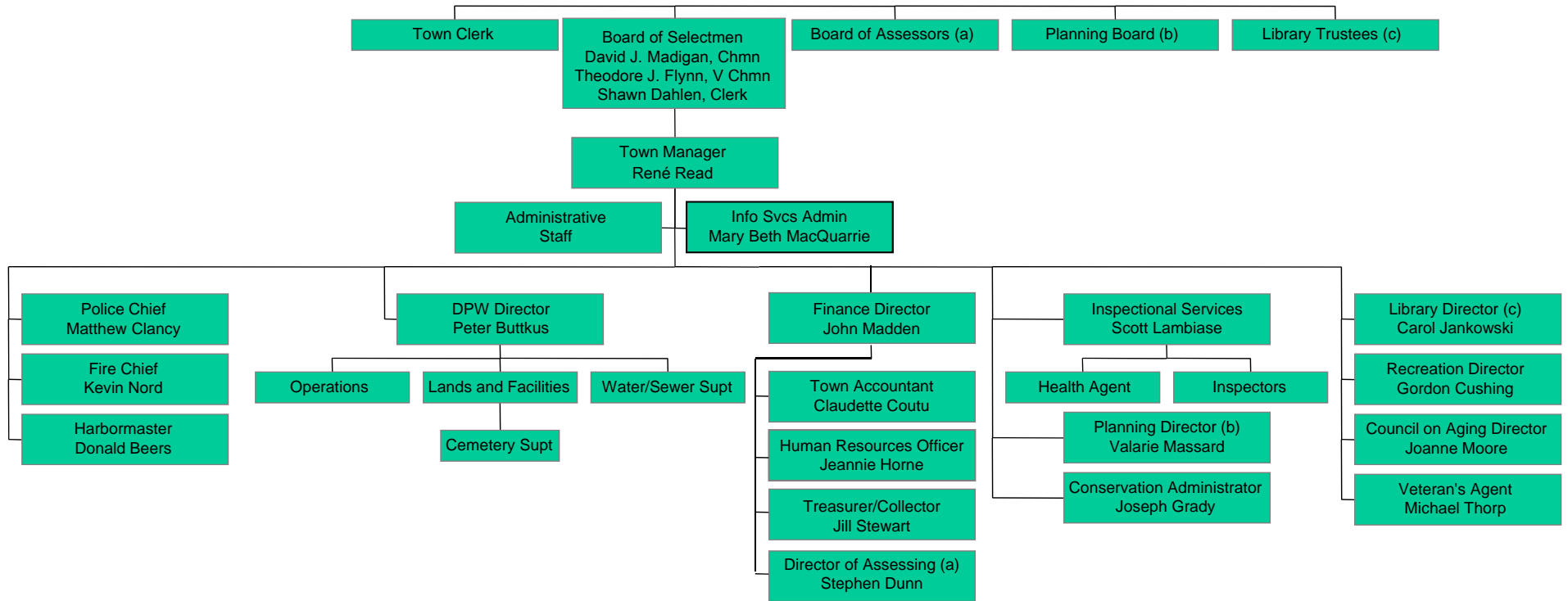
John Madden  
Finance Director

# 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>
Clerk-Board of Selectmen	Shawn Dahlen	Elected	3 Years	2017
Chairman-Board of Selectmen	David J. Madigan	Elected	3 Years	2017
Vice Chairman-Board of Selectmen	Theodore J. Flynn	Elected	3 Years	2017
Town Manager	René Read	Appointed	Indefinite	N/A
Finance Director	John M. Madden	Appointed	Indefinite	N/A
Town Accountant	Claudette Coutu	Appointed	Indefinite	N/A
Treasurer/Collector	Thomas Connolly	Appointed	Indefinite	N/A
Town Clerk	Susan C. Kelley	Elected	3 Years	2016
Assessor-Vice Chairman	Linda M. Collari	Elected	3 Years	2017
Assessor-Clerk	James G. MacNab	Elected	3 Years	2017
Assessor- Chairman	June E. Albritton, MAA	Elected	3 Years	2017
Superintendent of Schools	Dr. Benedict Tantillo, III	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	2016
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, 2015**

Executive Director/CEO



# *Financial Section*



Photo By: Karen Wong

*A foggy bog*

# ***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, 2016, 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, 2016, 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*

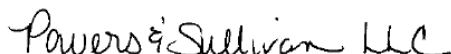
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Duxbury, Massachusetts' basic financial statements. The introductory section, combining statements, individual fund statements and statistical section, as listed in the table 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 23, 2016, 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 23, 2016

# 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, 2016. 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 2016. The Town's total net position increased by \$2.4 million during 2016, 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 \$133.8 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 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 \$31.6 million. The deficit is primarily the result of the recognition of net pension liability of \$30 million along with the other postemployment benefits liability of \$31.1 million. These are long term unfunded liabilities that will not require significant short term resources.

The governmental activities net position increased by \$1.6 million during the current year. Net position invested in capital assets increased by \$6.6 million. Key reasons for this increase were \$1.9 million transferred from the CPA fund to purchase a parcel of land referred to as the Merry Property; capital grants of \$954,000 for school, roadway, and community preservation projects, and funding from the operating budget and other special revenue funds totaling \$889,000 toward to capital purchases. The \$1 million decrease in restricted net position was mainly the use of the community preservation funds for capital purchases. The decrease of \$4 million in unrestricted net position was partially due to the recognition of an additional \$1.5 million in other postemployment benefit obligations liability (OPEB); a \$781,000 increase in the Town's estimated liability for worker's compensation claims; a \$980,000 increase in costs related to the health insurance internal service fund and \$619,000 in the net operating results of the general fund.

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

	Balance at June 30, 2016	Balance at June 30, 2015
	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current assets.....	\$ 47,545,944	\$ 47,938,513
Noncurrent assets (excluding capital).....	536,536	706,262
Capital assets, non depreciable.....	40,999,705	159,867,556
Capital assets, net of accumulated depreciation.....	185,427,263	62,151,286
<b>Total assets.....</b>	<b><u>274,509,448</u></b>	<b><u>270,663,617</u></b>
<b>Deferred Outflows of Resources.....</b>	<b><u>3,536,683</u></b>	<b><u>1,277,412</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	8,643,618	8,844,008
Noncurrent liabilities (excluding debt).....	61,892,396	57,486,828
Current debt.....	12,646,159	6,734,022
Noncurrent debt.....	83,069,836	89,214,750
<b>Total liabilities.....</b>	<b><u>166,252,009</u></b>	<b><u>162,279,608</u></b>
<b>Deferred Inflows of Resources.....</b>	<b><u>557,598</u></b>	<b><u>-</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	133,843,271	127,204,540
Restricted.....	8,956,769	9,979,621
Unrestricted.....	(31,563,516)	(27,512,740)
<b>Total net position.....</b>	<b><u>\$ 111,236,524</u></b>	<b><u>\$ 109,671,421</u></b>

Capital grant revenues came in lower than the previous year due to decreased state reimbursements for the construction of the co-located school, as the project was completed during fiscal year 2016. Operating grant revenue came in higher from the previous year due to increased state financing for the Massachusetts' Teacher's Retirement System.

The Education and Public Works functional expense lines increased from fiscal year 2015 to 2016 due to an increase in the Town's estimated workers compensation liability. Additionally, the education functional expense line also increased due to an increase in the payment made to the Massachusetts's Teacher's Retirement System. The claims and judgement payment in 2016 related to a settlement over the management of the Town's golf course.

	Year Ended June 30, 2016	Year Ended June 30, 2015
	<u>2016</u>	<u>2015</u>
<b>Program Revenues:</b>		
Charges for services..... \$	15,205,361	\$ 14,790,505
Operating grants and contributions.....	13,869,319	11,256,335
Capital grants and contributions.....	953,518	7,112,572
<b>General Revenues:</b>		
Real estate and personal property taxes.....	56,346,529	54,467,814
Tax liens.....	2,570	17,656
Motor vehicle and other excise taxes.....	2,870,355	2,695,218
Community preservation taxes.....	462,949	452,436
Penalties and interest on taxes.....	263,221	240,792
Payments in lieu of taxes.....	13,476	15,965
Nonrestricted grants and contributions.....	982,675	1,062,816
Unrestricted investment income.....	1,404,393	656,988
Miscellaneous.....	6,500	-
Gain on sale of capital assets.....	-	212,580
<b>Total revenues.....</b>	<b><u>92,380,866</u></b>	<b><u>92,981,677</u></b>
<b>Expenses:</b>		
General government.....	4,943,552	4,469,723
Public safety.....	11,612,777	11,467,443
Education.....	58,761,241	53,150,719
Public works.....	7,653,366	6,058,919
Human services.....	1,359,923	1,222,376
Culture and recreation.....	3,146,025	3,163,386
Community preservation.....	334,472	243,827
Claims and judgements.....	435,000	-
Interest.....	2,385,421	2,360,916
<b>Total expenses.....</b>	<b><u>90,631,777</u></b>	<b><u>82,137,309</u></b>
<b>Excess before transfers.....</b>	<b>1,749,089</b>	<b>10,844,368</b>
<b>Transfers.....</b>	<b><u>(183,986)</u></b>	<b><u>(210,612)</u></b>
<b>Change in net position.....</b>	<b>1,565,103</b>	<b>10,633,756</b>
<b>Beginning net position.....</b>	<b><u>109,671,421</u></b>	<b><u>99,037,665</u></b>
<b>Ending net position..... \$</b>	<b><u><u>111,236,524</u></u></b>	<b><u><u>109,671,421</u></u></b>

**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 \$14.8 million at the close of 2016. Of this amount \$11 million (75%) is net investment in capital assets, and \$3.7 million (25%) is unrestricted and may be used to meet the water enterprise's ongoing obligations.

There was an increase of \$726,000 in net position related to the Water Department's operations during the year. Revenue decreased \$77,000 due to decreases in water usage. Expenses decreased \$211,000, which included a \$118,000 decrease in the OPEB liability allocated to the Water Department in the new actuarial valuation, offset by a \$35,000 increase in the net pension liability, net of deferred outflows/inflows related to pensions.

Net position related to the Percy Walker pool increased \$80,000 during the year. The operation of the Pool is partially subsidized by the Town's general fund. The 2016 subsidy totaled \$315,000.

	Balance at June 30, 2016	Balance at June 30, 2015
	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Current assets.....	\$ 5,615,288	\$ 4,895,073
Capital assets, non depreciable.....	4,712,442	4,672,481
Capital assets, net of accumulated depreciation.....	10,814,365	11,502,687
<b>Total assets.....</b>	<b><u>21,142,095</u></b>	<b><u>21,070,241</u></b>
<b>Deferred Outflows of Resources.....</b>	<b><u>161,425</u></b>	<b><u>57,233</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	120,922	131,124
Noncurrent liabilities (excluding debt).....	1,592,590	1,572,980
Current debt.....	598,311	645,374
Noncurrent debt.....	4,206,651	4,804,962
<b>Total liabilities.....</b>	<b><u>6,518,474</u></b>	<b><u>7,154,440</u></b>
<b>Deferred Inflows of Resources.....</b>	<b><u>5,066</u></b>	<b><u>-</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	11,036,636	11,043,300
Unrestricted.....	3,743,344	2,930,734
<b>Total net position.....</b>	<b><u>\$ 14,779,980</u></b>	<b><u>\$ 13,974,034</u></b>

	Year Ended June 30, 2016	Year Ended June 30, 2015
<b>Program revenues:</b>		
Charges for services.....	\$ 3,578,258	\$ 3,685,266
<b>Expenses:</b>		
Water.....	2,486,500	2,612,985
Percy Walker Pool.....	469,798	534,863
<b>Total expenses.....</b>	<b>2,956,298</b>	<b>3,147,848</b>
<b>Excess before transfers.....</b>	<b>621,960</b>	<b>537,418</b>
<b>Transfers.....</b>	<b>183,986</b>	<b>210,612</b>
<b>Change in net position.....</b>	<b>805,946</b>	<b>748,030</b>
<b>Beginning net position.....</b>	<b>13,974,034</b>	<b>13,226,004</b>
<b>Ending net position.....</b>	<b>\$ 14,779,980</b>	<b>\$ 13,974,034</b>

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

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

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *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 \$26.8 million, a decrease 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 \$7.6 million, while total fund balance is \$16.6 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% of total general fund expenditures, while total fund balance represents 20% of that same amount.

The general fund decreased by \$619,000 in 2016. This was mainly due the planned use of reserves to fund the budget; offset with better than anticipated receipts and appropriation turn backs.

The Community Preservation Act fund had a fund balance at June 30, 2016, of \$3.7 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance decreased \$1.5 million in 2016. This was the net result of \$604,000 in taxes and state matching funds collected offset by \$2.1 million in expenditures on community preservation projects including the Town's purchase of the Merry Property.

The highway improvements fund reported \$876,000 of expenditures against \$876,000 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's fund balance decreased by \$4 million in 2016. This was the result of the Town receiving \$617,000 in reimbursements from the MSBA along with a transfer in for bond proceeds of \$150,000, offset with construction costs totaling \$4.8 million. The fund deficit is the result of a bond anticipation note of \$6.1 million which has not been recognized as a permanent funding source since the Town has not yet issued long term debt for the final project.

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

The \$1.1 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 million and overlay surplus of \$30,000 to supplement various governmental departments and funds. The largest uses of free cash includes \$130,000 to fund the snow and ice deficit, \$300,000 to fund other postemployment benefits, \$125,000 to fund the compensated absences trust fund, and \$100,000 to fund the Stabilization fund. There were also several transfers approved within budgetary lines.

General Fund revenues came in approximately \$1.8 million more than budgeted. The largest area of the surplus was in departmental and other revenues, and motor vehicle excise which made up \$751,000 and \$752,000, of the total, respectively. This was mainly due to the Town budgeting conservatively in these areas.

General fund expenditures and encumbrances were approximately \$350,000 less than budgeted. Key components of this surplus include \$50,000 and \$75,000 in police and fire department salaries, respectively, \$55,000 in the library department, and \$61,000 in debt service interest payments.

There was an unbudgeted payment of \$435,000 under claims and judgments for a legal settlement related to the management contract for the Town's golf course. This over expenditure will be funded by the Town in fiscal year 2017.

### ***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 2016 includes additions in vehicles of \$681,000; and \$1.1 million for infrastructure. During 2016, school buildings of \$121.3 million was put in service and removed from CIP.

#### **Capital Assets**

The main increases to depreciable governmental capital assets a \$121.3 million addition in buildings, which were put into service in 2016 and removed from construction-in-progress.

	<u>Cost of Capital Assets at end of year</u>	<u>Accumulated Depreciation at end of year</u>	<u>Capital Assets, net</u>
<b>Governmental activities</b>			
<i>Function:</i>			
General government.....	\$ 20,626,501	\$ (459,266)	\$ 20,167,235
Public safety.....	18,717,588	(6,334,690)	12,382,898
Education.....	184,326,777	(27,860,540)	156,466,237
Public works.....	26,051,230	(12,144,978)	13,906,252
Culture and recreation.....	2,411,511	(958,040)	1,453,471
Community preservation.....	18,392,278	(1,363,902)	17,028,376
Human services.....	<u>9,296,267</u>	<u>(4,273,768)</u>	<u>5,022,499</u>
Total governmental.....	<u>\$ 279,822,152</u>	<u>\$ (53,395,184)</u>	<u>\$ 226,426,968</u>
<b>Business-type activities</b>			
Water.....	\$ 27,005,270	\$ (13,531,402)	\$ 13,473,868
Percy Walker Pool.....	<u>2,380,219</u>	<u>(327,280)</u>	<u>2,052,939</u>
Total enterprise.....	<u>\$ 29,385,489</u>	<u>\$ (13,858,682)</u>	<u>\$ 15,526,807</u>

## **Debt**

The Town of Duxbury's governmental funds had total bonded debt outstanding of \$83.9 million at the end of the current year. Of this amount, \$71 million is related to school construction and equipment, \$2.1 million is related to the crematory, \$5.3 million is related to the police station construction, \$3 million is related to the fire station renovations, \$1.8 million is related to the Powder Point bridge, and \$145,000 is related to renovation of the library. The remaining \$592,000 relates to other capital related projects.

