

TOWN OF PLYMOUTH, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

FISCAL YEAR ENDED JUNE 30, 2012

TOWN OF PLYMOUTH, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Plymouth, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of and for the fiscal year ended June 30, 2012 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2011), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Plymouth, Massachusetts' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Plymouth Growth & Development Corporation which represent 100% of the discretely presented component unit activities and net assets. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plymouth Growth & Development Corporation is based solely on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of June 30, 2012 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2013, on our consideration of the Town of Plymouth, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive, flowing style.

March 7, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Plymouth, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Plymouth'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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements include not only the Town of Plymouth itself (known as the *primary government*), but also a legally separate public employee retirement system, for which the Town of Plymouth is financially accountable, and The Plymouth Growth & Development Corporation, which are Component Units of the Town. Financial information for the retirement system is blended within the fiduciary fund statements while the Plymouth Growth & Development Corporation financial information is discretely presented.

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

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

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

The Town of Plymouth adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided 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 water, sewer, airport and solid waste activities.

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 and employee benefit programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The fiduciary fund financial statements provide separate information for the pension and other employee benefit trust funds and the private purpose trust funds of the Town. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption agency funds.

During fiscal year 2012, the Town established an Other Postemployment Benefits Trust Fund (OPEB) to account for funds set aside to help offset future postemployment benefits for retirees. The Town contributed \$612,327 to the fund during fiscal year 2012. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Governmental assets exceeded liabilities by \$196.3 million at the close of fiscal year 2012.

Governmental net assets of \$208.8 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and infrastructure), 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 net assets, \$5.9 million, represents resources that are subject to external restrictions on how they may be used. The Town has \$52.6 million of *unrestricted net assets* without considering the recorded liability for a portion of the postemployment healthcare obligation. That liability (\$71.0 million) is long-term in nature, and will not be funded from the \$52.6 million of unrestricted net assets at June 30, 2012.

The governmental activities net assets increased by \$961,000 during the current fiscal year. The increase in net assets is due to many factors. Increases included the recognition of \$16.5 million of capital grants, general fund surplus of \$260,000, and a gain on the sale of capital assets of \$757,000. These increases were offset by the increase in the liability relating to GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This requires the recognition of other postemployment benefits (OPEB) cost over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. In fiscal 2012 the Town, based on its actuarial valuation, reported an accrual of \$71.0 million for its portion of the liability that was not paid. This represents an increase of \$16.7 million over the prior fiscal year.

Condensed financial data for fiscal years 2012 and 2011 is presented below.

	FY2012		FY2011
	Governmental		Governmental
	Activities		Activities
	<hr/>		<hr/>
Assets:			
Current assets.....	\$ 88,239,799	\$	94,637,382
Noncurrent assets (excluding capital).....	11,227,583		12,511,229
Capital assets.....	290,269,600		247,860,766
Total assets.....	<u>389,736,982</u>		<u>355,009,377</u>
Liabilities:			
Current liabilities (excluding debt).....	19,610,889		14,337,418
Noncurrent liabilities (excluding debt).....	76,644,642		60,293,112
Current debt.....	29,241,887		11,177,182
Noncurrent debt.....	67,917,798		73,841,086
Total liabilities.....	<u>193,415,216</u>		<u>159,648,798</u>
Net Assets:			
Capital assets net of related debt.....	208,833,538		188,759,238
Restricted.....	5,936,022		5,768,723
Unrestricted.....	(18,447,794)		832,618
Total net assets.....	<u>\$ 196,321,766</u>	\$	<u>195,360,579</u>

	FY2012	FY2011
	Governmental	Governmental
	Activities	Activities
Program revenues:		
Charges for services.....	\$ 11,067,891	\$ 11,594,030
Operating grants and contributions.....	47,884,060	50,552,952
Capital grants and contributions.....	16,463,401	22,010,623
General Revenues:		
Real estate and personal property taxes.....	120,255,263	113,783,451
Tax liens.....	1,162,850	1,166,374
Motor vehicle and other excise taxes.....	6,609,653	6,287,857
Community preservation tax.....	1,771,787	1,668,970
Penalties and interest on taxes.....	628,420	625,663
Payments in lieu of taxes.....	71,399	63,392
Grants and contributions not restricted to specific programs.....	5,468,262	5,978,457
Unrestricted investment income.....	765,805	816,301
Gain/(loss) on sale of capital assets.....	757,000	-
Other.....	45,315	986,665
Total revenues.....	212,951,106	215,534,735
Expenses:		
General government.....	(12,574,106)	(12,214,728)
Public safety.....	(35,930,379)	(34,237,917)
Education.....	(144,114,750)	(136,086,185)
Public works.....	(11,517,713)	(12,179,142)
Human services.....	(2,132,510)	(1,977,029)
Culture and recreation.....	(4,244,853)	(3,936,946)
Community preservation.....	(142,038)	(717,733)
Interest.....	(2,727,408)	(1,881,038)
Total expenses.....	(213,383,757)	(203,230,718)
Transfers.....	1,393,838	1,351,529
Change in net assets.....	\$ 961,187	\$ 13,655,546

Business-type Activities

Business-type assets exceeded liabilities by \$68.7 million at June 30, 2012. Capital assets net of related debt of \$60.5 million reflect the enterprise funds investment in capital assets. The remaining balance of *unrestricted* net assets of \$8.2 million may be used to meet the enterprise funds' ongoing obligations.