The water enterprise fund has \$3.4 million in water debt that is fully supported by the rates and does not rely on a general fund subsidy. The Percy Walker pool enterprise fund has \$1.4 million in bonded debt outstanding at the end of the current year, related to Pool facility upgrades.

In order to take advantage of favorable interest rates, the Town issued \$4,120,000 of general obligation refunding bonds on August 4, 2015. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$4,325,000 and became callable on September 3, 2015. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$325,863 and a reduction of \$330,276 in future debt service payments.

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, 2016

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 18,197,108	\$ 4,070,185	\$ 22,267,293
Investments.....	23,534,059	-	23,534,059
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,347,064	-	1,347,064
Tax liens.....	100,978	-	100,978
Motor vehicle and other excise taxes.....	248,333	-	248,333
User fees.....	33,700	1,616,355	1,650,055
Departmental and other.....	400,387	-	400,387
Special assessments.....	47,935	-	47,935
Intergovernmental.....	2,866,856	-	2,866,856
Tax foreclosures.....	698,272	-	698,272
Internal balances.....	71,252	(71,252)	-
Total current assets.....	<u>47,545,944</u>	<u>5,615,288</u>	<u>53,161,232</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	192,108	-	192,108
Real estate tax deferrals.....	344,428	-	344,428
Capital assets:			
Nondepreciable.....	40,999,705	4,712,442	45,712,147
Depreciable.....	<u>185,427,263</u>	<u>10,814,365</u>	<u>196,241,628</u>
Total noncurrent assets.....	<u>226,963,504</u>	<u>15,526,807</u>	<u>242,490,311</u>
<b>TOTAL ASSETS.....</b>	<b><u>274,509,448</u></b>	<b><u>21,142,095</u></b>	<b><u>295,651,543</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	<u>3,536,683</u>	<u>161,425</u>	<u>3,698,108</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	671,779	31,708	703,487
Accrued payroll.....	3,199,821	23,549	3,223,370
Health claims payable.....	1,913,557	-	1,913,557
Accrued interest.....	937,834	35,665	973,499
Other liabilities.....	352,533	-	352,533
Compensated absences.....	1,299,000	30,000	1,329,000
Workers' compensation.....	269,094	-	269,094
Notes payable.....	6,535,000	-	6,535,000
Bonds payable.....	<u>6,111,159</u>	<u>598,311</u>	<u>6,709,470</u>
Total current liabilities.....	<u>21,289,777</u>	<u>719,233</u>	<u>22,009,010</u>
<b>NONCURRENT:</b>			
Compensated absences.....	227,000	6,000	233,000
Workers' compensation.....	512,149	-	512,149
Net pension liability.....	30,032,205	1,370,758	31,402,963
Other postemployment benefits.....	31,121,042	215,832	31,336,874
Bonds payable.....	<u>83,069,836</u>	<u>4,206,651</u>	<u>87,276,487</u>
Total noncurrent liabilities.....	<u>144,962,232</u>	<u>5,799,241</u>	<u>150,761,473</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>166,252,009</u></b>	<b><u>6,518,474</u></b>	<b><u>172,770,483</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	446,622	-	446,622
Deferred inflows related to pensions.....	110,976	5,066	116,042
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>557,598</u></b>	<b><u>5,066</u></b>	<b><u>562,664</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	133,843,271	11,036,636	144,879,907
Restricted for:			
Perpetual care and other permanent funds:			
Expendable.....	1,465,798	-	1,465,798
Nonexpendable.....	2,264,673	-	2,264,673
Gifts and grants.....	1,467,884	-	1,467,884
Community preservation.....	3,758,414	-	3,758,414
Unrestricted.....	<u>(31,563,516)</u>	<u>3,743,344</u>	<u>(27,820,172)</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 111,236,524</u></b>	<b><u>\$ 14,779,980</u></b>	<b><u>\$ 126,016,504</u></b>

See notes to basic financial statements.



**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 4,943,552	\$ 1,378,410	\$ 95,837	\$ -	\$ (3,469,305)
Public safety.....	11,612,777	2,922,949	559,621	-	(8,130,207)
Education.....	58,761,241	6,844,498	12,474,841	616,674	(38,825,228)
Public works.....	7,653,366	1,705,098	301,681	244,490	(5,402,097)
Human services.....	1,359,923	188,720	248,764	-	(922,439)
Culture and recreation.....	3,146,025	2,165,686	149,466	-	(830,873)
Community preservation.....	334,472	-	-	92,354	(242,118)
Claims and judgments.....	435,000	-	-	-	(435,000)
Interest.....	2,385,421	-	39,109	-	(2,346,312)
<b>Total Governmental Activities.....</b>	<b>90,631,777</b>	<b>15,205,361</b>	<b>13,869,319</b>	<b>953,518</b>	<b>(60,603,579)</b>
<i>Business-Type Activities:</i>					
Water.....	2,486,500	3,324,676	-	-	838,176
Percy Walker pool.....	469,798	253,582	-	-	(216,216)
<b>Total Business-Type Activities.....</b>	<b>2,956,298</b>	<b>3,578,258</b>	<b>-</b>	<b>-</b>	<b>621,960</b>
<b>Total Primary Government.....</b>	<b>\$ 93,588,075</b>	<b>\$ 18,783,619</b>	<b>\$ 13,869,319</b>	<b>\$ 953,518</b>	<b>\$ (59,981,619)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(60,603,579)</b>	\$ <b>621,960</b>	\$ <b>(59,981,619)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	56,346,529	-	56,346,529
Tax liens.....	2,570	-	2,570
Motor vehicle and other excise taxes.....	2,870,355	-	2,870,355
Community preservation taxes.....	462,949	-	462,949
Penalties and interest on taxes.....	263,221	-	263,221
Payments in lieu of taxes.....	13,476	-	13,476
Grants and contributions not restricted to specific programs.....	982,675	-	982,675
Unrestricted investment income.....	1,404,393	-	1,404,393
Miscellaneous.....	6,500	-	6,500
<i>Transfers, net</i> .....	<u>(183,986)</u>	<u>183,986</u>	<u>-</u>
Total general revenues and transfers.....	<u>62,168,682</u>	<u>183,986</u>	<u>62,352,668</u>
Change in net position.....	1,565,103	805,946	2,371,049
<i>Net Position:</i>			
Beginning of year.....	<u>109,671,421</u>	<u>13,974,034</u>	<u>123,645,455</u>
End of year.....	\$ <u><u>111,236,524</u></u>	\$ <u><u>14,779,980</u></u>	\$ <u><u>126,016,504</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2016

	General	Community Preservation Act	Highway Improvements	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 5,343,350	\$ 3,667,181	\$ -	\$ 804,780	\$ 5,527,590	\$ 15,342,901
Investments.....	14,400,092	-	-	-	5,542,806	19,942,898
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	1,337,689	9,375	-	-	-	1,347,064
Real estate tax deferrals.....	344,428	-	-	-	-	344,428
Tax liens.....	99,285	1,693	-	-	-	100,978
Motor vehicle and other excise taxes.....	248,333	-	-	-	-	248,333
User fees.....	33,700	-	-	-	-	33,700
Departmental and other.....	255,691	-	-	-	60,705	316,396
Special assessments.....	240,043	-	-	-	-	240,043
Intergovernmental.....	-	89,293	988,513	1,789,050	-	2,866,856
Tax foreclosures.....	698,272	-	-	-	-	698,272
Due from other funds.....	556,516	-	-	-	-	556,516
<b>TOTAL ASSETS.....</b>	<b>\$ 23,557,399</b>	<b>\$ 3,767,542</b>	<b>\$ 988,513</b>	<b>\$ 2,593,830</b>	<b>\$ 11,131,101</b>	<b>\$ 42,038,385</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 462,408	\$ 1,788	\$ -	\$ -	\$ 207,583	\$ 671,779
Accrued payroll.....	3,080,804	412	-	-	117,319	3,198,535
Other liabilities.....	46,350	6,928	-	-	299,255	352,533
Due to other funds.....	-	-	485,264	-	-	485,264
Notes payable.....	-	-	-	6,135,000	400,000	6,535,000
<b>TOTAL LIABILITIES.....</b>	<b>3,589,562</b>	<b>9,128</b>	<b>485,264</b>	<b>6,135,000</b>	<b>1,024,157</b>	<b>11,243,111</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes paid in advance.....	446,622	-	-	-	-	446,622
Unavailable revenues.....	2,902,447	100,361	503,249	-	60,705	3,566,762
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,349,069</b>	<b>100,361</b>	<b>503,249</b>	<b>-</b>	<b>60,705</b>	<b>4,013,384</b>
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	2,264,673	2,264,673
Restricted.....	5,127,521	3,658,053	-	-	7,854,502	16,640,076
Committed.....	2,238,705	-	-	-	-	2,238,705
Assigned.....	1,621,478	-	-	-	-	1,621,478
Unassigned.....	7,631,064	-	-	(3,541,170)	(72,936)	4,016,958
<b>TOTAL FUND BALANCES.....</b>	<b>16,618,768</b>	<b>3,658,053</b>	<b>-</b>	<b>(3,541,170)</b>	<b>10,046,239</b>	<b>26,781,890</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 23,110,777</b>	<b>\$ 3,767,542</b>	<b>\$ 988,513</b>	<b>\$ 2,593,830</b>	<b>\$ 11,131,101</b>	<b>\$ 42,038,385</b>

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....		\$ 26,781,890
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		226,426,968
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		3,566,762
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.....		3,425,707
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.....		4,614,516
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(937,834)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(89,180,995)	
Compensated absences.....	(1,526,000)	
Worker's Compensation.....	(781,243)	
Net pension liability.....	(30,032,205)	
Other postemployment benefits obligation.....	(31,121,042)	
Net effect of reporting long-term liabilities.....		(152,641,485)
Net position of governmental activities.....		\$ 111,236,524

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	General	Community Preservation Act	Highway Improvements	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 56,295,558	\$ -	\$ -	\$ -	\$ -	\$ 56,295,558
Tax and trash liens.....	67,204	304	-	-	-	67,508
Motor vehicle and other excise taxes.....	3,019,703	-	-	-	15,728	3,035,431
Sewer charges.....	312,228	-	-	-	-	312,228
Trash disposal.....	616,259	-	-	-	-	616,259
Intergovernmental.....	11,693,253	133,101	876,356	616,674	2,607,329	15,926,713
Departmental and other.....	4,785,920	-	-	-	6,980,461	11,766,381
Community preservation taxes.....	-	462,949	-	-	-	462,949
Contributions.....	-	-	-	-	351,013	351,013
Investment income.....	607,999	7,247	-	-	541,444	1,156,690
<b>TOTAL REVENUES.....</b>	<b>77,398,124</b>	<b>603,601</b>	<b>876,356</b>	<b>616,674</b>	<b>10,495,975</b>	<b>89,990,730</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	2,803,078	-	-	-	589,668	3,392,746
Public safety.....	7,639,900	-	-	-	1,222,395	8,862,295
Education.....	32,858,205	-	-	4,764,405	6,043,412	43,666,022
Public works.....	5,221,355	-	876,356	-	577,172	6,674,883
Human services.....	657,834	-	-	-	322,619	980,453
Culture and recreation.....	2,120,059	-	-	-	250,420	2,370,479
Community preservation.....	-	2,115,672	-	-	-	2,115,672
Pension benefits - Town.....	3,068,216	-	-	-	6,847	3,075,063
Pension benefits - School.....	5,626,016	-	-	-	-	5,626,016
Property and liability insurance.....	387,272	-	-	-	-	387,272
Employee benefits.....	7,642,949	-	-	-	-	7,642,949
Claims and judgments.....	435,000	-	-	-	-	435,000
State and county charges.....	459,520	-	-	-	-	459,520
Debt service:						
Principal.....	5,580,267	-	-	-	-	5,580,267
Principal - current refunding.....	4,325,000	-	-	-	-	4,325,000
Interest.....	3,026,758	-	-	-	-	3,026,758
<b>TOTAL EXPENDITURES.....</b>	<b>81,851,429</b>	<b>2,115,672</b>	<b>876,356</b>	<b>4,764,405</b>	<b>9,012,533</b>	<b>98,620,395</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(4,453,305)</b>	<b>(1,512,071)</b>	<b>-</b>	<b>(4,147,731)</b>	<b>1,483,442</b>	<b>(8,629,665)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of refunding bonds.....	4,120,000	-	-	-	-	4,120,000
Premium from issuance of refunding bonds.....	216,676	-	-	-	-	216,676
Transfers in.....	332,488	-	-	149,862	370,000	852,350
Transfers out.....	(835,283)	-	-	-	(201,053)	(1,036,336)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,833,881</b>	<b>-</b>	<b>-</b>	<b>149,862</b>	<b>168,947</b>	<b>4,152,690</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(619,424)</b>	<b>(1,512,071)</b>	<b>-</b>	<b>(3,997,869)</b>	<b>1,652,389</b>	<b>(4,476,975)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>17,238,192</b>	<b>5,170,124</b>	<b>-</b>	<b>456,699</b>	<b>8,393,850</b>	<b>31,258,865</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 16,618,768</b>	<b>\$ 3,658,053</b>	<b>\$ -</b>	<b>\$ (3,541,170)</b>	<b>\$ 10,046,239</b>	<b>\$ 26,781,890</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....		\$ (4,476,975)
<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.....	9,887,399	
Depreciation expense.....	<u>(5,479,273)</u>	
Net effect of reporting capital assets.....		4,408,126
<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>		
		(1,028,779)
<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>		
Premium from issuance of refunding bonds.....	(216,676)	
Debt service principal payments.....	9,905,267	
Amortization of bond premiums.....	564,186	
Issuance of refunding bonds.....	<u>(4,120,000)</u>	
Net effect of reporting long-term debt.....		6,132,777
<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.....	(36,000)	
Net change in worker's compensation accrual.....	(781,243)	
Net change in accrued interest on long-term debt.....	77,151	
Net change in deferred outflow/(inflow) of resources related to pensions.....	2,148,295	
Net change in net pension liability.....	(2,407,870)	
Net change in other postemployment benefits obligation.....	<u>(1,490,549)</u>	
Net effect of recording long-term liabilities.....		(2,490,216)
<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>(979,830)</u>
Change in net position of governmental activities.....		<u>\$ 1,565,103</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 4,070,185	\$ -	\$ 4,070,185	\$ 2,854,207
Investments.....	-	-	-	3,591,161
Receivables, net of allowance for uncollectibles:				
User fees.....	1,616,355	-	1,616,355	-
Total current assets.....	5,686,540	-	5,686,540	6,529,359
<b>NONCURRENT:</b>				
Capital assets:				
Nondepreciable.....	4,712,442	-	4,712,442	-
Depreciable.....	8,761,426	2,052,939	10,814,365	-
Total noncurrent assets.....	13,473,868	2,052,939	15,526,807	-
<b>TOTAL ASSETS.....</b>	<b>19,160,408</b>	<b>2,052,939</b>	<b>21,213,347</b>	<b>6,529,359</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions.....	121,411	40,014	161,425	-
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	27,801	3,907	31,708	-
Accrued payroll.....	20,392	3,157	23,549	1,286
Health claims payable.....	-	-	-	1,913,557
Accrued interest.....	21,537	14,128	35,665	-
Other liabilities.....	-	-	-	-
Due to other funds.....	-	71,252	71,252	-
Compensated absences.....	30,000	-	30,000	-
Bonds payable.....	443,311	155,000	598,311	-
Total current liabilities.....	543,041	247,444	790,485	1,914,843
<b>NONCURRENT:</b>				
Compensated absences.....	6,000	-	6,000	-
Net pension liability.....	1,030,975	339,783	1,370,758	-
Other postemployment benefits.....	199,263	16,569	215,832	-
Bonds payable.....	2,966,651	1,240,000	4,206,651	-
Total noncurrent liabilities.....	4,202,889	1,596,352	5,799,241	-
<b>TOTAL LIABILITIES.....</b>	<b>4,745,930</b>	<b>1,843,796</b>	<b>6,589,726</b>	<b>1,914,843</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions.....	3,810	1,256	5,066	-
<b>NET POSITION</b>				
Net investment in capital assets.....	10,361,083	675,553	11,036,636	-
Unrestricted.....	4,170,996	(427,652)	3,743,344	4,614,516
<b>TOTAL NET POSITION.....</b>	<b>\$ 14,532,079</b>	<b>\$ 247,901</b>	<b>\$ 14,779,980</b>	<b>\$ 4,614,516</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
<b>OPERATING REVENUES:</b>				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 3,171,212
Employer contributions.....	-	-	-	6,815,867
Charges for services.....	3,324,676	253,582	3,578,258	-
<b>TOTAL OPERATING REVENUES.....</b>	<b>3,324,676</b>	<b>253,582</b>	<b>3,578,258</b>	<b>9,987,079</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	1,545,084	359,659	1,904,743	11,214,612
Depreciation.....	856,927	59,505	916,432	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,402,011</b>	<b>419,164</b>	<b>2,821,175</b>	<b>11,214,612</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>922,665</b>	<b>(165,582)</b>	<b>757,083</b>	<b>(1,227,533)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income.....	-	-	-	247,703
Interest expense.....	(84,489)	(50,634)	(135,123)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(84,489)</b>	<b>(50,634)</b>	<b>(135,123)</b>	<b>247,703</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>838,176</b>	<b>(216,216)</b>	<b>621,960</b>	<b>(979,830)</b>
<b>TRANSFERS:</b>				
Transfers in.....	-	315,421	315,421	-
Transfers out.....	(112,649)	(18,786)	(131,435)	-
<b>TOTAL TRANSFERS.....</b>	<b>(112,649)</b>	<b>296,635</b>	<b>183,986</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>725,527</b>	<b>80,419</b>	<b>805,946</b>	<b>(979,830)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>13,806,552</b>	<b>167,482</b>	<b>13,974,034</b>	<b>5,594,346</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 14,532,079</b>	<b>\$ 247,901</b>	<b>\$ 14,779,980</b>	<b>\$ 4,614,516</b>

See notes to basic financial statements.