There was an increase of \$3.6 million in net assets reported in connection with the water, sewer, airport, and solid waste business-type activities. Condensed financial data for the fiscal years 2012 and 2011 are presented below:

	FY2012	FY2011
	Business-type	Business-type
	Activities	Activities
	<hr/>	<hr/>
Assets:		
Current assets.....	\$ 14,464,949	\$ 14,564,743
Noncurrent assets (excluding capital).....	5,745,145	6,248,045
Capital assets.....	84,300,871	82,206,224
Total assets.....	104,510,965	103,019,012
Liabilities:		
Current liabilities (excluding debt).....	1,233,328	1,316,415
Noncurrent liabilities (excluding debt).....	2,781,928	2,331,442
Current debt.....	3,882,101	3,312,615
Noncurrent debt.....	27,896,879	30,978,981
Total liabilities.....	35,794,236	37,939,453
Net Assets:		
Capital assets net of related debt.....	60,549,541	57,129,937
Unrestricted.....	8,167,188	7,949,622
Total net assets.....	\$ 68,716,729	\$ 65,079,559
Program revenues:		
Charges for services.....	\$ 13,434,999	\$ 13,057,461
Operating grants and contributions.....	37,318	41,314
Capital grants and contributions.....	3,569,062	1,565,360
General Revenues:		
Unrestricted investment income.....	102,861	100,678
Total revenues.....	17,144,240	14,764,813
Expenses:		
Water.....	(3,574,063)	(3,477,145)
Sewer.....	(4,278,205)	(4,287,266)
Airport.....	(3,161,594)	(2,718,130)
Solid waste.....	(1,099,370)	(995,986)
Total expenses.....	(12,113,232)	(11,478,527)
Transfers.....	(1,393,838)	(1,351,529)
Change in net assets.....	\$ 3,637,170	\$ 1,934,757

The water enterprise net assets decreased by (\$124,000) during the current fiscal year. The change is attributable to an increase of \$236,000 related to the GASB Statement #45 liability.

The sewer enterprise net assets increased by \$1.8 million during the current fiscal year. The change is attributable to the recognition of \$1.3 million of capital grants and contributions and a budgetary surplus of \$316,000.

The airport enterprise net assets increased by \$1.3 million during the current fiscal year. The change is attributable to the recognition of \$2.2 million of capital grants, which were offset by \$522,000 of depreciation expense and an increase of \$90,000 in the liability related to GASB Statement #45.

The solid waste enterprise net assets increased by \$647,000 during the current fiscal year. The net change is attributable to a budgetary surplus of \$469,000 and debt principal payments exceeding depreciation expense by \$232,000.

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 the Town of Plymouth's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Plymouth's 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 fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$33.0 million a decrease of (\$24.0) million in comparison with the prior year. This decrease is primarily attributable to the fact that the capital projects funds have incurred expenditures during the current fiscal year which have been funded with bond proceeds and grant funds received in the prior fiscal year.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$16.1 million which was comprised of two components: a general fund balance of \$8.2 million and a stabilization fund balance of \$7.9 million. Assigned fund balance, which represents amounts designated for the fiscal year 2013 budget as well as amounts that have been reserved for the use of liquidating prior period purchase orders and contracts totaled \$6.1 million. Committed fund balance, which represents the Town's various capital articles totaled \$1.3 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. At fiscal year-end unassigned fund balance equaled 9.0% of total general fund expenditures, while total fund balance equaled 15% of the same amount.

The current year general fund net change in fund balance was \$260,000. This is mainly due to a budgetary surplus of \$928,000 which was offset by a transfer of \$700,000 from the stabilization fund to fund the operating budget. The stabilization fund is included in the general fund for GAAP reporting.

The stabilization fund is classified as part of the general fund unassigned fund balance in the governmental funds financial statements. Please refer to note 10 for additional information.

The *community preservation fund* is used to account for funds received in accordance with the Massachusetts Community Preservation Act (the "CPA"). At the end of the current fiscal year, the fund had an accumulated fund balance of \$4.9 million; this is an increase of \$739,000 from the prior year. This is mainly due to the timing of the expenditure of CPA funds on the various ongoing projects.

The *school capital articles fund* is used to account for all financial resources for the school related capital projects. At the end of the current fiscal year, the fund had an accumulated fund balance deficit of (\$5.9) million; this is a decrease of (\$3.2) million. This is due to the timing of the expenditures on the various projects. The deficit is expected to be funded with bond proceeds in future fiscal years.

The *excluded debt projects fund* is used to account for all financial resources appropriated to fund projects that are funded using debt exclusions. At the end of the current fiscal year, the fund had an accumulated fund balance deficit of (\$4.2) million; this is a decrease of \$20.3 million. This is primarily due to the timing of the expenditures on the Plymouth North High School construction project. The deficit is expected to be funded with Massachusetts School Business Authority grant revenues and bond proceeds.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming fiscal year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

Outstanding governmental long-term debt, as of June 30, 2012, totaled \$74.3 million, of which approximately \$40.9 million relates to various school construction projects, \$13.6 million relates to buildings, \$10.3 million relates to other school projects, \$2.0 million relates to departmental equipment, leaving a balance of approximately \$7.5 million for various projects.

The enterprise funds have \$23.4 million in sewer debt, \$6.3 million in water debt, and \$1.3 million in solid waste debt that are mostly supported by the rates, but require general fund subsidies.

The Town's major capital projects relate to school renovation projects, the senior center project, technology upgrades, and infrastructure management. These projects will continue through fiscal year 2013.

Please refer to the notes for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Plymouth'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 Director of Municipal Finance, Town Hall, 11 Lincoln Street, Plymouth, Massachusetts 02360.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<i>Primary Government</i>			<i>Component Unit</i>
	Governmental Activities	Business-type Activities	Total	Plymouth Growth & Development
ASSETS				
CURRENT:				
Cash and short-term investments.....	\$ 68,975,665	\$ 9,946,354	\$ 78,922,019	\$ 730,778
Investments.....	3,913,518	641,226	4,554,744	-
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	2,911,341	-	2,911,341	-
Tax liens.....	495,904	-	495,904	-
Motor vehicle excise taxes.....	985,566	-	985,566	-
User fees.....	-	3,374,472	3,374,472	-
Departmental and other.....	454,039	-	454,039	-
Special assessments.....	518,586	-	518,586	-
Intergovernmental.....	8,144,408	502,897	8,647,305	-
Parking tickets.....	-	-	-	73,640
Tax foreclosures.....	1,502,650	-	1,502,650	-
Working capital deposit.....	162,000	-	162,000	-
Other assets.....	-	-	-	7,320
Prepaid expenses.....	-	-	-	6,202
Deferred loss on refunding.....	176,122	-	176,122	-
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	10,600,443	5,745,145	16,345,588	-
Deferred loss on refunding.....	627,140	-	627,140	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	184,422,580	25,028,038	209,450,618	-
Depreciable.....	105,847,020	59,272,833	165,119,853	87,357
TOTAL ASSETS.....	389,736,982	104,510,965	494,247,947	905,297
LIABILITIES				
CURRENT:				
Warrants payable.....	11,035,520	266,477	11,301,997	34,201
Accrued payroll.....	707,578	34,358	741,936	-
Health claims payable.....	2,406,000	-	2,406,000	-
Tax refunds payable.....	586,000	-	586,000	-
Accrued interest.....	487,760	231,393	719,153	-
Payroll withholdings.....	11,824	-	11,824	2,394
Abandoned property.....	87,913	-	87,913	-
Other liabilities.....	3,579,105	616,491	4,195,596	-
Landfill closure.....	-	50,000	50,000	-
Compensated absences.....	154,800	12,100	166,900	2,473
Unamortized premium on bonds payable.....	554,389	22,509	576,898	-
Notes payable.....	22,908,600	800,000	23,708,600	-
Bonds payable.....	6,333,287	3,082,101	9,415,388	-
NONCURRENT:				
Landfill closure.....	-	800,000	800,000	-
Compensated absences.....	1,393,200	108,900	1,502,100	-
Postemployment benefits.....	71,026,895	1,715,786	72,742,681	-
Unamortized premium on bonds payable.....	4,224,547	157,242	4,381,789	-
Bonds payable.....	67,917,798	27,896,879	95,814,677	-
TOTAL LIABILITIES.....	193,415,216	35,794,236	229,209,452	39,068
NET ASSETS				
Invested in capital assets, net of related debt.....	208,833,538	60,549,541	269,383,079	57,535
Restricted for:				
Permanent funds:				
Expendable.....	762,935	-	762,935	-
Nonexpendable.....	1,279,394	-	1,279,394	-
Grants and Gifts.....	3,893,693	-	3,893,693	-
Unrestricted.....	(18,447,794)	8,167,188	(10,280,606)	808,694
TOTAL NET ASSETS.....	\$ 196,321,766	\$ 68,716,729	\$ 265,038,495	\$ 866,229

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 12,574,106	\$ 2,936,436	\$ 1,122,335	\$ -	\$ (8,515,335)
Public safety.....	35,930,379	1,392,352	668,198	569,999	(33,299,830)
Education.....	144,114,750	4,048,887	45,152,309	15,330,614	(79,582,940)
Public works.....	11,517,713	1,305,462	51,064	81,777	(10,079,410)
Human services.....	2,132,510	427,955	71,113	10,957	(1,622,485)
Culture and recreation.....	4,244,853	956,799	208,324	-	(3,079,730)
Community preservation.....	142,038	-	-	470,054	328,016
Interest.....	2,727,408	-	610,717	-	(2,116,691)
Total Governmental Activities.....	213,383,757	11,067,891	47,884,060	16,463,401	(137,968,405)
<i>Business-Type Activities:</i>					
Water.....	3,574,063	4,435,106	-	14,922	875,965
Sewer.....	4,278,205	4,650,904	-	1,313,735	1,686,434
Airport.....	3,161,594	2,394,916	-	2,240,405	1,473,727
Solid waste.....	1,099,370	1,954,073	37,318	-	892,021
Total Business-Type Activities.....	12,113,232	13,434,999	37,318	3,569,062	4,928,147
Total Primary Government.....	\$ 225,496,989	\$ 24,502,890	\$ 47,921,378	\$ 20,032,463	\$ (133,040,258)
Component Unit:					
Plymouth Growth & Development.....	\$ 596,777	\$ 711,004	\$ -	\$ -	\$ 114,227

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Plymouth Growth & Development
Changes in net assets:				
Net (expense) revenue from previous page.....	\$ (137,968,405)	\$ 4,928,147	\$ (133,040,258)	\$ 114,227
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	120,255,263	-	120,255,263	-
Tax liens.....	1,162,850	-	1,162,850	-
Motor vehicle and other excise taxes.....	6,609,653	-	6,609,653	-
Community preservation tax.....	1,771,787	-	1,771,787	-
Penalties and interest on taxes.....	628,420	-	628,420	-
Payments in lieu of taxes.....	71,399	-	71,399	-
Grants and contributions not restricted to specific programs.....	5,468,262	-	5,468,262	-
Unrestricted investment income.....	765,805	102,861	868,666	1,055
Gain on sale of capital assets.....	757,000	-	757,000	-
Miscellaneous.....	45,315	-	45,315	-
<i>Transfers, net</i>	1,393,838	(1,393,838)	-	-
Total general revenues and transfers.....	138,929,592	(1,290,977)	137,638,615	1,055
Change in net assets.....	961,187	3,637,170	4,598,357	115,282
<i>Net Assets:</i>				
Beginning of year.....	195,360,579	65,079,559	260,440,138	750,947
End of year.....	\$ <u>196,321,766</u>	\$ <u>68,716,729</u>	\$ <u>265,038,495</u>	\$ <u>866,229</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2012