**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water Enterprise	Percy Walker Pool Enterprise	Total	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Receipts from customers and users.....	\$ 3,840,114	\$ 253,582	\$ 4,093,696	\$ -
Receipts from interfund services provided.....	-	-	-	9,952,587
Payments to vendors.....	(1,005,339)	(149,899)	(1,155,238)	(10,245,336)
Payments to employees.....	(623,260)	(193,780)	(817,040)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>2,211,515</b>	<b>(90,097)</b>	<b>2,121,418</b>	<b>(292,749)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
Transfers in.....	-	315,421	315,421	-
Transfers out.....	(112,649)	(18,786)	(131,435)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(112,649)</b>	<b>296,635</b>	<b>183,986</b>	<b>-</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Acquisition and construction of capital assets.....	(267,071)	-	(267,071)	-
Principal payments on bonds and notes.....	(490,374)	(155,000)	(645,374)	-
Interest expense.....	(87,046)	(51,538)	(138,584)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(844,491)</b>	<b>(206,538)</b>	<b>(1,051,029)</b>	<b>-</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Proceeds from sales and maturities of investments.....	-	-	-	3,155,540
Purchase of investments.....	-	-	-	(3,591,161)
Investment income.....	-	-	-	247,703
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(187,918)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>1,254,375</b>	<b>-</b>	<b>1,254,375</b>	<b>(480,667)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>2,815,810</b>	<b>-</b>	<b>2,815,810</b>	<b>3,334,874</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 4,070,185</b>	<b>\$ -</b>	<b>\$ 4,070,185</b>	<b>\$ 2,854,207</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>				
<b><u>FROM OPERATING ACTIVITIES:</u></b>				
Operating income (loss).....	\$ 922,665	\$ (165,582)	\$ 757,083	\$ (1,227,533)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	856,927	59,505	916,432	-
Deferred (outflows)/inflows related to pensions.....	(75,018)	(24,108)	(99,126)	-
Changes in assets and liabilities:				
User fees.....	515,438	-	515,438	-
Departmental and other.....	-	-	-	(34,492)
Warrants payable.....	(14,067)	(976)	(15,043)	(38,518)
Accrued payroll.....	7,038	1,264	8,302	557
Health claims payable.....	-	-	-	1,060,577
Other liabilities.....	-	-	-	(53,340)
Due to other funds.....	-	18,722	18,722	-
Accrued compensated absences.....	6,000	-	6,000	-
Net pension liability.....	110,106	22,986	133,092	-
Other postemployment benefits obligation.....	(117,574)	(1,908)	(119,482)	-
Total adjustments.....	1,288,850	75,485	1,364,335	934,784
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 2,211,515</b>	<b>\$ (90,097)</b>	<b>\$ 2,121,418</b>	<b>\$ (292,749)</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 15,237	\$ 36,152	\$ 253,970
Investments:			
Equity mutual funds.....	1,441,688	-	-
Government sponsored enterprises.....	-	1,480,899	-
Corporate bonds.....	-	163,554	-
Equity securities.....	-	1,278,575	-
<b>TOTAL ASSETS.....</b>	<b>1,456,925</b>	<b>2,959,180</b>	<b>253,970</b>
<b>LIABILITIES</b>			
Liabilities due depositors.....	-	-	253,970
<b>NET POSITION</b>			
Held in trust for other postemployment benefits and other purposes.....	\$ 1,456,925	\$ 2,959,180	\$ -

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 300,000	\$ -
Net investment income:		
Interest.....	51,313	243,599
TOTAL ADDITIONS.....	<u>351,313</u>	<u>243,599</u>
<u>DEDUCTIONS:</u>		
Scholarships and other.....	-	45,468
CHANGE IN NET POSITION.....	351,313	198,131
NET POSITION AT BEGINNING OF YEAR.....	<u>1,105,612</u>	<u>2,761,049</u>
NET POSITION AT END OF YEAR.....	<u>\$ 1,456,925</u>	<u>\$ 2,959,180</u>

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Duxbury, Massachusetts (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.

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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the 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 are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings 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.

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 special revenue 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 \$21,411,644 and the bank balance totaled \$22,025,532. Of the bank balance, \$2,986,940 was covered by Federal Depository Insurance, \$512,647 was covered by Share Insurance Fund, \$1,260,299 was covered by Depositors Insurance Fund, \$440,157 was collateralized, and \$16,324,584 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 \$16,879,219 in debt securities and \$9,137,054 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, 2016, 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.....	\$ 6,526,907	\$ 1,649,836	\$ 3,994,263	\$ 773,639	\$ 109,169
Corporate Bonds.....	1,168,800	366,719	802,081	-	-
U.S. Treasury Notes.....	9,183,512	599,374	4,081,139	3,144,569	1,358,430
Total Debt Securities.....	16,879,219	\$ 2,615,929	\$ 8,877,483	\$ 3,918,208	\$ 1,467,599
<u>Other Investments:</u>					
Equity Securities.....	9,137,054				
Money Market Mutual Funds.....	322,093				
Equity Mutual Funds.....	1,882,502				
MMDT Cash Portfolio.....	838,915				
Total Investments.....	\$ 29,059,783				

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, 2016, the Town’s investments were rated as follows:

Quality Ratings	Government Sponsored Enterprises	Corporate Bonds
AA+.....	\$ 6,526,907	\$ -
A.....	-	411,000
A-.....	-	287,292
BBB+.....	-	470,508
Fair Value.....	\$ 6,526,907	\$ 1,168,800



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.....	14.42%
Federal National Mortgage Association.....	5.62%

Fair Market 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, 2016:

Investment Type	June 30, 2016	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)
<b>Investments Measured at Fair Value:</b>				
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 6,526,907	\$ 6,526,907	\$ -	\$ -
Corporate Bonds.....	1,168,800	-	1,168,800	-
U.S. Treasury Notes.....	9,183,512	9,183,512	-	-
Total debt securities.....	<u>16,879,219</u>	<u>15,710,419</u>	<u>1,168,800</u>	<u>-</u>
<u>Other investments:</u>				
Equity Securities.....	9,137,054	9,137,054	-	-
Money Market Mutual Funds.....	322,093	322,093	-	-
Equity Mutual Funds.....	1,882,502	1,882,502	-	-
Total other investments.....	<u>11,341,649</u>	<u>11,341,649</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value....	28,220,868	<u>\$ 27,052,068</u>	<u>\$ 1,168,800</u>	<u>\$ -</u>
<b>Investments Measured at Amortized Cost:</b>				
MMDT Cash Portfolio.....	<u>838,915</u>			
Total investments.....	<u>\$ 29,059,783</u>			

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 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, 2016, receivables for the individual major and nonmajor governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,378,918	\$ (31,854)	\$ 1,347,064
Real estate tax deferrals.....	344,428	-	344,428
Tax liens.....	100,978	-	100,978
Motor vehicle and other excise taxes.....	400,470	(152,137)	248,333
User fees.....	33,700	-	33,700
Departmental and other.....	551,920	(151,533)	400,387
Special assessments.....	240,043	-	240,043
Intergovernmental.....	2,866,856	-	2,866,856
 Total.....	 <u>\$ 5,917,313</u>	 <u>\$ (335,524)</u>	 <u>\$ 5,581,789</u>

At June 30, 2016, receivables for the water enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 1,616,355	\$ -	\$ 1,616,355

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

	General Fund	Community Preservation Act	Highway Improvements	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>					
Real estate and personal property taxes.....	\$ 984,150	\$ 9,375	\$ -	\$ -	\$ 993,525
Real estate tax deferrals.....	344,428	-	-	-	344,428
Tax liens.....	99,285	1,693	-	-	100,978
Motor vehicle and other excise taxes.....	248,333	-	-	-	248,333
User fees.....	33,700	-	-	-	33,700
Departmental and other.....	254,236	-	-	60,705	314,941
Special assessments.....	240,043	-	-	-	240,043
Intergovernmental.....	-	89,293	503,249	-	592,542
Tax foreclosures.....	698,272	-	-	-	698,272
 Total.....	 <u>\$ 2,902,447</u>	 <u>\$ 100,361</u>	 <u>\$ 503,249</u>	 <u>\$ 60,705</u>	 <u>\$ 3,566,762</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 36,275,916	\$ 1,979,272	\$ -	\$ 38,255,188
Construction in progress.....	<u>123,591,640</u>	<u>454,288</u>	<u>(121,301,411)</u>	<u>2,744,517</u>
Total capital assets not being depreciated.....	<u>159,867,556</u>	<u>2,433,560</u>	<u>(121,301,411)</u>	<u>40,999,705</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	59,197,828	126,368,350	-	185,566,178
Building improvements.....	7,592,552	108,494	-	7,701,046
Infrastructure.....	21,964,089	1,111,525	(360,000)	22,715,614
Vehicles.....	6,510,730	681,513	(203,954)	6,988,289
Furniture, fixtures and equipment.....	5,707,216	281,021	(1,477,691)	4,510,546
Improvements.....	<u>11,136,427</u>	<u>204,347</u>	<u>-</u>	<u>11,340,774</u>
Total capital assets being depreciated.....	<u>112,108,842</u>	<u>128,755,250</u>	<u>(2,041,645)</u>	<u>238,822,447</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(18,708,789)	(2,949,212)	-	(21,658,001)
Building improvements.....	(803,979)	(191,170)	-	(995,149)
Infrastructure.....	(13,075,868)	(950,309)	360,000	(13,666,177)
Vehicles.....	(4,300,388)	(568,877)	203,954	(4,665,311)
Furniture, fixtures and equipment.....	(4,327,778)	(496,310)	1,477,691	(3,346,397)
Improvements.....	<u>(8,740,754)</u>	<u>(323,395)</u>	<u>-</u>	<u>(9,064,149)</u>
Total accumulated depreciation.....	<u>(49,957,556)</u>	<u>(5,479,273)</u>	<u>2,041,645</u>	<u>(53,395,184)</u>
Total capital assets being depreciated, net.....	<u>62,151,286</u>	<u>123,275,977</u>	<u>-</u>	<u>185,427,263</u>
Total governmental activities capital assets.....	<u>\$ 222,018,842</u>	<u>\$ 125,709,537</u>	<u>\$ (121,301,411)</u>	<u>\$ 226,426,968</u>

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water Enterprise Fund Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,899,437	\$ -	\$ -	\$ 2,899,437
Construction in progress.....	1,774,044	116,159	(77,198)	1,813,005
Total capital assets not being depreciated.....	4,673,481	116,159	(77,198)	4,712,442
<u>Capital assets being depreciated:</u>				
Plant, facilities and infrastructure.....	21,683,204	85,000	-	21,768,204
Equipment and motor vehicles.....	511,029	143,110	(129,515)	524,624
Total capital assets being depreciated.....	22,194,233	228,110	(129,515)	22,292,828
<u>Less accumulated depreciation for:</u>				
Plant, facilities and infrastructure.....	(12,513,027)	(791,393)	-	(13,304,420)
Equipment and motor vehicles.....	(290,963)	(65,534)	129,515	(226,982)
Total accumulated depreciation.....	(12,803,990)	(856,927)	129,515	(13,531,402)
Total capital assets being depreciated, net.....	9,390,243	(628,817)	-	8,761,426
Total Water Enterprise capital assets.....	\$ 14,063,724	\$ (512,658)	\$ (77,198)	\$ 13,473,868
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Percy Walker Pool Enterprise Fund Activities:</b>				
<u>Capital assets being depreciated:</u>				
Buildings.....	\$ 2,380,219	\$ -	\$ -	\$ 2,380,219
<u>Less accumulated depreciation for:</u>				
Buildings.....	(267,775)	(59,505)	-	(327,280)
Total Percy Walker Pool Enterprise capital assets.....	\$ 2,112,444	\$ (59,505)	\$ -	\$ 2,052,939

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

**Governmental Activities:**

General government.....	\$	27,715
Public safety.....		802,665
Education.....		3,083,258
Public works.....		1,034,748
Human services.....		58,650
Culture and recreation.....		274,165
Community preservation.....		<u>198,072</u>

Total depreciation expense - governmental activities..... \$ 5,479,273

**Business-Type Activities:**

Water.....	\$	856,927
Percy Walker Pool.....		<u>59,505</u>

Total depreciation expense - business-type activities..... \$ 916,432

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2016, the Town has interfund receivables/payables of \$556,516 which exists between the general fund and highway improvements fund (\$485,264), and the general fund and the Percy Walker Pool enterprise fund (\$71,252). The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds and departmental revenues.