ASSETS	General	Community Preservation	School Capital Articles	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments.....	\$ 27,929,701	\$ 3,797,059	\$ 7,512,712	\$ 6,879,476	\$ 13,108,663	\$ 59,227,611
Investments.....	1,760,160	1,069,054	-	-	381,107	3,210,321
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	2,911,341	-	-	-	-	2,911,341
Tax liens.....	491,853	4,051	-	-	-	495,904
Motor vehicle excise taxes.....	985,566	-	-	-	-	985,566
Departmental and other.....	-	33,085	-	-	-	33,085
Special assessments.....	-	-	-	-	518,586	518,586
Intergovernmental.....	12,057,060	473,699	-	4,527,290	1,686,802	18,744,851
Tax foreclosures.....	1,502,650	-	-	-	-	1,502,650
TOTAL ASSETS.....	\$ 47,638,331	\$ 5,376,948	\$ 7,512,712	\$ 11,406,766	\$ 15,695,158	\$ 87,629,915
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 2,937,878	\$ 15,416	\$ 1,855,351	\$ 5,630,959	\$ 533,094	\$ 10,972,698
Accrued payroll.....	670,618	-	-	-	36,960	707,578
Tax refunds payable.....	586,000	-	-	-	-	586,000
Payroll withholdings.....	11,824	-	-	-	-	11,824
Abandoned property.....	87,913	-	-	-	-	87,913
Deferred revenues.....	16,847,075	510,835	-	-	2,025,087	19,382,997
Notes payable.....	-	-	11,550,000	10,000,000	1,358,600	22,908,600
TOTAL LIABILITIES.....	21,141,308	526,251	13,405,351	15,630,959	3,953,741	54,657,610
FUND BALANCES:						
Nonspendable.....	-	-	-	-	1,279,394	1,279,394
Restricted.....	2,957,395	4,850,697	-	-	11,101,707	18,909,799
Committed.....	1,275,002	-	-	-	-	1,275,002
Assigned.....	6,127,162	-	-	-	-	6,127,162
Unassigned.....	16,137,464	-	(5,892,639)	(4,224,193)	(639,684)	5,380,948
TOTAL FUND BALANCES (DEFICITS).....	26,497,023	4,850,697	(5,892,639)	(4,224,193)	11,741,417	32,972,305
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 47,638,331	\$ 5,376,948	\$ 7,512,712	\$ 11,406,766	\$ 15,695,158	\$ 87,629,915

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

Total governmental fund balances.....		\$ 32,972,305
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		290,269,600
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		19,382,997
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		4,986,278
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(487,760)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(74,251,085)	
Unamortized premium on bonds payable.....	(4,778,936)	
Postemployment benefits.....	(71,026,895)	
Compensated absences.....	(1,548,000)	
Net effect of reporting long-term liabilities.....		(151,604,916)
In the statement of activities, deferred losses are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....		<u>803,262</u>
Net assets of governmental activities.....		<u>\$ 196,321,766</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

	General	Community Preservation	School Capital Articles	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 119,972,832	\$ -	\$ -	\$ -	\$ -	\$ 119,972,832
Tax liens.....	1,247,103	-	-	-	-	1,247,103
Motor vehicle and other excise taxes.....	6,530,991	-	-	-	-	6,530,991
Community preservation tax.....	-	1,771,787	-	-	-	1,771,787
Penalties and interest on taxes.....	628,420	-	-	-	-	628,420
Payments in lieu of taxes.....	71,399	-	-	-	-	71,399
Intergovernmental - federal.....	492,094	-	-	-	9,313,781	9,805,875
Intergovernmental - state.....	43,314,416	442,947	2,277,805	16,313,749	2,517,210	64,866,127
Departmental and other.....	4,935,262	-	-	-	6,364,406	11,299,668
Contributions.....	-	-	-	-	345,153	345,153
Investment income.....	528,689	104,654	-	-	35,992	669,335
TOTAL REVENUES.....	177,721,206	2,319,388	2,277,805	16,313,749	18,576,542	217,208,690
EXPENDITURES:						
Current:						
General government.....	7,702,652	-	-	-	1,975,951	9,678,603
Public safety.....	18,746,647	-	-	-	2,073,946	20,820,593
Education.....	80,385,697	-	5,498,848	31,368,220	12,870,365	130,123,130
Public works.....	5,827,053	-	-	-	2,526,735	8,353,788
Human services.....	1,382,049	-	-	5,405,924	273,972	7,061,945
Culture and recreation.....	2,214,336	-	-	-	598,454	2,812,790
Community preservation.....	-	1,580,679	-	-	-	1,580,679
Pension benefits.....	21,575,869	-	-	-	-	21,575,869
Employee benefits.....	30,853,253	-	-	-	-	30,853,253
State and county charges.....	907,756	-	-	-	-	907,756
Debt service:						
Principal.....	6,887,183	-	-	-	-	6,887,183
Interest.....	3,427,238	-	-	-	-	3,427,238
TOTAL EXPENDITURES.....	179,909,733	1,580,679	5,498,848	36,774,144	20,319,423	244,082,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,188,527)	738,709	(3,221,043)	(20,460,395)	(1,742,881)	(26,874,137)
OTHER FINANCING SOURCES (USES):						
Proceeds from bonds and notes.....	-	-	-	-	400,000	400,000
Premium from issuance of bonds and notes.....	168,075	-	-	130,195	-	298,270
Sale of capital assets.....	-	-	-	-	757,000	757,000
Transfers in.....	2,701,763	-	-	-	-	2,701,763
Transfers out.....	(421,539)	-	-	-	(886,386)	(1,307,925)
TOTAL OTHER FINANCING SOURCES (USES).....	2,448,299	-	-	130,195	270,614	2,849,108
NET CHANGE IN FUND BALANCES.....	259,772	738,709	(3,221,043)	(20,330,200)	(1,472,267)	(24,025,029)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....	26,237,251	4,111,988	(2,671,596)	16,106,007	13,213,684	56,997,334
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ 26,497,023	\$ 4,850,697	\$ (5,892,639)	\$ (4,224,193)	\$ 11,741,417	\$ 32,972,305

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds.....		\$ (24,025,029)
<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.....	49,403,235	
Depreciation expense.....	<u>(6,994,401)</u>	
Net effect of reporting capital assets.....		42,408,834
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(5,111,054)
<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 assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Proceeds from bonds and notes.....	(400,000)	
Debt service principal payments.....	<u>6,887,183</u>	
Net effect of reporting long-term debt.....		6,487,183
<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.....	(275,000)	
Net change in accrued interest on long-term debt.....	10,623	
Net change in postemployment benefit accrual.....	(16,658,419)	
Amortization of bond premiums.....	587,888	
Amortization of deferred charge on refunding.....	<u>(196,951)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(16,531,859)
<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>(2,266,888)</u>
Change in net assets of governmental activities.....		<u>\$ 961,187</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
ASSETS						
CURRENT:						
Cash and short-term investments.....	\$ 4,166,417	\$ 3,123,707	\$ 665,716	\$ 1,990,514	\$ 9,946,354	\$ 9,748,054
Investments.....	641,226	-	-	-	641,226	703,197
Receivables, net of allowance for uncollectibles:						
User fees.....	1,753,601	1,620,871	-	-	3,374,472	-
Departmental and other.....	-	-	-	-	-	420,954
Intergovernmental.....	9,324	463,112	-	30,461	502,897	-
Working capital deposit.....	-	-	-	-	-	162,000
Total current assets.....	6,570,568	5,207,690	665,716	2,020,975	14,464,949	11,034,205
NONCURRENT:						
Receivables, net of allowance for uncollectibles:						
Intergovernmental.....	100,603	5,383,236	-	261,306	5,745,145	-
Capital assets, net of accumulated depreciation.....						
Nondepreciable.....	20,100,482	1,218,372	3,709,184	-	25,028,038	-
Depreciable.....	19,282,541	31,950,394	7,649,733	390,165	59,272,833	-
Total noncurrent assets.....	39,483,626	38,552,002	11,358,917	651,471	90,046,016	-
TOTAL ASSETS.....	46,054,194	43,759,692	12,024,633	2,672,446	104,510,965	11,034,205
LIABILITIES						
CURRENT:						
Warrants payable.....	119,418	1,251	48,834	96,974	266,477	62,822
Accrued payroll.....	15,266	4,804	6,968	7,320	34,358	-
Health claims payable.....	-	-	-	-	-	2,406,000
Accrued interest.....	26,689	204,094	-	610	231,393	-
Other liabilities.....	-	-	-	616,491	616,491	3,579,105
Landfill closure.....	-	-	-	50,000	50,000	-
Compensated absences.....	4,600	3,600	3,100	800	12,100	-
Unamortized premium on bonds payable.....	22,509	-	-	-	22,509	-
Notes payable.....	800,000	-	-	-	800,000	-
Bonds payable.....	546,000	2,296,818	-	239,283	3,082,101	-
Total current liabilities.....	1,534,482	2,510,567	58,902	1,011,478	5,115,429	6,047,927
NONCURRENT:						
Landfill closure.....	-	-	-	800,000	800,000	-
Compensated absences.....	41,400	32,400	27,900	7,200	108,900	-
Postemployment benefits.....	865,910	273,743	355,667	220,466	1,715,786	-
Unamortized premium on bonds payable.....	157,242	-	-	-	157,242	-
Bonds payable.....	5,740,500	21,141,795	-	1,014,584	27,896,879	-
Total noncurrent liabilities.....	6,805,052	21,447,938	383,567	2,042,250	30,678,807	-
TOTAL LIABILITIES.....	8,339,534	23,958,505	442,469	3,053,728	35,794,236	6,047,927
NET ASSETS						
Invested in capital assets, net of related debt.....	33,417,708	15,576,501	11,358,917	196,415	60,549,541	-
Unrestricted.....	4,296,952	4,224,686	223,247	(577,697)	8,167,188	4,986,278
TOTAL NET ASSETS (DEFICITS).....	\$ 37,714,660	\$ 19,801,187	\$ 11,582,164	\$ (381,282)	\$ 68,716,729	\$ 4,986,278