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Co-located School	Nonmajor Governmental Funds	Percy Walker Pool Enterprise Fund	
General Fund.....	\$ -	\$ 149,862	\$ 370,000	\$ 315,421	\$ 835,283 (1)
Nonmajor Governmental Funds.....	201,053	-	-	-	201,053 (2)
Water Enterprise Fund.....	112,649	-	-	-	112,649 (3)
Percy Walker Pool Enterprise Fund.....	<u>18,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,786</u> (3)
Total.....	\$ <u>332,488</u>	\$ <u>149,862</u>	\$ <u>370,000</u>	\$ <u>315,421</u>	\$ <u>1,167,771</u>

- (1) Represents budgeted transfers from the General Fund to the Percy Walker Pool enterprise fund to reimburse for debt service which is raised through taxation and to subsidize the enterprise fund; a transfer of bond premiums to fund the Co-located school; and a transfer from general fund reserves to nonmajor funds to fund a portion of a new fire pumper truck.
- (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, 2016, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
<i>Governmental Funds</i>							
BAN	Municipal Purpose.....	0.50%	3/25/2016	\$ 200,000	\$ -	\$ (200,000)	\$ -
BAN	Municipal Purpose.....	0.60%	6/30/2016	435,000	-	(435,000)	-
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
Total.....				\$ 635,000	\$ 6,535,000	\$ (635,000)	\$ 6,535,000

**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, 2016, 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, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT 1997.....	2017	\$ 650,000	5.27	\$ 82,669	\$ -	\$ (40,709)	\$ 41,960
MCWT 2001 Title V.....	2019	195,676	4.50	43,472	-	(10,868)	32,604
MCWT 2004 Title V.....	2021	192,582	3.30-5.25	64,355	-	(10,690)	53,665
Municipal Purpose Loans of 2006.....	2021	13,035,000	4.00	5,190,000	-	(5,190,000)	-
Municipal Purpose Loans of 2009.....	2017	125,000	3.00-3.85	20,000	-	(10,000)	10,000
Municipal Purpose Refunding Loans of 2009.....	2017	1,300,000	3.00-3.85	295,000	-	(150,000)	145,000
Municipal Purpose Loans of 2010.....	2023	587,000	2.00-5.00	385,000	-	(40,000)	345,000
Municipal Purpose Loans of 2013.....	2038	82,575,000	3.00-4.00	76,455,000	-	(3,585,000)	72,870,000
Municipal Purpose Loans of 2014.....	2024	2,200,000	2.00-3.00	1,980,000	-	(220,000)	1,760,000
Municipal Purpose Refunding Loans of 2014.....	2023	425,000	2.00-3.00	652,000	-	(198,000)	454,000
Municipal Purpose Loans of 2015.....	2025	4,500,000	2.00-3.00	4,500,000	-	(450,000)	4,050,000
Municipal Purpose Refunding Loans of 2016.....	2021	4,120,000	2.00-4.00	-	4,120,000	-	4,120,000
<b>Total Bonds Payable.....</b>				<b>89,667,496</b>	<b>4,120,000</b>	<b>(9,905,267)</b>	<b>83,882,229</b>
Add: Unamortized Premium.....				5,646,276	216,676	(564,186)	5,298,766
<b>Total Bonds Payable, net.....</b>				<b>\$ 95,313,772</b>	<b>\$ 4,336,676</b>	<b>\$ (10,469,453)</b>	<b>\$ 89,180,995</b>

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

Year	Principal	Interest	Total
2017.....	\$ 5,552,518	\$ 2,845,768	\$ 8,398,286
2018.....	5,196,558	2,671,560	7,868,118
2019.....	5,176,558	2,484,405	7,660,963
2020.....	5,155,690	2,292,224	7,447,914
2021.....	5,155,905	2,093,440	7,249,345
2022.....	4,330,000	1,910,919	6,240,919
2023.....	4,325,000	1,745,169	6,070,169
2024.....	4,275,000	1,602,681	5,877,681
2025.....	4,055,000	1,464,250	5,519,250
2026.....	3,570,000	1,327,950	4,897,950
2027.....	3,570,000	1,220,850	4,790,850
2028.....	3,570,000	1,095,900	4,665,900
2029.....	3,150,000	961,500	4,111,500
2030.....	3,150,000	835,500	3,985,500
2031.....	3,150,000	709,500	3,859,500
2032.....	3,150,000	583,500	3,733,500
2033.....	3,150,000	473,250	3,623,250
2034.....	2,840,000	383,400	3,223,400
2035.....	2,840,000	298,200	3,138,200
2036.....	2,840,000	213,000	3,053,000
2037.....	2,840,000	127,800	2,967,800
2038.....	2,840,000	42,599	2,882,599
<b>Totals.....</b>	<b>\$ 83,882,229</b>	<b>\$ 27,383,365</b>	<b>\$ 111,265,594</b>



The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) for governmental fund debt on a periodic basis for principal in the amount of \$12,543 and interest costs for \$12,705. Thus, net MCWT loan repayments, including interest, are scheduled to be \$115,687 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 2016 principal and interest subsidies totaled approximately \$11,943 and \$9,021, respectively.

In order to take advantage of favorable interest rates, the Town issued \$4,120,000 of general obligation refunding bonds on August 4, 2015. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$4,325,000 and became callable on September 3, 2015. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$325,863 and a reduction of \$330,276 in future debt service payments.

**General Obligation Bonds Payable Schedule – Water Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Municipal Purpose Loans of 2006.....	2016	\$ 500,000	4.00	\$ 50,000	\$ -	\$ (50,000)	\$ -
Municipal Purpose Loans of 2008.....	2023	1,700,000	3.00-3.85	840,000	-	(120,000)	720,000
MCWT 2009.....	2029	3,150,000	2.00	2,325,336	-	(145,374)	2,179,962
Municipal Purpose Loans of 2014.....	2019	864,000	2.00	685,000	-	(175,000)	510,000
Total Bonds Payable.....				\$ 3,900,336	\$ -	\$ (490,374)	\$ 3,409,962

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

Year	Principal	Interest	Total
2017.....	\$ 443,311	\$ 75,411	\$ 518,722
2018.....	436,307	64,702	501,009
2019.....	424,364	54,314	478,678
2020.....	262,482	45,556	308,038
2021.....	265,664	38,331	303,995
2022.....	263,909	31,139	295,048
2023.....	237,221	24,555	261,776
2024.....	170,599	19,828	190,427
2025.....	174,045	16,382	190,427
2026.....	177,561	12,866	190,427
2027.....	181,149	9,279	190,428
2028.....	184,808	5,619	190,427
2029.....	188,542	1,885	190,427
Totals.....	\$ 3,409,962	\$ 399,867	\$ 3,809,829

**General Obligation Bonds Payable Schedule – Percy Walker Pool Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Municipal Purpose Loans of 2010.....	2025	\$ 2,363,000	2.00-5.00	\$ 1,550,000	\$ -	\$ (155,000)	\$ 1,395,000

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

Year	Principal	Interest	Total
2017.....	\$ 155,000	\$ 48,438	\$ 203,438
2018.....	155,000	40,688	195,688
2019.....	155,000	36,038	191,038
2020.....	155,000	29,838	184,838
2021.....	155,000	25,188	180,188
2022.....	155,000	20,538	175,538
2023.....	155,000	15,694	170,694
2024.....	155,000	10,656	165,656
2025.....	155,000	5,422	160,422
Totals.....	\$ 1,395,000	\$ 232,500	\$ 1,627,500

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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
School Construction.....	\$ 6,111
Water Mains.....	47,000
Water Mains.....	715,000
Total.....	\$ 768,111

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>							
Long-Term Bonds Payable.....	\$ 89,667,496	\$ 4,120,000	\$ (9,905,267)	\$ -	\$ -	\$ 83,882,229	\$ 5,552,518
Add: Unamortized Premium.....	5,646,276	216,676	(564,186)	-	-	5,298,766	558,641
Total Long-Term Bonds Payable.....	95,313,772	4,336,676	(10,469,453)	-	-	89,180,995	6,111,159
Net Pension Liability.....	27,624,335	-	-	5,709,233	(3,301,363)	30,032,205	-
Other Postemployment Benefits.....	29,630,493	-	-	3,385,974	(1,895,425)	31,121,042	-
Compensated Absences.....	1,490,000	-	-	1,304,000	(1,268,000)	1,526,000	1,299,000
Total governmental activity long-term liabilities.....	\$ 154,058,600	\$ 4,336,676	\$ (10,469,453)	\$ 10,399,207	\$ (6,464,788)	\$ 151,860,242	\$ 7,410,159
<b>Business-Type Activities:</b>							
Long-Term Bonds Payable.....	\$ 5,450,336	\$ -	\$ (645,374)	\$ -	\$ -	\$ 4,804,962	\$ 598,311
Net Pension Liability.....	1,237,666	-	-	305,895	(172,803)	1,370,758	-
Other Postemployment Benefits.....	335,314	-	-	106,337	(225,819)	215,832	-
Compensated Absences.....	30,000	-	-	36,000	(30,000)	36,000	30,000
Total business-type activity long-term liabilities.....	\$ 7,053,316	\$ -	\$ (645,374)	\$ 448,232	\$ (428,622)	\$ 6,427,552	\$ 628,311

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, 2016, the governmental fund balances consisted of the following:

	General	Community Preservation Act	Highway Improvements	Co-located School	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>						
Nonspendable:						
Town services fund..... \$	-	-	-	-	2,264,673	2,264,673
Restricted for:						
Debt service - interest.....	5,127,521	-	-	-	-	5,127,521
Community Preservation Act.....	-	3,658,053	-	-	-	3,658,053
School lunch.....	-	-	-	-	404,877	404,877
School gift and grant funds.....	-	-	-	-	892,039	892,039
School revolving.....	-	-	-	-	1,831,131	1,831,131
Recreation revolving.....	-	-	-	-	46,332	46,332
Receipts reserved for appropriations.....	-	-	-	-	562,761	562,761
Town gifts and grants.....	-	-	-	-	575,845	575,845
Town revolving.....	-	-	-	-	14,000	14,000
Affordable housing.....	-	-	-	-	1,687,978	1,687,978
Special revenue trust funds.....	-	-	-	-	248,606	248,606
Miscellaneous small projects.....	-	-	-	-	41,463	41,463
Public safety buildings.....	-	-	-	-	28,339	28,339
Capital equipment.....	-	-	-	-	53,870	53,870
Crematory.....	-	-	-	-	1,463	1,463
Town services fund.....	-	-	-	-	1,465,798	1,465,798
Committed for:						
Selectmen.....	112,723	-	-	-	-	112,723
Information Systems.....	329,510	-	-	-	-	329,510
Assessor.....	30,000	-	-	-	-	30,000
Human resources.....	21,151	-	-	-	-	21,151
Fire.....	2,154	-	-	-	-	2,154
Public works.....	107,892	-	-	-	-	107,892
Pension reserve.....	1,212,429	-	-	-	-	1,212,429
Unemployment.....	273,453	-	-	-	-	273,453
Compensated absences.....	149,393	-	-	-	-	149,393
Assigned to:						
General government.....	61,443	-	-	-	-	61,443
Public safety.....	76,536	-	-	-	-	76,536
Education.....	217,187	-	-	-	-	217,187
Public works.....	46,970	-	-	-	-	46,970
Human services.....	5,135	-	-	-	-	5,135
Culture and recreation.....	115,907	-	-	-	-	115,907
Free cash used to fund the the 2017 budget.....	1,098,300	-	-	-	-	1,098,300
Unassigned.....	7,631,064	-	-	(3,541,170)	(72,936)	4,016,958
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 16,618,768</b>	<b>\$ 3,658,053</b>	<b>\$ -</b>	<b>\$ (3,541,170)</b>	<b>\$ 10,046,239</b>	<b>\$ 26,781,890</b>

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 it's liability for accrued sick and vacation time.

At year end, the balance of the general stabilization fund is \$3,945,903 and is reported as unassigned fund balance within the general fund; the balance of the pension trust stabilization fund is \$1,212,429 and is reported

as committed fund balance within the general fund; the balance of the unemployment trust stabilization fund is \$273,453 and is reported as committed fund balance within the general fund; the balance of the compensated absences trust stabilization fund is \$149,393 and is reported as committed fund balance within the general fund. The pension trust fund is distinct and separate from the System information in Note 11. The purpose of the fund is to provide a reserve to meet future annual contributions to the Pension System.

With the exception of the pension reserve and the unemployment reserve, the committed balances in the General Fund are articles carried forward to next year. With the exception of free cash used to fund the 2017 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, 2016, the CPA fund has a balance of approximately \$3.7 million and is reported as a major fund in the governmental funds financial statements.

#### **NOTE 10 – RISK FINANCING**

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

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

(a) *Employee Health Insurance*

The Town estimates its Incurred But Not Reported (IBNR) claims based on a multiyear analysis of average claims paid. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim. At June 30, 2016, the amount of the liability for health insurance claims totaled \$1,047,080. 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, 2014, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2015.....	\$ 1,091,471	\$ 9,415,417	\$ (9,653,908)	\$ 852,980
2016.....	852,980	10,439,436	(10,245,336)	1,047,080

(b) *Workers' Compensation*

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2016, the amount of the liability for workers' compensation claims was \$781,243.

	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

**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 59 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, 2015. The Town's portion of the collective pension

expense, contributed by the Commonwealth, of \$5,626,016 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 \$69,363,733 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, 2015.

#### *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, 2015 was \$3,180,625, 19.95% 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 \$3,243,651. The Town paid \$3,180,625 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, 2016, the Town reported a liability of \$31,402,963 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. 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, 2015, the Town's proportion was 4.951%, which did not change from its proportion measured at December 31, 2014.

*Pension Expense*

For the year ended June 30, 2016, the Town recognized pension expense of \$3,474,166. At June 30, 2016, the Town reported net deferred outflows of resources and deferred inflows of resources related to pensions of \$3,582,066. The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between projected and actual earnings.....	\$ 3,698,108	\$ -	\$ 3,698,108
Changes in proportionate share of contributions.....	-	(116,042)	(116,042)
Total Deferred Outflows/(Inflows) of Resources.....	\$ 3,698,108	\$ (116,042)	\$ 3,582,066

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

Year ended June 30:

2017.....	\$ 979,147
2018.....	979,147
2019.....	979,147
2020.....	644,625
Total.....	\$ 3,582,066

*Actuarial Assumptions*

The total pension liability in the January 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2015
Actuarial cost method.....	Entry Age Normal Actuarial Cost Method
Amortization method.....	Level percent, open group
Remaining amortization period.....	17 years
Asset valuation method.....	Actuarially valued using a five-year smoothing method of gains and losses.
Rate of investment return.....	8.00%
Inflation rate.....	3.75%
Value of investments.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the lessor of the pension amount and \$13,000 per year



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.....	Pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table for males and females adjusted to 2016 with Scale AA. Disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Weight</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	33.00%	10.20%
Foreign equity.....	16.00%	11.00%
Total fixed income.....	25.50%	7.90%
Real estate/ real assets.....	13.00%	9.30%
Private equity.....	7.50%	14.60%
Hedge funds of funds.....	4.00%	8.70%
Cash.....	1.00%	4.00%

*Rate of return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .25%. 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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
The Town's proportionate share of the net pension liability.....	\$ 38,961,056	\$ 31,402,963	\$ 24,921,386

**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.

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

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

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2016, the Town contributed approximately \$1.9 million to the plan. Administrative costs of the plan are assumed to be included in plan premiums.

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

Annual Required Contribution.....	\$ 2,907,198
Interest on net OPEB obligation.....	1,797,925
Adjustment to annual required contribution.....	<u>(1,425,101)</u>
Annual OPEB Cost (expense).....	3,280,022
Annual Employer Contributions.....	<u>(1,908,570)</u>
Increase/Decrease in net OPEB obligation.....	1,371,452
Net OPEB obligation - beginning of year.....	<u>29,965,422</u>
Net OPEB obligation - end of year.....	<u>\$ 31,336,874</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 3,280,022	58%	\$ 31,336,874
6/30/2015	4,071,142	56%	29,965,807
6/30/2014	3,880,000	62%	28,180,000

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

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%

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 6.00% 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, 2016, is 30 years.

#### **NOTE 13 – COMMITMENTS**

The Town has various commitments related to school improvements, town-wide technology upgrades and water infrastructure upgrades, which will be funded through long-term debt and available funds.

#### **NOTE 14 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 23, 2016, which is the date the financial statements were available to be issued.