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
OPERATING REVENUES:						
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,614,073
Employer contributions	-	-	-	-	-	26,409,541
Charges for services	4,433,424	4,650,904	38,405	1,947,780	11,070,513	-
Fuel sales.....	-	-	2,109,250	-	2,109,250	-
Rentals.....	-	-	247,261	-	247,261	-
Other.....	1,682	-	-	6,293	7,975	391,352
TOTAL OPERATING REVENUES	4,435,106	4,650,904	2,394,916	1,954,073	13,434,999	32,414,966
OPERATING EXPENSES:						
Cost of services and administration	2,146,510	2,066,823	2,639,361	976,186	7,828,880	-
Depreciation.....	1,169,610	899,014	522,233	52,143	2,643,000	-
Employee benefits	-	-	-	-	-	34,809,365
TOTAL OPERATING EXPENSES	3,316,120	2,965,837	3,161,594	1,028,329	10,471,880	34,809,365
OPERATING INCOME (LOSS).....	1,118,986	1,685,067	(766,678)	925,744	2,963,119	(2,394,399)
NONOPERATING REVENUES (EXPENSES):						
Investment income/(loss).....	68,809	22,466	1,899	9,687	102,861	96,470
Interest expense.....	(257,943)	(1,312,368)	-	(71,041)	(1,641,352)	-
Intergovernmental - federal.....	-	-	2,182,958	-	2,182,958	31,041
Intergovernmental - state.....	14,922	873,440	57,447	37,318	983,127	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(174,212)	(416,462)	2,242,304	(24,036)	1,627,594	127,511
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	944,774	1,268,605	1,475,626	901,708	4,590,713	(2,266,888)
CAPITAL CONTRIBUTIONS.....	-	440,295	-	-	440,295	-
TRANSFERS:						
Transfers in.....	14,900	394,726	7,613	4,300	421,539	-
Transfers out.....	(1,083,797)	(330,871)	(141,500)	(259,209)	(1,815,377)	-
TOTAL TRANSFERS.....	(1,068,897)	63,855	(133,887)	(254,909)	(1,393,838)	-
CHANGE IN NET ASSETS.....	(124,123)	1,772,755	1,341,739	646,799	3,637,170	(2,266,888)
NET ASSETS (DEFICITS) AT BEGINNING OF YEAR.....	37,838,783	18,028,432	10,240,425	(1,028,081)	65,079,559	7,253,166
NET ASSETS (DEFICITS) AT END OF YEAR.....	\$ 37,714,660	\$ 19,801,187	\$ 11,582,164	\$ (381,282)	\$ 68,716,729	\$ 4,986,278

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 4,213,054	\$ 4,599,550	\$ 2,394,916	\$ 1,954,073	\$ 13,161,593	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	32,227,346
Payments to vendors.....	(924,549)	(1,848,720)	(2,104,876)	(690,998)	(5,569,143)	-
Payments to employees.....	(899,502)	(286,988)	(379,667)	(278,827)	(1,844,984)	-
Payments for interfund services used.....	-	-	-	-	-	(31,190,593)
NET CASH FROM OPERATING ACTIVITIES.....	2,389,003	2,463,842	(89,627)	984,248	5,747,466	1,036,753
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	14,900	394,726	7,613	4,300	421,539	-
Transfers out.....	(1,083,797)	(330,871)	(141,500)	(259,209)	(1,815,377)	-
Intergovernmental grants.....	-	-	-	-	-	31,041
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(1,068,897)	63,855	(133,887)	(254,909)	(1,393,838)	31,041
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds and notes.....	800,000	-	-	-	800,000	-
Capital contributions.....	-	440,295	-	-	440,295	-
Acquisition and construction of capital assets.....	(1,967,292)	(748,425)	(2,045,733)	(15,006)	(4,776,456)	-
Principal payments on bonds and notes.....	(677,691)	(1,856,351)	-	(255,018)	(2,789,060)	-
Interest expense.....	(268,426)	(421,605)	-	(34,188)	(724,219)	-
Intergovernmental grants.....	-	-	2,240,405	-	2,240,405	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,113,409)	(2,586,086)	194,672	(304,212)	(4,809,035)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net proceeds from purchase/sales of investments.....	(7,032)	499,380	-	-	492,348	567,223
Investment income/(loss).....	68,809	22,466	1,899	9,687	102,861	96,470
NET CASH FROM INVESTING ACTIVITIES.....	61,777	521,846	1,899	9,687	595,209	663,693
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(731,526)	463,457	(26,943)	434,814	139,802	1,731,487
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,897,943	2,660,250	692,659	1,555,700	9,806,552	8,016,567
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,166,417	\$ 3,123,707	\$ 665,716	\$ 1,990,514	\$ 9,946,354	\$ 9,748,054
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ 1,118,986	\$ 1,685,067	\$ (766,678)	\$ 925,744	\$ 2,963,119	\$ (2,394,399)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	1,169,610	899,014	522,233	52,143	2,643,000	-
Changes in assets and liabilities:						
User fees.....	(222,052)	(51,354)	-	-	(273,406)	-
Departmental and other.....	-	-	-	-	-	(187,620)
Working capital deposit.....	-	-	-	-	-	(6,500)
Warrants payable.....	47,452	(165,728)	39,155	48,105	(31,016)	61,834
Postemployment benefits.....	235,741	72,039	89,695	64,320	461,795	-
Accrued liabilities.....	-	-	-	(50,000)	(50,000)	-
Accrued payroll.....	15,266	4,804	6,968	7,320	34,358	-
Health claims payable.....	-	-	-	-	-	151,077
Other liabilities.....	-	-	-	(68,384)	(68,384)	3,412,361
Accrued compensated absences.....	24,000	20,000	19,000	5,000	68,000	-
Total adjustments.....	1,270,017	778,775	677,051	58,504	2,784,347	3,431,152
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,389,003	\$ 2,463,842	\$ (89,627)	\$ 984,248	\$ 5,747,466	\$ 1,036,753