#### **NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.

- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. 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 #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- 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 #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

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

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# 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, 2016

	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				
<b>REVENUES:</b>								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 56,244,183	\$ 56,244,183	\$ 56,253,482	\$ 56,171,708	\$ -	\$ (81,774)	
Tax and trash liens.....	-	-	-	-	67,204	-	67,204	
Motor vehicle and other excise taxes.....	-	2,268,000	2,268,000	2,268,000	3,019,703	-	751,703	
Sewer charges.....	-	240,000	240,000	240,000	312,228	-	72,228	
Trash disposal.....	-	525,000	525,000	525,000	616,259	-	91,259	
Intergovernmental.....	-	5,925,044	5,925,044	5,925,044	6,067,237	-	142,193	
Departmental and other.....	-	4,035,000	4,035,000	4,035,000	4,785,920	-	750,920	
Investment income.....	-	160,076	160,076	160,076	155,723	-	(4,353)	
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>69,397,303</b>	<b>69,397,303</b>	<b>69,406,602</b>	<b>71,195,982</b>	<b>-</b>	<b>1,789,380</b>	
<b>EXPENDITURES:</b>								
Current:								
General government								
Town Meeting								
Expenditures.....	-	3,650	3,650	3,650	3,330	-	320	
Town Moderator								
Salaries.....	-	40	40	40	-	-	40	
Selectmen								
Salaries.....	-	237,897	237,897	237,274	237,163	-	111	
Expenditures.....	149	12,650	12,799	22,877	17,645	4,565	667	
Articles.....	72,723	600,000	672,723	732,723	620,000	112,723	-	
Total.....	72,872	850,547	923,419	992,874	874,808	117,288	778	
Finance Committee								
Expenditures.....	-	450	450	450	204	-	246	
Information Systems								
Salaries.....	-	151,275	151,275	146,780	146,780	-	-	
Expenditures.....	12,476	277,359	289,835	297,035	254,207	38,257	4,571	
Articles.....	312,173	93,000	405,173	375,173	45,663	329,510	-	
Total.....	324,649	521,634	846,283	818,988	446,650	367,767	4,571	
Finance Director								
Salaries.....	-	116,750	116,750	119,200	119,200	-	-	
Expenditures.....	-	3,150	3,150	3,150	2,387	-	763	
Total.....	-	119,900	119,900	122,350	121,587	-	763	
Accounting								
Salaries.....	-	224,138	224,138	226,133	214,460	-	11,673	
Expenditures.....	447	8,030	8,477	9,477	9,393	-	84	
Total.....	447	232,168	232,615	235,610	223,853	-	11,757	
Audit								
Expenditures.....	-	45,800	45,800	45,800	45,800	-	-	
Assessor								
Salaries.....	-	216,845	216,845	219,115	217,773	-	1,342	
Expenditures.....	201	21,500	21,701	21,701	18,487	-	3,214	
Articles.....	855	19,900	20,755	49,900	14,700	30,000	5,200	
Total.....	1,056	258,245	259,301	290,716	250,960	30,000	9,756	
Treasurer/Collector								
Salaries.....	-	269,671	269,671	271,091	250,704	-	20,387	
Expenditures.....	4,233	49,300	53,533	53,533	52,851	244	438	
Total.....	4,233	318,971	323,204	324,624	303,555	244	20,825	
Legal								
Expenditures.....	71,547	255,000	326,547	433,160	393,400	-	39,760	

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual		
<b>Human Resources</b>							
Salaries.....	-	116,825	116,825	119,635	116,763	-	2,872
Expenditures.....	2,958	32,160	35,118	32,873	30,753	651	1,469
Articles.....	36,608	85,000	121,608	23,396	2,245	21,151	-
<b>Total.....</b>	<b>39,566</b>	<b>233,985</b>	<b>273,551</b>	<b>175,904</b>	<b>149,761</b>	<b>21,802</b>	<b>4,341</b>
<b>Town Clerk</b>							
Salaries.....	-	136,101	136,101	149,849	143,124	-	6,725
Expenditures.....	310	25,000	25,310	30,310	24,869	3,531	1,910
Articles.....	-	35,000	35,000	35,000	20,805	14,195	-
<b>Total.....</b>	<b>310</b>	<b>196,101</b>	<b>196,411</b>	<b>215,159</b>	<b>188,798</b>	<b>17,726</b>	<b>8,635</b>
<b>Conservation</b>							
Salaries.....	-	132,737	132,737	134,387	134,383	-	4
Expenditures.....	3,042	12,200	15,242	15,241	15,064	-	177
Articles.....	250	-	250	-	-	-	-
<b>Total.....</b>	<b>3,292</b>	<b>144,937</b>	<b>148,229</b>	<b>149,628</b>	<b>149,447</b>	<b>-</b>	<b>181</b>
<b>Planning Board</b>							
Salaries.....	-	114,791	114,791	116,146	92,045	-	24,101
Expenditures.....	107	8,900	9,007	9,007	8,336	-	671
<b>Total.....</b>	<b>107</b>	<b>123,691</b>	<b>123,798</b>	<b>125,153</b>	<b>100,381</b>	<b>-</b>	<b>24,772</b>
<b>Tax Title</b>							
Expenditures.....	-	8,000	8,000	8,000	462	-	7,538
<b>Historical Commission</b>							
Expenditures.....	70	2,800	2,870	2,870	970	-	1,900
<b>Total General Government.....</b>	<b>518,149</b>	<b>3,315,919</b>	<b>3,834,068</b>	<b>3,944,976</b>	<b>3,253,966</b>	<b>554,827</b>	<b>136,183</b>
<b>Public safety</b>							
<b>Police</b>							
Salaries.....	-	2,995,960	2,995,960	2,912,491	2,863,413	-	49,078
Expenditures.....	38,007	327,227	365,234	389,818	359,989	29,299	530
Articles.....	23,030	42,903	65,933	51,702	42,551	2,154	6,997
<b>Total.....</b>	<b>61,037</b>	<b>3,366,090</b>	<b>3,427,127</b>	<b>3,354,011</b>	<b>3,265,953</b>	<b>31,453</b>	<b>56,605</b>
<b>Fire</b>							
Salaries.....	-	2,855,585	2,855,585	2,920,962	2,845,815	-	75,147
Expenditures.....	4,320	289,850	294,170	296,115	289,194	6,919	2
Articles.....	13,467	222,827	236,294	235,327	197,765	24,975	12,587
<b>Total.....</b>	<b>17,787</b>	<b>3,368,262</b>	<b>3,386,049</b>	<b>3,452,404</b>	<b>3,332,774</b>	<b>31,894</b>	<b>87,736</b>
<b>Municipal Services</b>							
Salaries.....	-	435,730	435,730	438,545	418,849	-	19,696
Expenditures.....	5,573	100,100	105,673	130,673	116,167	9,277	5,229
<b>Total.....</b>	<b>5,573</b>	<b>535,830</b>	<b>541,403</b>	<b>569,218</b>	<b>535,016</b>	<b>9,277</b>	<b>24,925</b>
<b>Harbormaster/Beach Management</b>							
Salaries.....	-	252,206	252,206	264,323	263,917	-	406
Expenditures.....	1,340	30,400	31,740	34,024	32,222	169	1,633
Articles.....	72,821	9,386	82,207	135,537	129,593	5,897	47
<b>Total.....</b>	<b>74,161</b>	<b>291,992</b>	<b>366,153</b>	<b>433,884</b>	<b>425,732</b>	<b>6,066</b>	<b>2,086</b>
<b>Total Public Safety.....</b>	<b>158,558</b>	<b>7,562,174</b>	<b>7,720,732</b>	<b>7,809,517</b>	<b>7,559,475</b>	<b>78,690</b>	<b>171,352</b>
<b>Education</b>							
Salaries and Expenditures.....	158,658	32,933,460	33,092,118	33,092,118	32,858,205	217,187	16,726
Articles.....	47,526	-	47,526	-	-	-	-
<b>Total.....</b>	<b>206,184</b>	<b>32,933,460</b>	<b>33,139,644</b>	<b>33,092,118</b>	<b>32,858,205</b>	<b>217,187</b>	<b>16,726</b>

(Continued)

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

YEAR ENDED JUNE 30, 2016

	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				
<b>Public Works</b>								
DPW Management								
Salaries.....	-	267,657	267,657	283,653	281,579	-	2,074	
Expenditures.....	3,605	53,800	57,405	57,406	47,859	-	9,547	
Articles.....	76,106	-	76,106	70,818	1,550	69,268	-	
Total.....	79,711	321,457	401,168	411,877	330,988	69,268	11,621	
Vehicle Maintenance								
Salaries.....	-	160,026	160,026	160,026	153,210	-	6,816	
Expenditures.....	1,391	119,000	120,391	162,391	148,090	13,960	341	
Total.....	1,391	279,026	280,417	322,417	301,300	13,960	7,157	
Highway Department								
Salaries.....	-	471,819	471,819	471,819	464,195	-	7,624	
Expenditures.....	2,419	70,500	72,919	70,229	60,881	5,361	3,987	
Articles.....	33,887	271,098	304,985	271,098	256,364	-	14,734	
Total.....	36,306	813,417	849,723	813,146	781,440	5,361	26,345	
Snow & Ice								
Salaries.....	-	60,400	60,400	86,618	86,618	-	-	
Expenditures.....	2,501	111,000	113,501	221,000	214,475	-	6,525	
Total.....	2,501	171,400	173,901	307,618	301,093	-	6,525	
Fuel Depot								
Expenditures.....	20,786	312,500	333,286	208,286	167,006	8	41,272	
Land & Natural Resources								
Salaries.....	-	454,963	454,963	435,463	407,443	-	28,020	
Expenditures.....	45	44,000	44,045	44,045	42,200	-	1,845	
Articles.....	162	77,170	77,332	77,170	71,346	-	5,824	
Total.....	207	576,133	576,340	556,678	520,989	-	35,689	
Street Lights								
Expenditures.....	3,113	37,000	40,113	40,113	39,034	1,079	-	
Transfer Station								
Salaries.....	-	234,444	234,444	234,444	226,471	-	7,973	
Expenditures.....	7,902	473,000	480,902	628,122	622,825	100	5,197	
Articles.....	-	111,068	111,068	111,068	109,214	-	1,854	
Total.....	7,902	818,512	826,414	973,634	958,510	100	15,024	
Sewer Department								
Salaries.....	-	15,726	15,726	16,328	16,278	-	50	
Expenditures.....	94,824	174,600	269,424	274,424	268,021	2,465	3,938	
Total.....	94,824	190,326	285,150	290,752	284,299	2,465	3,988	
Cemetery								
Salaries.....	-	406,373	406,373	412,433	376,279	-	36,154	
Expenditures.....	1,229	228,550	229,779	227,340	205,950	11,657	9,733	
Articles.....	345,701	20,000	365,701	365,700	326,503	38,624	573	
Total.....	346,930	654,923	1,001,853	1,005,473	908,732	50,281	46,460	
Central Building								
Salaries.....	-	61,193	61,193	61,193	60,191	-	1,002	
Expenditures.....	7,774	196,400	204,174	198,173	167,899	4,108	26,166	
Total.....	7,774	257,593	265,367	259,366	228,090	4,108	27,168	
Animal Control								
Salaries.....	-	77,285	77,285	77,834	75,471	-	2,363	
Expenditures.....	-	7,400	7,400	7,400	4,954	-	2,446	
Total.....	-	84,685	84,685	85,234	80,425	-	4,809	

(Continued)

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

YEAR ENDED JUNE 30, 2016

	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				
<b>Tarklin Building</b>								
Expenditures.....	-	9,550	9,550	9,550	7,227	75	2,248	
<b>Facilities Management</b>								
Salaries.....	-	201,608	201,608	207,016	207,015	-	1	
Expenses.....	-	119,402	119,402	119,402	117,695	194	1,513	
Articles.....	-	75,900	75,900	75,900	67,937	7,963	-	
	-	396,910	396,910	402,318	392,647	8,157	1,514	
<b>Total Public Works.....</b>	<b>601,445</b>	<b>4,923,432</b>	<b>5,524,877</b>	<b>5,686,462</b>	<b>5,301,780</b>	<b>154,862</b>	<b>229,820</b>	
<b>Human services</b>								
<b>Council on Aging</b>								
Salaries.....	-	387,336	387,336	396,970	390,966	-	6,004	
Expenditures.....	9,043	129,950	138,993	138,993	130,611	5,057	3,325	
Articles.....	354	27,500	27,854	27,500	27,500	-	-	
Total.....	9,397	544,786	554,183	563,463	549,077	5,057	9,329	
<b>Veterans</b>								
Salaries.....	-	24,515	24,515	25,030	25,030	-	-	
Expenditures.....	841	121,675	122,516	122,689	83,727	78	38,884	
Total.....	841	146,190	147,031	147,719	108,757	78	38,884	
<b>Plymouth County Cooperative</b>								
Expenditures.....	-	400	400	400	400	-	-	
<b>Total Human Services.....</b>	<b>10,238</b>	<b>691,376</b>	<b>701,614</b>	<b>711,582</b>	<b>658,234</b>	<b>5,135</b>	<b>48,213</b>	
<b>Culture and Recreation</b>								
<b>Library</b>								
Salaries.....	-	978,091	978,091	1,002,872	972,636	-	30,236	
Expenditures.....	13,935	310,721	324,656	324,656	294,411	5,651	24,594	
Articles.....	10,894	-	10,894	5,779	-	5,779	-	
Total.....	24,829	1,288,812	1,313,641	1,333,307	1,267,047	11,430	54,830	
<b>Recreation</b>								
Salaries.....	-	169,154	169,154	171,790	171,436	-	354	
Expenditures.....	-	2,650	2,650	2,650	2,627	-	23	
Articles.....	-	30,000	30,000	30,000	29,909	-	91	
Total.....	-	201,804	201,804	204,440	203,972	-	468	
<b>North Hill</b>								
Expenditures.....	-	1,500	1,500	1,500	1,293	-	207	
Articles.....	6,445	15,000	21,445	119,275	14,800	104,275	200	
Total.....	6,445	16,500	22,945	120,775	16,093	104,275	407	
<b>Lifeguards</b>								
Salaries.....	-	19,320	19,320	19,320	14,795	-	4,525	
Expenditures.....	-	950	950	950	926	-	24	
Total.....	-	20,270	20,270	20,270	15,721	-	4,549	
<b>Public Celebrations</b>								
Expenditures.....	-	3,000	3,000	3,000	2,224	202	574	
Articles.....	15,000	15,000	30,000	-	-	-	-	
Total.....	15,000	18,000	33,000	3,000	2,224	202	574	
<b>Total Culture and Recreation.....</b>	<b>46,274</b>	<b>1,545,386</b>	<b>1,591,660</b>	<b>1,681,792</b>	<b>1,505,057</b>	<b>115,907</b>	<b>60,828</b>	
<b>Pension Benefits</b>								
Contributory Retirement.....	-	3,048,270	3,048,270	3,048,270	3,048,270	-	-	
Non-Contributory Retirement.....	-	20,000	20,000	20,000	19,946	-	54	
Total.....	-	3,068,270	3,068,270	3,068,270	3,068,216	-	54	
<b>Property and Liability Insurance.....</b>	<b>-</b>	<b>405,538</b>	<b>405,538</b>	<b>405,538</b>	<b>387,272</b>	<b>500</b>	<b>17,766</b>	

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual		
Employee Benefits.....	-	7,266,577	7,266,577	7,351,965	7,342,949	-	9,016
Claims and judgments.....	-	-	-	-	435,000	-	(435,000)
Reserve fund.....	-	185,700	185,700	23,841	-	-	23,841
State and County Charges.....	-	469,611	469,611	469,611	459,120	-	10,491
Debt Service							
Debt Service Principal.....	-	5,580,267	5,580,267	5,580,267	5,580,267	-	-
Debt Service Interest.....	-	3,087,841	3,087,841	3,087,841	3,026,758	-	61,083
Total.....	-	8,668,108	8,668,108	8,668,108	8,607,025	-	61,083
<b>TOTAL EXPENDITURES.....</b>	<b>1,540,848</b>	<b>71,035,551</b>	<b>72,576,399</b>	<b>72,913,780</b>	<b>71,436,299</b>	<b>1,127,108</b>	<b>350,373</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>							
<b>OVER (UNDER) EXPENDITURES.....</b>	<b>(1,540,848)</b>	<b>(1,638,248)</b>	<b>(3,179,096)</b>	<b>(3,507,178)</b>	<b>(240,317)</b>	<b>(1,127,108)</b>	<b>2,139,753</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium from issuance of bonds.....	-	-	-	-	11,676	-	11,676
Transfers in.....	-	412,024	412,024	412,024	412,488	-	464
Transfers out.....	-	(674,823)	(674,823)	(1,440,283)	(1,440,283)	-	-
<b>TOTAL OTHER FINANCING</b>							
<b>SOURCES (USES).....</b>	<b>-</b>	<b>(262,799)</b>	<b>(262,799)</b>	<b>(1,028,259)</b>	<b>(1,016,119)</b>	<b>-</b>	<b>12,140</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,540,848)</b>	<b>(1,901,047)</b>	<b>(3,441,895)</b>	<b>(4,535,437)</b>	<b>(1,256,436)</b>	<b>(1,127,108)</b>	<b>2,151,893</b>
<b>BUDGETARY FUND BALANCE, Beginning of year....</b>	<b>-</b>	<b>11,940,487</b>	<b>11,940,487</b>	<b>11,940,487</b>	<b>11,940,487</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year..... \$</b>	<b>(1,540,848)</b>	<b>\$ 10,039,440</b>	<b>\$ 8,498,592</b>	<b>\$ 7,405,050</b>	<b>\$ 10,684,051</b>	<b>\$ (1,127,108)</b>	<b>\$ 2,151,893</b>

(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
Town's proportion of the net pension liability (asset).....	4.951%	4.951%
Town's proportionate share of the net pension liability (asset)..... \$	28,862,001	\$ 31,402,963
Town's covered employee payroll..... \$	15,363,907	\$ 15,940,054
Net pension liability as a percentage of covered-employee payroll.....	187.86%	197.01%
Plan fiduciary net position as a percentage of the total pension liability.....	58.88%	56.80%

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 TOWN'S CONTRIBUTIONS**  
**PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

---

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 3,004,465	\$ 3,180,625
Contributions in relation to the actuarially determined contribution.....	(3,004,465)	(3,180,625)
Contribution deficiency (excess).....	\$ -	\$ -
Covered-employee payroll.....	\$ 15,363,907	\$ 15,940,054
Contributions as a percentage of covered- employee payroll.....	19.56%	19.95%

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.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
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*

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

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

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

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2016	\$ 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
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 AND ASSUMPTIONS**

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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 ACCOUNTING**A. Budgetary Information

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

Supplementary appropriations are voted at special town meetings.

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2016 approved budget for the General Fund includes \$71.7 million in current year appropriations and other amounts to be raised and \$1.5 million in encumbrances and appropriations carried over from previous years. During 2016, the Town approved various transfers within appropriation lines in the General Fund along with supplemental appropriations totaling \$1.1 million used primarily to fund the snow and ice deficit (\$130,000), the Other Postemployment Benefit Trust Fund (\$300,000), the Stabilization Trust Fund (\$100,000), the Compensated Absence Trust Fund (\$125,000), and various other expenditure increases totaling (\$445,000).

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, 2016, is presented on the following page.

Net Change in Fund Balance - budgetary basis.....	\$ (1,256,436)
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	416,291
Activity of the pension, unemployment, and compensated absence trust funds recorded in the general fund for GAAP.....	96,873
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	123,848
Recognition of revenue for on-behalf payments.....	5,626,016
Recognition of expenditures for on-behalf payments.....	<u>(5,626,016)</u>
Net Change in Fund Balance - GAAP basis.....	\$ <u>(619,424)</u>

C. Appropriation Deficits

Expenditures exceeded appropriations for claims and judgments. The Town has authorization to borrow these funds in fiscal year 2017.

**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 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:

None

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 Town currently finances the majority of 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.

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

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

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

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

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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, 2016

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 405,027	\$ 971,590	\$ 2,197,712	\$ 116,472	\$ 562,761	\$ 655,511
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 405,027</b>	<b>\$ 971,590</b>	<b>\$ 2,197,712</b>	<b>\$ 116,472</b>	<b>\$ 562,761</b>	<b>\$ 655,511</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 150	\$ 79,252	\$ 43,281	\$ 14,833	\$ -	\$ 53,752
Accrued payroll.....	-	299	73,680	5,672	-	25,914
Other liabilities.....	-	-	249,620	49,635	-	-
Due to other funds.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>150</b>	<b>79,551</b>	<b>366,581</b>	<b>70,140</b>	<b>-</b>	<b>79,666</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues.....	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	404,877	892,039	1,831,131	46,332	562,761	575,845
Unassigned.....	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>404,877</b>	<b>892,039</b>	<b>1,831,131</b>	<b>46,332</b>	<b>562,761</b>	<b>575,845</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES...</b>	<b>\$ 405,027</b>	<b>\$ 971,590</b>	<b>\$ 2,197,712</b>	<b>\$ 116,472</b>	<b>\$ 562,761</b>	<b>\$ 655,511</b>

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
\$ 26,484	\$ 26,146	\$ 53,565	\$ 5,015,268	\$ 41,463	\$ 129,771	\$ 28,339	\$ 253,870
-	1,661,832	195,041	1,856,873	-	-	-	-
<u>60,705</u>	<u>-</u>	<u>-</u>	<u>60,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 87,189</u>	<u>\$ 1,687,978</u>	<u>\$ 248,606</u>	<u>\$ 6,932,846</u>	<u>\$ 41,463</u>	<u>\$ 129,771</u>	<u>\$ 28,339</u>	<u>\$ 253,870</u>
\$ 730	\$ -	\$ -	\$ 191,998	\$ -	\$ 2,707	\$ -	\$ -
11,754	-	-	117,319	-	-	-	-
-	-	-	299,255	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	200,000	-	200,000
<u>12,484</u>	<u>-</u>	<u>-</u>	<u>608,572</u>	<u>-</u>	<u>202,707</u>	<u>-</u>	<u>200,000</u>
<u>60,705</u>	<u>-</u>	<u>-</u>	<u>60,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
14,000	1,687,978	248,606	6,263,569	41,463	-	28,339	53,870
-	-	-	-	-	(72,936)	-	-
<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>\$ 87,189</u>	<u>\$ 1,687,978</u>	<u>\$ 248,606</u>	<u>\$ 6,932,846</u>	<u>\$ 41,463</u>	<u>\$ 129,771</u>	<u>\$ 28,339</u>	<u>\$ 253,870</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2016

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>	Total Nonmajor Governmental Funds
	<u>Crematory</u>	<u>Subtotal</u>	<u>Town Services Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,463	\$ 454,906	\$ 57,416	\$ 5,527,590
Investments.....	-	-	3,685,933	5,542,806
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	60,705
<b>TOTAL ASSETS.....</b>	<b>\$ 1,463</b>	<b>\$ 454,906</b>	<b>\$ 3,743,349</b>	<b>\$ 11,131,101</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ -	\$ 2,707	\$ 12,878	\$ 207,583
Accrued payroll.....	-	-	-	117,319
Other liabilities.....	-	-	-	299,255
Due to other funds.....	-	-	-	-
Notes payable.....	-	400,000	-	400,000
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>402,707</b>	<b>12,878</b>	<b>1,024,157</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues.....	-	-	-	60,705
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	2,264,673	2,264,673
Restricted.....	1,463	125,135	1,465,798	7,854,502
Unassigned.....	-	(72,936)	-	(72,936)
<b>TOTAL FUND BALANCES.....</b>	<b>1,463</b>	<b>52,199</b>	<b>3,730,471</b>	<b>10,046,239</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 1,463</b>	<b>\$ 454,906</b>	<b>\$ 3,743,349</b>	<b>\$ 11,131,101</b>

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

YEAR ENDED JUNE 30, 2016

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Recreation Revolving	Receipts Reserved for Appropriations	Town Gifts & Grants
<b>REVENUES:</b>						
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 15,728	\$ -
Intergovernmental.....	100,215	1,795,181	-	-	-	711,933
Departmental and other.....	676,211	157,685	3,805,758	209,142	223,676	616,483
Contributions.....	-	-	-	-	-	266,228
Investment income.....	-	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>776,426</b>	<b>1,952,866</b>	<b>3,805,758</b>	<b>209,142</b>	<b>239,404</b>	<b>1,594,644</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	-	-	-	-	433,343
Public safety.....	-	-	-	-	-	489,856
Education.....	653,950	1,732,687	3,644,512	-	-	-
Public works.....	-	-	-	-	-	346,365
Human services.....	-	-	-	-	-	196,291
Culture and recreation.....	-	-	-	172,810	-	66,459
Pension benefits - Town.....	-	-	-	-	-	6,847
<b>TOTAL EXPENDITURES.....</b>	<b>653,950</b>	<b>1,732,687</b>	<b>3,644,512</b>	<b>172,810</b>	<b>-</b>	<b>1,539,161</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>122,476</b>	<b>220,179</b>	<b>161,246</b>	<b>36,332</b>	<b>239,404</b>	<b>55,483</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	-	-	-	-	-	-
Transfers out.....	-	(47)	(417)	-	(130,589)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(47)</b>	<b>(417)</b>	<b>-</b>	<b>(130,589)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>122,476</b>	<b>220,132</b>	<b>160,829</b>	<b>36,332</b>	<b>108,815</b>	<b>55,483</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>282,401</b>	<b>671,907</b>	<b>1,670,302</b>	<b>10,000</b>	<b>453,946</b>	<b>520,362</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 404,877</b>	<b>\$ 892,039</b>	<b>\$ 1,831,131</b>	<b>\$ 46,332</b>	<b>\$ 562,761</b>	<b>\$ 575,845</b>

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
\$ -	\$ -	\$ -	\$ 15,728	\$ -	\$ -	\$ -	\$ -
-	-	-	2,607,329	-	-	-	-
587,506	704,000	-	6,980,461	-	-	-	-
-	-	25,935	292,163	-	-	-	-
-	258,601	5,353	263,954	-	-	-	-
<u>587,506</u>	<u>962,601</u>	<u>31,288</u>	<u>10,159,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
21,610	67,633	9,453	532,039	-	-	-	-
416,409	-	-	906,265	-	-	-	316,130
-	-	-	6,031,149	-	-	-	-
12,613	-	-	358,978	-	136,615	-	-
126,328	-	-	322,619	-	-	-	-
942	-	8,583	248,794	-	-	-	-
-	-	-	6,847	-	-	-	-
<u>577,902</u>	<u>67,633</u>	<u>18,036</u>	<u>8,406,691</u>	<u>-</u>	<u>136,615</u>	<u>-</u>	<u>316,130</u>
9,604	894,968	13,252	1,752,944	-	(136,615)	-	(316,130)
-	-	-	-	-	-	-	370,000
-	-	-	(131,053)	-	-	-	-
-	-	-	(131,053)	-	-	-	370,000
9,604	894,968	13,252	1,621,891	-	(136,615)	-	53,870
4,396	793,010	235,354	4,641,678	41,463	63,679	28,339	-
<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>

(Continued)

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

YEAR ENDED JUNE 30, 2016

	<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>
<b>REVENUES:</b>				
Motor vehicle and other excise taxes.....	\$ -	\$ -	\$ -	\$ 15,728
Intergovernmental.....	-	-	-	2,607,329
Departmental and other.....	-	-	-	6,980,461
Contributions.....	-	-	58,850	351,013
Investment income.....	-	-	277,490	541,444
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>-</b>	<b>336,340</b>	<b>10,495,975</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	-	-	57,629	589,668
Public safety.....	-	316,130	-	1,222,395
Education.....	-	-	12,263	6,043,412
Public works.....	-	136,615	81,579	577,172
Human services.....	-	-	-	322,619
Culture and recreation.....	-	-	1,626	250,420
Pension benefits - Town.....	-	-	-	6,847
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>452,745</b>	<b>153,097</b>	<b>9,012,533</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>-</b>	<b>(452,745)</b>	<b>183,243</b>	<b>1,483,442</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	370,000	-	370,000
Transfers out.....	-	-	(70,000)	(201,053)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>370,000</b>	<b>(70,000)</b>	<b>168,947</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>-</b>	<b>(82,745)</b>	<b>113,243</b>	<b>1,652,389</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,463</b>	<b>134,944</b>	<b>3,617,228</b>	<b>8,393,850</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 1,463</b>	<b>\$ 52,199</b>	<b>\$ 3,730,471</b>	<b>\$ 10,046,239</b>

(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, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 184,284	\$ 543,759	\$ (474,073)	\$ 253,970
<b>LIABILITIES</b>				
Warrants payable.....	\$ 1,094	\$ -	\$ (1,094)	\$ -
Liabilities due depositors.....	183,190	543,759	(472,979)	253,970
TOTAL LIABILITIES.....	\$ 184,284	\$ 543,759	\$ (474,073)	\$ 253,970

# ***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.



*Dinghies resting in the Marina*

# 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>2007</u>	<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>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 70,497,727	\$ 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
Restricted.....	2,616,217	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
Unrestricted.....	<u>13,825,901</u>	<u>15,660,425</u>	<u>12,286,665</u>	<u>10,146,293</u>	<u>8,172,334</u>	<u>1,690,298</u>	<u>3,581,453</u>	<u>(23,663,282)</u>	<u>(27,512,740)</u>	<u>(31,563,516)</u>
<b>Total governmental activities net position.....</b>	<b>\$ <u>86,939,845</u></b>	<b>\$ <u>89,324,620</u></b>	<b>\$ <u>88,807,496</u></b>	<b>\$ <u>88,736,979</u></b>	<b>\$ <u>87,899,779</u></b>	<b>\$ <u>86,845,445</u></b>	<b>\$ <u>99,966,103</u></b>	<b>\$ <u>99,036,892</u></b>	<b>\$ <u>109,671,421</u></b>	<b>\$ <u>111,236,524</u></b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 8,918,436	\$ 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
Unrestricted.....	<u>3,170,204</u>	<u>2,754,332</u>	<u>2,493,137</u>	<u>3,010,096</u>	<u>2,769,929</u>	<u>2,741,409</u>	<u>2,705,180</u>	<u>2,291,772</u>	<u>2,930,734</u>	<u>3,743,344</u>
<b>Total business-type activities net position.....</b>	<b>\$ <u>12,088,640</u></b>	<b>\$ <u>12,193,560</u></b>	<b>\$ <u>12,016,889</u></b>	<b>\$ <u>12,545,125</u></b>	<b>\$ <u>13,070,311</u></b>	<b>\$ <u>13,413,838</u></b>	<b>\$ <u>13,677,441</u></b>	<b>\$ <u>13,226,777</u></b>	<b>\$ <u>13,974,034</u></b>	<b>\$ <u>14,779,980</u></b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 79,416,163	\$ 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
Restricted.....	2,616,217	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
Unrestricted.....	<u>16,996,105</u>	<u>18,414,757</u>	<u>14,779,802</u>	<u>13,156,389</u>	<u>10,942,263</u>	<u>4,431,707</u>	<u>6,286,633</u>	<u>(21,371,510)</u>	<u>(24,582,006)</u>	<u>(27,820,172)</u>
<b>Total primary government net position.....</b>	<b>\$ <u>99,028,485</u></b>	<b>\$ <u>101,518,180</u></b>	<b>\$ <u>100,824,385</u></b>	<b>\$ <u>101,282,104</u></b>	<b>\$ <u>100,970,090</u></b>	<b>\$ <u>100,259,283</u></b>	<b>\$ <u>113,643,544</u></b>	<b>\$ <u>112,263,669</u></b>	<b>\$ <u>123,645,455</u></b>	<b>\$ <u>126,016,504</u></b>