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and short-term investments.....	\$ 2,333,990	\$ 2,589,262	\$ 1,187,444
Investments.....	105,751,047	-	-
Prepaid expenses.....	9,331	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	5,310	-	-
TOTAL ASSETS.....	108,099,678	2,589,262	1,187,444
LIABILITIES			
Warrants payable.....	113,679	-	98,493
Liabilities due depositors.....	-	-	1,088,951
TOTAL LIABILITIES.....	113,679	-	1,187,444
NET ASSETS			
Held in trust for:			
Pension benefits.....	107,373,544	-	-
Other postemployment benefits.....	612,455	-	-
Educational scholarships.....	-	2,589,262	-
TOTAL NET ASSETS.....	\$ 107,985,999	\$ 2,589,262	\$ -

(1) The Pension Trust Fund is as of December 31, 2011.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 8,661,410	\$ -
Employee.....	3,374,924	-
Private donations.....	-	12,275
Interest not refunded.....	5,442	-
Miscellaneous.....	6,170	-
Total contributions.....	12,047,946	12,275
Net investment income (loss):		
Net change in fair value of investments.....	(3,542,040)	-
Interest.....	2,812,993	45,872
Total investment income (loss).....	(729,047)	45,872
Less: investment expense.....	(887,604)	-
Net investment income (loss).....	(1,616,651)	45,872
Intergovernmental.....	262,439	-
Transfers from other systems.....	380,451	-
TOTAL ADDITIONS.....	11,074,185	58,147
DEDUCTIONS:		
Administration.....	452,388	-
Transfers to other systems.....	493,937	-
Retirement benefits and refunds.....	13,436,657	-
Educational scholarships.....	-	78,932
TOTAL DEDUCTIONS.....	14,382,982	78,932
CHANGE IN NET ASSETS.....	(3,308,797)	(20,785)
NET ASSETS AT BEGINNING OF YEAR.....	111,294,796	2,610,047
NET ASSETS AT END OF YEAR.....	\$ 107,985,999	\$ 2,589,262

(1) The Pension Trust Fund is as of December 31, 2011.

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Plymouth, Massachusetts is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Two entities have been included as component units in the reporting entity, because of the significance of their operational and/or financial relationship.

Blended Component Units – Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The following component unit is blended within the primary government:

In the Fiduciary Funds:

The Plymouth Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Finance Director (ex-officio), two members elected by the System's participants and two members appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Plymouth Growth & Development Corporation was established under Chapter 182 of the Acts of 2002 for the purpose of aiding the Town of Plymouth in developing unused or underused areas and supporting the economic viability of Plymouth. In addition, the Corporation can carry out any other public purpose designated by the Board of Selectmen. The seven member Board of Directors are appointed by the Board of Selectmen.

Availability of Financial Information for Component Units

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 10 Cordage Park Circle, Suite 240, Plymouth, Massachusetts, 02360.

Complete financial statements of the Plymouth Growth & Development Corporation may be obtained by contacting the Corporation at P.O. Box 3544, Plymouth, Massachusetts, 02360.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *community preservation fund* is used to account for funds received in accordance with the Massachusetts Community Preservation Act (the "CPA"). Funds are received under the CPA through a surcharge of up to 3% of the real property tax levy and matching state grants. These funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

The *school capital articles fund* is used to account for all financial resources related to school capital projects. These funds are spent for the construction and renovation of school buildings and for other capital acquisitions.

The *excluded debt projects fund* is used to account for all financial resources appropriated to fund projects that are funded using debt exclusions. A community can assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects and for the payment of specified debt service costs with voter approval.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure 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 non-operating 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 *sewer enterprise fund* is used to account for the Town's sewer activities.

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

The *solid waste enterprise fund* is used to account for the Town's disposal activities.

Additionally, the following proprietary fund type is reported:

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

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 by the Town for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are used to account for the activities of the Plymouth Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries, and the *other postemployment benefits trust fund* which accumulates resources to provide funding for future OPEB (other postemployment benefits) 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 donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity by the Town.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments*Government-Wide and Fund Financial Statements*

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

E. Accounts Receivable*Government-Wide and Fund Financial Statements*

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed during the year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

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

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

Motor Vehicle Excise

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

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

Water and Sewer

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

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

Departmental and Other

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

Intergovernmental

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

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

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

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

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

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles, 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 \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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>
Land improvements.....	20-50
Buildings.....	30-50
Machinery and equipment.....	5-20
Vehicles.....	5-8
Infrastructure.....	20-50

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

Governmental Fund Financial Statements

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

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

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” represents restrictions placed on assets from outside parties.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“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 Board of Selectmen has, by resolution, authorized the Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

Investment income from proprietary funds and the internal service fund is retained within the respective fund.

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

P. Individual Fund Deficits

Individual fund deficits exist within the Capital Project and Special Revenue Funds. These deficits will be funded through bond proceeds, grant funds, and available fund balance in future fiscal years.

The Solid Waste Enterprise Fund has an accumulated deficit of (\$381,282). This deficit will be funded in future fiscal years through user charges and general fund subsidies.

Q. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – PROPERTY TAX LIMITATION

The amount that can be raised by the Town tax levy is governed by Proposition 2 ½. The gross tax levy for fiscal year 2012 was \$122,152,672, which was \$6,850,811 less than the levy limit allowable for the fiscal year as computed under Proposition 2 ½.

NOTE 3 - CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$78,317,609 and the bank balance totaled \$81,997,144. Of the bank balance, \$25,773,675 was covered by Federal Depository Insurance, \$9,784,314 was covered by Depositors Insurance Fund, \$11,072,837 was covered by Share Insurance Fund, \$710,163 was covered by Securities Investor Protection Corporation Insurance, \$3,913,541 was collateralized, and \$30,742,614 was uninsured and uncollateralized.