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



**Changes in Net Position**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 3,606,616	\$ 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
Public safety.....	8,450,057	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
Education.....	43,337,224	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
Public works.....	5,480,877	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
Human services.....	694,237	710,722	857,340	891,585	945,904	1,054,046	1,220,090	1,262,417	1,222,376	1,359,923
Culture and recreation.....	2,258,491	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
Community preservation.....	239,207	200,192	147,179	189,761	349,793	376,498	255,580	452,800	243,827	334,472
Claims and judgements.....	-	-	-	-	-	-	-	-	-	435,000
Interest.....	1,157,136	784,810	637,234	592,335	477,255	489,622	2,351,280	2,682,114	2,360,916	2,385,421
<b>Total government activities expenses.....</b>	<b>65,223,845</b>	<b>66,241,131</b>	<b>74,747,535</b>	<b>73,649,177</b>	<b>76,407,785</b>	<b>79,901,681</b>	<b>85,058,644</b>	<b>83,788,103</b>	<b>82,137,309</b>	<b>90,631,777</b>
<b>Business-type activities:</b>										
Water.....	2,162,105	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
Percy Walker Pool.....	-	-	-	33,774	380,020	459,274	503,243	467,604	534,863	469,798
<b>Total business-type activities expenses.....</b>	<b>2,162,105</b>	<b>2,487,440</b>	<b>2,323,558</b>	<b>2,231,588</b>	<b>2,730,567</b>	<b>3,087,892</b>	<b>3,256,557</b>	<b>2,975,850</b>	<b>3,151,848</b>	<b>2,956,298</b>
<b>Total primary government expenses.....</b>	<b>\$ 67,385,950</b>	<b>\$ 68,728,571</b>	<b>\$ 77,071,093</b>	<b>\$ 75,880,765</b>	<b>\$ 79,138,352</b>	<b>\$ 82,989,573</b>	<b>\$ 88,315,201</b>	<b>\$ 86,763,953</b>	<b>\$ 85,289,157</b>	<b>\$ 93,588,075</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Education charges for services.....	\$ 6,132,491	\$ 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
Public works charges for services.....	2,024,082	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
Culture and recreation charges for services.....	2,032,198	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
Other charges for services.....	2,510,745	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
Operating grants and contributions.....	10,414,641	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
Capital grant and contributions.....	1,191,310	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
<b>Total government activities program revenues.....</b>	<b>24,305,467</b>	<b>24,295,635</b>	<b>28,455,656</b>	<b>26,847,270</b>	<b>27,872,769</b>	<b>29,795,322</b>	<b>47,144,029</b>	<b>51,046,890</b>	<b>33,159,412</b>	<b>30,028,198</b>
<b>Business-type activities:</b>										
Charges for services - water.....	2,783,180	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
Charges for services - Percy Walker Pool.....	-	-	-	46,497	304,513	313,563	372,637	315,811	283,813	253,582
<b>Total business-type activities program revenues.....</b>	<b>2,783,180</b>	<b>2,901,469</b>	<b>2,460,603</b>	<b>3,036,630</b>	<b>3,405,661</b>	<b>3,321,723</b>	<b>3,381,782</b>	<b>3,590,210</b>	<b>3,685,266</b>	<b>3,578,258</b>
<b>Total primary government program revenues.....</b>	<b>\$ 27,088,647</b>	<b>\$ 27,197,104</b>	<b>\$ 30,916,259</b>	<b>\$ 29,883,900</b>	<b>\$ 31,278,430</b>	<b>\$ 33,117,045</b>	<b>\$ 50,525,811</b>	<b>\$ 54,637,100</b>	<b>\$ 36,844,678</b>	<b>\$ 33,606,456</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (40,918,378)	\$ (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)
Business-type activities.....	621,075	414,029	137,045	805,042	675,094	233,831	125,225	614,360	537,418	621,960
<b>Total primary government net expense.....</b>	<b>\$ (40,297,303)</b>	<b>\$ (41,531,467)</b>	<b>\$ (46,154,834)</b>	<b>\$ (45,996,866)</b>	<b>\$ (47,859,922)</b>	<b>\$ (49,872,528)</b>	<b>\$ (37,789,390)</b>	<b>\$ (32,126,853)</b>	<b>\$ (48,440,479)</b>	<b>\$ (59,981,619)</b>
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 36,999,317	\$ 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
Tax liens.....	134,662	126,079	48,105	220,392	133,744	20,397	74,317	128,258	17,656	2,570
Motor vehicle and other excise taxes.....	2,308,774	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
Community preservation taxes.....	1,077,315	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959	452,436	462,949
Penalties and interest on taxes.....	138,442	108,421	155,068	177,297	157,119	239,386	208,925	241,339	240,792	263,221
Payments in lieu of taxes.....	7,917	28,750	12,804	9,321	4,250	10,950	12,956	12,934	15,965	13,476
Grants and contributions not restricted to specific programs.....	1,275,273	1,385,213	1,145,359	872,532	994,936	904,812	982,014	995,264	1,062,816	982,675
Unrestricted investment income.....	904,835	484,751	255,383	877,505	852,850	529,788	808,801	1,247,143	656,988	1,404,393
Miscellaneous.....	223,442	30,914	-	-	-	-	-	-	-	6,500
Gain on sale of capital assets.....	-	-	-	-	-	-	-	-	212,580	-
Transfers.....	285,000	309,109	313,716	276,806	149,908	(109,696)	(138,378)	(112,976)	(210,612)	(183,986)
<b>Total governmental activities.....</b>	<b>43,354,977</b>	<b>44,330,271</b>	<b>45,774,755</b>	<b>46,731,391</b>	<b>47,697,815</b>	<b>49,052,025</b>	<b>51,035,273</b>	<b>58,122,639</b>	<b>59,611,653</b>	<b>62,168,682</b>
<b>Business-type activities:</b>										
Transfers.....	(285,000)	(309,109)	(313,716)	(276,806)	(149,908)	109,696	138,378	112,976	210,612	183,986
<b>Total primary government</b>	<b>\$ 43,069,977</b>	<b>\$ 44,021,162</b>	<b>\$ 45,461,039</b>	<b>\$ 46,454,585</b>	<b>\$ 47,547,907</b>	<b>\$ 49,161,721</b>	<b>\$ 51,173,651</b>	<b>\$ 58,235,615</b>	<b>\$ 59,822,265</b>	<b>\$ 62,352,668</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 2,436,599	\$ 2,384,775	\$ (517,124)	\$ (70,516)	\$ (837,201)	\$ (1,054,334)	\$ 13,120,658	\$ 25,381,426	\$ 10,633,756	\$ 1,565,103
Business-type activities.....	336,075	104,920	(176,671)	528,236	525,186	343,527	263,603	727,336	748,030	805,946
<b>Total primary government.....</b>	<b>\$ 2,772,674</b>	<b>\$ 2,489,695</b>	<b>\$ (693,795)</b>	<b>\$ 457,720</b>	<b>\$ (312,015)</b>	<b>\$ (710,807)</b>	<b>\$ 13,384,261</b>	<b>\$ 26,108,762</b>	<b>\$ 11,381,786</b>	<b>\$ 2,371,049</b>

**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2007</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>
<b>General Fund</b>										
Reserved.....	\$ 774,504	\$ 474,343	\$ 823,067	\$ 771,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	5,076,300	4,441,420	4,731,295	5,882,157	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	-	7,013,483	6,612,344	6,071,276	5,127,521
Committed.....	-	-	-	-	1,000,645	1,332,306	2,032,555	2,257,522	2,606,405	2,238,705
Assigned.....	-	-	-	-	2,054,451	1,698,230	2,234,372	1,474,689	1,785,239	1,621,478
Unassigned.....	-	-	-	-	6,606,737	7,868,426	6,504,610	7,823,978	6,775,272	7,631,064
<b>Total general fund.....</b>	<b>\$ 5,850,804</b>	<b>\$ 4,915,763</b>	<b>\$ 5,554,362</b>	<b>\$ 6,653,698</b>	<b>\$ 9,661,833</b>	<b>\$ 10,898,962</b>	<b>\$ 17,785,020</b>	<b>\$ 18,168,533</b>	<b>\$ 17,238,192</b>	<b>\$ 16,618,768</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 1,686,435	\$ 1,788,474	\$ 1,871,270	\$ 1,926,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	4,187,509	6,704,198	5,252,915	7,438,997	-	-	-	-	-	-
Capital projects funds.....	(143,230)	103,266	(82,588)	102,903	-	-	-	-	-	-
Permanent funds.....	633,668	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
Restricted.....	-	-	-	-	7,132,302	11,664,137	47,844,142	14,581,241	11,814,850	11,512,555
Unassigned.....	-	-	-	-	(961,306)	(255,726)	(498,150)	-	-	(3,614,106)
<b>Total all other governmental funds.....</b>	<b>\$ 6,364,382</b>	<b>\$ 9,002,542</b>	<b>\$ 7,305,272</b>	<b>\$ 9,898,370</b>	<b>\$ 8,142,391</b>	<b>\$ 13,443,281</b>	<b>\$ 49,423,062</b>	<b>\$ 16,734,096</b>	<b>\$ 14,020,673</b>	<b>\$ 10,163,122</b>

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

**Changes in Fund Balances, Governmental Funds**

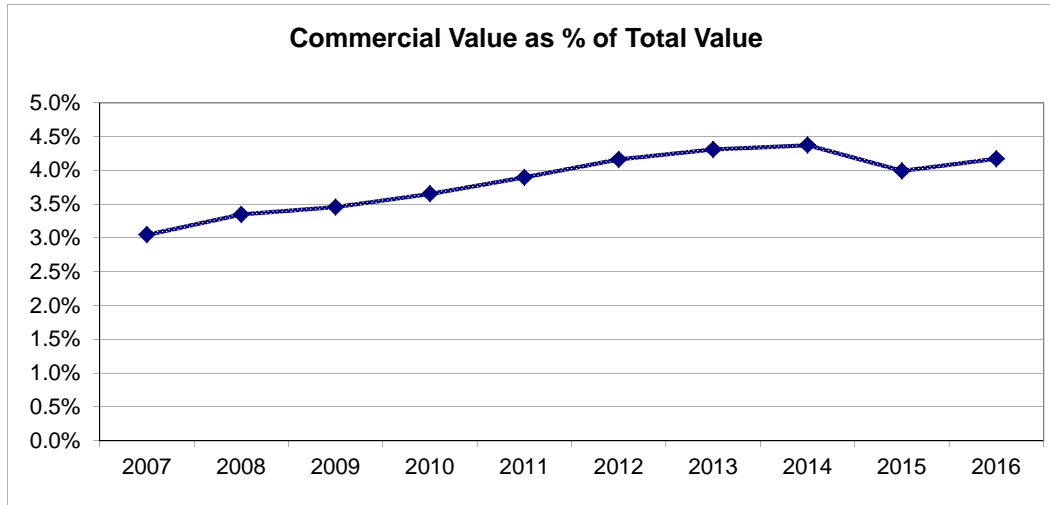
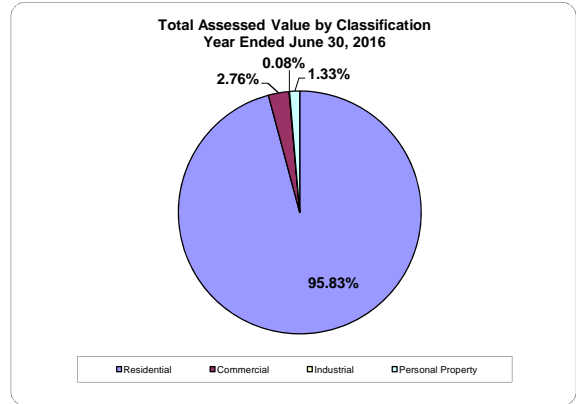
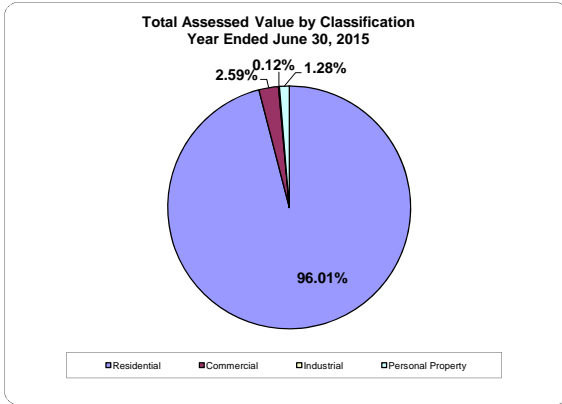
**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 36,977,095	\$ 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
Tax and trash liens.....	151,902	101,964	123,783	216,803	84,186	91,948	69,547	34,594	17,656	67,508
Motor vehicle and other excise taxes.....	2,303,816	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
Sewer charges.....	305,628	320,752	365,785	295,819	319,396	304,243	287,269	296,186	212,226	312,228
Trash disposal.....	542,227	315,661	544,505	568,964	633,692	604,833	591,499	599,680	605,573	616,259
Intergovernmental.....	13,043,745	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
Departmental and other.....	7,508,046	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
Community preservation taxes.....	1,077,315	1,110,178	1,171,545	1,187,673	1,204,247	1,285,151	1,322,525	444,959	452,436	462,949
Contributions.....	104,533	84,246	537,054	275,223	341,316	348,240	302,255	290,207	319,020	351,013
Investment income.....	1,161,588	327,076	255,659	812,935	753,198	464,529	728,342	1,072,436	554,845	1,156,690
<b>Total Revenues.....</b>	<b>63,175,895</b>	<b>65,793,218</b>	<b>69,707,477</b>	<b>70,569,702</b>	<b>71,524,154</b>	<b>76,448,550</b>	<b>94,385,226</b>	<b>107,061,365</b>	<b>88,754,229</b>	<b>89,990,730</b>
<b>Expenditures:</b>										
General government.....	2,364,317	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
Public safety.....	5,602,814	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
Education.....	29,804,161	30,667,459	31,933,772	32,759,722	33,097,960	33,962,562	36,483,547	36,543,232	38,288,116	38,752,314
Public works.....	3,770,837	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
Human services.....	547,525	551,566	642,844	652,303	694,772	765,164	928,925	935,898	887,962	980,453
Culture and recreation.....	1,397,860	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
Community preservation.....	234,074	192,695	99,858	100,102	635,483	718,536	163,408	260,986	52,013	136,400
Pension benefits - Town.....	1,490,088	1,790,855	1,879,350	1,937,647	2,199,485	2,159,485	2,422,765	2,525,382	2,840,847	3,075,063
Pension benefits - School.....	4,266,000	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
Property and liability insurance.....	249,654	265,802	274,266	223,935	239,620	186,966	253,465	280,147	380,564	387,272
Employee benefits.....	7,216,358	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
Claims and judgments.....	-	-	-	-	-	-	-	-	-	435,000
State and county charges.....	244,562	251,548	259,473	251,333	273,473	327,762	296,362	448,529	485,681	459,520
Capital outlay.....	3,960,064	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
Debt service:										
Principal.....	2,554,906	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
Principal - current refunding.....	-	-	-	-	-	-	-	-	-	4,325,000
Interest.....	930,217	787,513	673,298	590,079	520,706	502,267	505,484	4,576,710	3,112,964	3,026,758
<b>Total Expenditures.....</b>	<b>64,633,437</b>	<b>64,571,066</b>	<b>70,788,432</b>	<b>68,265,273</b>	<b>70,440,741</b>	<b>85,928,441</b>	<b>125,743,492</b>	<b>141,997,891</b>	<b>97,361,131</b>	<b>98,620,395</b>
Excess (deficiency) of revenues over (under) expenditures.....	(1,457,542)	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)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	674,000	125,000	-	787,000	-	16,098,000	67,349,000	2,200,000	4,500,000	-
Issuance of refunding bonds.....	-	1,300,000	-	-	-	-	-	425,000	282,000	4,120,000
Premium from issuance of bonds and notes.....	8,518	17,918	-	32,767	18,834	29,606	7,013,483	119,049	150,750	216,676
Premium from issuance of refunding bonds.....	-	23,014	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	(1,294,074)	-	-	-	-	-	-	-	-
Sale of capital assets.....	-	-	-	-	-	-	-	-	241,000	-
Transfers in.....	1,205,179	1,241,414	1,306,323	1,418,382	765,242	404,377	527,892	254,154	375,344	852,350
Transfers out.....	(920,179)	(932,305)	(992,607)	(1,141,576)	(615,334)	(514,073)	(666,270)	(367,130)	(585,956)	(1,036,336)
<b>Total other financing sources (uses).....</b>	<b>967,518</b>	<b>480,967</b>	<b>313,716</b>	<b>1,096,573</b>	<b>168,742</b>	<b>16,017,910</b>	<b>74,224,105</b>	<b>2,631,073</b>	<b>4,963,138</b>	<b>4,152,690</b>
<b>Net change in fund balance.....</b>	<b>\$ (490,024)</b>	<b>\$ 1,703,119</b>	<b>\$ (767,239)</b>	<b>\$ 3,401,002</b>	<b>\$ 1,252,155</b>	<b>\$ 6,538,019</b>	<b>\$ 42,865,839</b>	<b>\$ (32,305,453)</b>	<b>\$ (3,643,764)</b>	<b>\$ (4,476,975)</b>
Debt service as a percentage of noncapital expenditures....	5.74%	5.60%	4.95%	3.61%	3.10%	2.86%	2.57%	10.97%	11.64%	9.70%

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

Last Ten Years

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



(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**

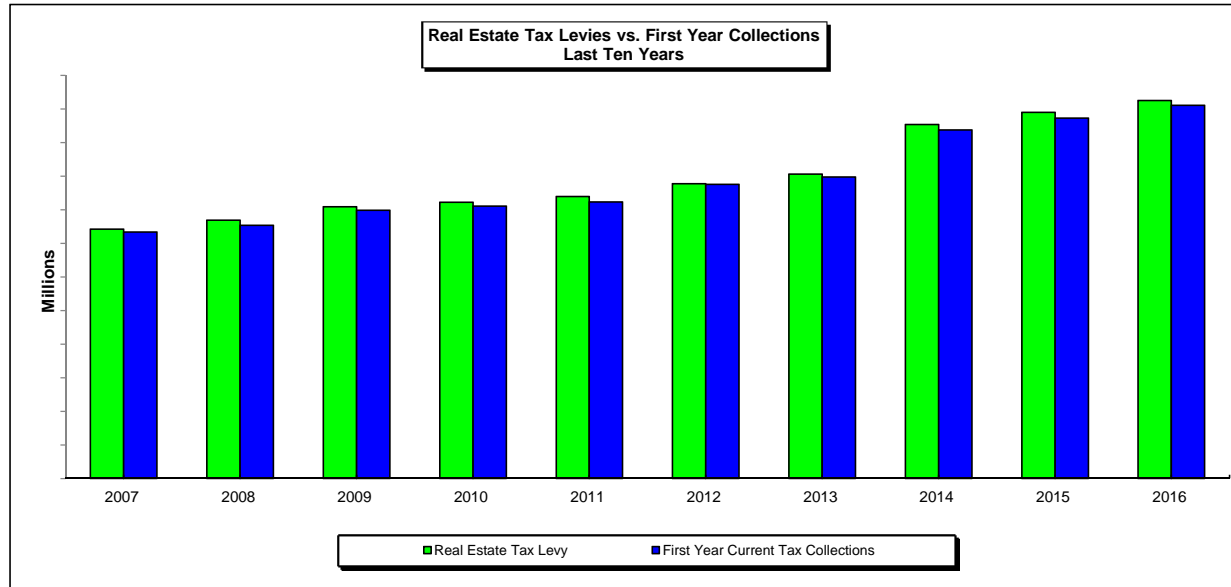
Name	Nature of Business	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
The Village at Duxbury - Assisted Living	Retirement Community	\$31,702,800	1	0.90%	\$37,590,570	1	1.05%
Nstar Service	Utility	\$16,431,000	2	0.47%	\$8,975,130	3	0.25%
The Village at Duxbury - 30 Apartments	Retirement Community	\$11,811,600	3	0.34%	\$12,468,800	2	0.35%
Verizon New England	Utility	\$9,471,000	4	0.27%	-	-	-
Bay State Gas	Public Utility	\$7,741,390	5	0.22%	-	-	-
Individual	Residence	\$7,724,500	6	0.22%	\$8,922,600	4	0.25%
Standish LLC	Medical Office Building	\$7,095,200	7	0.20%	\$6,176,200	8	0.17%
Individual	Residence	\$5,822,200	8	0.17%	\$8,008,670	6	0.22%
Island Creek Village East	Subsidized Housing	\$5,229,600	9	0.15%	-	-	-
Individual	Residence	\$4,796,200	10	0.14%	\$8,679,900	5	0.24%
Individual	Residence	-	-	-	\$6,882,600	7	0.19%
Kellywood Nominee Trust	Real Estate	-	-	-	\$4,530,500	9	0.13%
Individual	Residence	-	-	-	\$4,407,100	10	0.12%
	Totals	<u>\$107,825,490</u>		<u>3.08%</u>	<u>\$106,642,070</u>		<u>2.97%</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)
2007	\$37,195,963	\$102,370	\$37,093,593	99.72%	\$36,703,997	98.95%	\$336,317	\$37,040,314	99.86%
2008	\$38,742,217	\$278,653	\$38,463,564	99.28%	\$37,686,962	97.98%	\$537,732	\$38,224,694	99.38%
2009 (1)	\$40,746,066	\$298,044	\$40,448,022	99.27%	\$39,912,037	98.67%	\$446,809	\$40,358,846	99.78%
2010	\$41,362,073	\$252,238	\$41,109,835	99.39%	\$40,569,284	98.69%	\$532,412	\$41,101,696	99.98%
2011	\$42,246,328	\$248,028	\$41,998,300	99.41%	\$41,174,757	98.04%	\$765,813	\$41,940,570	99.86%
2012 (1)	\$44,136,761	\$268,633	\$43,868,128	99.39%	\$43,785,222	99.81%	\$551,104	\$44,336,326	101.07%
2013	\$45,616,134	\$285,269	\$45,330,865	99.37%	\$44,899,174	99.05%	\$935,072	\$45,834,246	101.11%
2014	\$52,916,083	\$232,932	\$52,683,151	99.56%	\$51,883,927	98.48%	\$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%	\$0	\$55,536,843	98.73%



(1) Revaluation year.

(2) Includes tax liens.

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

Source: Official Statements, Town of Duxbury.

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Years**

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	15,294	\$676,117,152	\$3,668,240,970	\$19,903,085	\$0	\$1,301	2.94%	0.54%
2008	15,360	\$712,986,624	\$3,651,481,380	\$17,341,100	\$0	\$1,129	2.43%	0.47%
2009	15,372	\$726,034,932	\$3,734,744,800	\$14,756,240	\$0	\$960	2.03%	0.40%
2010	15,059	\$707,697,705	\$3,502,291,940	\$13,781,466	\$0	\$915	1.95%	0.39%
2011	15,274	\$715,052,310	\$3,352,883,200	\$12,237,953	\$0	\$801	1.71%	0.36%
2012	15,290	\$742,054,280	\$3,200,635,311	\$26,853,227	\$0	\$1,756	3.62%	0.84%
2013	15,582	\$767,553,738	\$3,214,667,680	\$99,851,918	\$0	\$6,408	13.01%	3.11%
2014	15,560	\$853,497,120	\$3,276,537,630	\$96,923,893 *	\$0	\$6,229	11.36%	2.96%
2015	15,636	\$960,363,120	\$3,506,420,685	\$95,313,772 *	\$0	\$6,096	9.92%	2.72%
2016	15,937	\$1,404,081,574	\$3,631,924,735	\$89,180,995	\$0	\$5,596	6.35%	2.46%

Year	Business-type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$3,496,000	\$0	\$23,399,085	\$1,530	3.46%	0.64%
2008	\$4,559,000	\$0	\$21,900,100	\$1,426	3.07%	0.60%
2009	\$6,944,000	\$0	\$21,700,240	\$1,412	2.99%	0.58%
2010	\$8,523,149	\$0	\$22,304,615	\$1,481	3.15%	0.64%
2011	\$7,623,610	\$0	\$19,861,563	\$1,300	2.78%	0.59%
2012	\$6,729,413	\$0	\$33,582,640	\$2,196	4.53%	1.05%
2013	\$5,957,505	\$0	\$105,809,423	\$6,790	13.79%	3.29%
2014	\$6,101,831	\$0	\$103,025,724	\$6,621	12.07%	3.14%
2015	\$5,450,336	\$0	\$100,764,108	\$6,444	10.49%	2.87%
2016	\$4,804,962	\$0	\$93,985,957	\$5,897	6.69%	2.59%

Source: Audited Financial Statements, U. S. Census

\* Net of amounts available and paid in July.

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2016**

<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>89,180,995</u>
Total direct and overlapping debt.....			<u>\$ 89,316,845</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>2007</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>
Equalized Valuation.....	\$ <u>3,837,216</u>	\$ <u>3,837,216</u>	\$ <u>4,026,593</u>	\$ <u>4,026,593</u>	\$ <u>3,853,684</u>	\$ <u>3,853,684</u>	\$ <u>3,466,188</u>	\$ <u>3,466,188</u>	\$ <u>3,475,391</u>	\$ <u>3,475,391</u>
Debt Limit -5% of Equalized Valuation.....	\$ 191,861	\$ 191,861	\$ 201,330	\$ 201,330	\$ 192,684	\$ 192,684	\$ 173,309	\$ 173,309	\$ 173,770	\$ 173,770
Less:										
Outstanding debt applicable to limit.....	17,889	15,612	13,287	14,936	13,315	11,758	29,227	29,061	26,477	23,716
Authorized and unissued debt applicable to limit.....	<u>4,695</u>	<u>3,579</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>1,900</u>	<u>200</u>	<u>200</u>	<u>-</u>
Legal debt margin.....	\$ <u>169,277</u>	\$ <u>172,670</u>	\$ <u>188,030</u>	\$ <u>186,394</u>	\$ <u>179,369</u>	\$ <u>177,601</u>	\$ <u>142,182</u>	\$ <u>144,048</u>	\$ <u>147,093</u>	\$ <u>150,054</u>
Total debt applicable to the limit as a percentage of debt limit.....	11.77%	10.00%	6.61%	7.42%	6.91%	7.83%	17.96%	16.88%	15.35%	13.65%

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
2007	15,294	\$ 676,117,152	\$ 44,208	40.3	3,402	3.5%
2008	15,360	\$ 712,986,624	\$ 46,418	41.0	3,324	3.8%
2009	15,372	\$ 726,034,932	\$ 47,231	41.0	3,341	3.8%
2010	15,059	\$ 707,697,705	\$ 46,995	40.0	3,291	4.0%
2011	15,274	\$ 715,052,310	\$ 46,815	40.0	3,219	5.7%
2012	15,290	\$ 742,054,280	\$ 48,532	42.2	3,184	4.9%
2013	15,582	\$ 767,553,738	\$ 49,259	43.0	3,181	5.2%
2014	15,560	\$ 853,497,120	\$ 54,852	45.2	3,187	4.5%
2015	15,636	\$ 960,363,120	\$ 61,420	47.3	3,242	4.3%
2016	15,937	\$ 1,404,081,574	\$ 88,102	45.4	3,218	4.4%

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	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Bay Path Nursing Home	Nursing Home	176	1	2.43%	176	1	2.52%
The Village at Duxbury	Retirement Condos	160	2	2.21%	160	2	2.29%
Batelle Labs	Science and Technology Research	70	3	0.97%	70	3	1.00%
Duxbury Yacht Club	Yacht Club, Golf Course, Tennis	70	4	0.97%	70	4	1.00%
Foodies	Grocery Store	60	5	0.83%	-	-	-
Plymouth Bay Orthopedic Associates	Physician Services	54	6	0.75%	54	5	0.77%
South Shore Conservatory	Music and Art Institution	50	7	0.69%	50	6	0.72%
Millbrook Motors	Automotive	39	8	0.54%	39	7	0.56%
U.S. Post Office	Mail	28	9	0.39%	28	8	0.40%
Verc Enterprises	Convenience Stores, Gasoline Sales	-	-	-	7	9	0.10%
Totals		707		9.76%	654		9.37%

For year 2016 and 2007 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>2007</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>
Function										
General government.....	25	30	30	29	29	29	30	32	32	31
Public safety.....	68	73	72	68	69	68	70	72	72	70
Education.....	320	391	411	398	382	392	392	387	385	406
Public works.....	37	44	42	44	46	46	45	48	48	48
Human services.....	4	4	4	4	5	5	5	6	5	5
Culture and recreation.....	15	23	21	24	25	20	20	21	20	20
Total .....	<u>469</u>	<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>580</u>

Source: Various Town Departments

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Fire Department</b>										
Fire related calls.....	719	810	805	606	817	1,035	1,131	847	1,066	992
Rescue/EMS.....	1,159	1,199	1,247	1,328	1,281	1,245	1,323	1,291	1,345	1,479
<b>Inspectional Services Department</b>										
Number of building permits (quick and zoning).....	697	762	626	522	491	794	573	593	699	769
Number of electrical permits.....	516	483	343	362	368	429	477	606	536	600
Number of plumbing/gas permits.....	685	658	529	531	543	618	739	871	796	869
<b>Water/Sewer</b>										
Number of gallons pumped (millions).....	504,641	543,000	492,250	410,896	500,002	499,754	469,000	502,942	552,891	563,756
Number of new services added.....	22	15	13	15	8	11	6	6	4	25
Number of additional mains installed.....	-	10,810	-	-	-	-	1	1	-	-
Number of main improvements.....	-	2	1	-	2	1	2	2	1	-
<b>Highway</b>										
Number of miles completed-road rehab.....	4	3	3	4	2	2	3	3	4	2
Number of snow operations.....	24	35	54	39	31	2	30	36	48	21
<b>Cemetery</b>										
Cremations.....	2,885	3,240	3,624	3,014	3,008	3,184	3,248	3,382	2,956	2,583
<b>Recreation</b>										
Number of programs offered.....	52	52	52	60	56	65	68	64	70	68
Number of participants-winter.....	511	585	578	588	555	504	522	595	739	664
Number of participants-spring.....	250	349	342	320	272	397	325	302	469	371
Number of participants-summer.....	1,033	737	788	822	762	955	798	702	848	766
Number of participants-fall.....	600	638	642	658	558	507	439	440	442	484
<b>Parking Sticker Sales</b>										
Non resident over sand.....	2,789	3,075	2,948	3,512	3,653	3,771	3,281	2,981	3,122	2,862
Over sand.....	2,859	2,935	3,331	3,051	3,127	3,203	2,730	3,267	3,873	3,088
Parking lot.....	3,554	3,569	3,895	3,511	3,423	3,276	2,799	2,204	2,631	2,968
Transfer station.....	6,306	6,178	6,376	6,122	5,822	5,617	5,088	5,207	6,129	5,652
<b>Senior Center</b>										
Number of visitors.....	27,954	24,585	34,200	31,940	32,500	27,902	28,000	32,381	34,083	41,081
Number of activities.....	2,208	1,788	2,234	2,364	2,256	2,308	2,602	10,339	3,492	3,560
Number of congregate meals.....	5,430	4,986	4,693	5,356	4,867	5,367	5,384	5,949	5,050	8,124
Number of delivered meals.....	6,756	7,064	7,005	4,218	5,301	4,025	4,515	4,440	3,996	4,996
Number of meals served from the café.....	-	-	-	-	-	-	-	-	5,537	7,558
Number of paying rentals.....	166	357	172	135	322	376	118	27	25	13
Number of committee meetings.....	387	382	325	340	59	43	180	294	300	423
<b>Duxbury Free Library</b>										
Holdings.....	124,035	121,685	121,609	116,948	115,006	117,461	109,437	112,783	253,933	243,665
Reference questions answered.....	9,406	6,857	7,887	8,537	8,159	7,829	6,862	6,788	6,368	6,485
Print materials loaned.....	157,537	167,153	167,206	174,542	168,838	202,980	157,088	151,582	139,986	137,287
Videos loaned.....	48,407	75,445	93,416	82,615	48,883	47,071	44,584	41,254	37,444	32,319
All loans.....	237,562	242,598	260,622	257,457	247,909	250,059	236,207	229,079	213,943	212,020
Loans provided to other towns.....	33,764	35,212	37,978	39,594	39,282	41,306	38,109	22,163	20,419	21,461
Materials borrowed from other towns.....	25,678	27,610	31,847	32,107	30,564	29,639	25,625	14,768	13,327	14,857
Children's programs held.....	241	246	248	234	259	238	228	338	334	383
Children's program attendance.....	6,144	7,056	6,871	6,646	6,413	6,316	5,558	6,856	6,057	7,062
Adult & Teen programs held.....	243	214	236	241	228	262	332	445	467	395
Adult & Teen program attendance.....	3,948	4,849	3,218	3,690	3,901	4,234	4,618	4,300	4,402	4,064
Public computers.....	26	16	17	30	30	30	30	37	31	35
Public meeting room use.....	1,076	888	979	998	975	941	842	964	918	913

Source: Various Town Departments

## Capital Asset Statistics by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Number of buildings.....	5	5	5	5	5	5	5	5	5	5
Police										
Number of stations.....	1	1	1	1	1	1	2	2	2	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	2	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	179.5	182.5	187.5	190.5	190.5	190.5	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	4	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.



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