At June 30, 2012, the carrying amount of deposits for the other postemployment benefit trust fund totaled \$612,455.

At December 31, 2011, the carrying amount of deposits for the System totaled \$378,971 and the bank balance totaled \$511,349 all of which was covered by Federal Depository Insurance.

At December 31, 2011, the carrying amount of deposits for the Component Unit totaled \$730,778 and the bank balance totaled \$742,460. Of the bank balance, \$646,819 was covered by Federal Depository Insurance, and \$95,641 was uninsured and uncollateralized.

Investments

As of June 30, 2012, the Town of Plymouth had the following investments:

	Maturity			
	<u>Fair Value</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Investment Type				
<u>Debt Securities</u>				
U.S. Government Agencies.....	\$ 2,097,702	\$ 922,939	\$ 1,174,763	\$ -
Corporate Bonds.....	<u>369,517</u>	<u>-</u>	<u>-</u>	<u>369,517</u>
Total Debt Securities.....	2,467,219	<u>\$ 922,939</u>	<u>\$ 1,174,763</u>	<u>\$ 369,517</u>
<u>Other Investments</u>				
Equity Securities.....	2,087,525			
Money Market Mutual Funds.....	4,322,187			
MMDT.....	<u>58,929</u>			
Total Investments.....	<u>\$ 8,935,860</u>			

As of December 31, 2011, the Retirement System had the following investments:

	<u>Fair Value</u>	<u>Maturity</u> <u>6-10 Years</u>
Investment Type		
<u>Debt Securities</u>		
Bond Mutual Funds.....	\$ 11,311,070	\$ <u>11,311,070</u>
 <u>Other Investments</u>		
Equity Securities.....	22,408,765	
Equity Mutual Funds.....	37,744,218	
Pooled Real Estate Funds.....	7,294,666	
Money Market Mutual Funds.....	1,342,564	
Alternative Investment Mutual Funds.....	9,558,098	
International Equity Mutual Funds.....	<u>17,434,230</u>	
 Total Investments.....	 \$ <u>107,093,611</u>	

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. Of the Town’s investments of \$2,097,702 in U.S. Government Agencies, \$2,087,525 in Equity Securities and \$369,517 in Corporate Bonds, the Town has a custodial credit risk exposure of \$4,554,744 because the related securities are uninsured, unregistered and held by the counterparty. The Town will minimize custodial credit risk with the use of reporting services such as Veribanc, Moody’s Investors Services, Fitch Rating, and Standard and Poors.

The Retirement System’s investments are not subject to custodial credit risk as all of the securities are insured or registered, and held by its agents in the name of the Plymouth Contributory Retirement System.

Interest Rate Risk

The Town will minimize interest rate risk by diversifying in a “laddered” type of investment to spread out maturities of certificates of deposit, treasuries and government agency bonds.

The System investment policy states that the duration of all fixed income securities shall be maintained within a range of +/- fifteen percent of the duration of the fixed income benchmark designated within the “Manager Specific Guidelines”. Also, when managing assets the System at all times must be in accordance with the provisions of the Public Employee Retirement Administration Commission (PERAC), the Employee Retirement Income Security Act (ERISA), and Department of Labor regulations.

Credit Risk

At June 30, 2012, the Town’s investments in U.S. Government Agencies are rated AAA and Corporate Bonds are rated A3 and BAA2. The money market mutual funds, MMDT and equity securities are unrated.

The System’s policy states that all fixed income investments shall be maintained at a quality rating of A or better, unless “Manager Specific Guidelines” allow further diversification. At June 30, 2012, the System does not have any rated investments.

Concentration of Credit Risk

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of institution will be minimized. The target upper level range of funds concentrated in any institution is 10%. There were no individual investments that exceeded 10% of the total investments at June 30, 2012.

The System places a five percent maximum investment in any one issuer. There were no individual investments that exceeded five percent of the total investments at June 30, 2012.

NOTE 4 – RECEIVABLES

At June 30, 2012, receivables for the individual major governmental funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes...	\$ 3,003,341	\$ (92,000)	\$ 2,911,341
Tax liens.....	495,904	-	495,904
Motor vehicle and other excise taxes.....	2,034,566	(1,049,000)	985,566
Departmental and other.....	33,085	-	33,085
Special assessments.....	518,586	-	518,586
Intergovernmental.....	<u>18,744,851</u>	<u>-</u>	<u>18,744,851</u>
Total.....	<u>\$ 24,830,333</u>	<u>\$ (1,141,000)</u>	<u>\$ 23,689,333</u>

At June 30, 2012, receivables for the enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Water user fees.....	\$ 1,753,601	\$ -	\$ 1,753,601
Sewer user fees.....	1,620,871	-	1,620,871
Water intergovernmental.....	109,927	-	109,927
Sewer intergovernmental.....	5,846,348	-	5,846,348
Solid Waste Intergovernmental.....	<u>291,767</u>	<u>-</u>	<u>291,767</u>
Total.....	<u>\$ 9,622,514</u>	<u>\$ -</u>	<u>\$ 9,622,514</u>

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

	General Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes....	\$ 2,159,040	\$ -	\$ -	\$ 2,159,040
Tax liens.....	491,853	4,051	-	495,904
Motor vehicle and other excise taxes.....	985,566	-	-	985,566
Departmental and other.....	-	33,085	-	33,085
Special assessments.....	-	-	518,586	518,586
Intergovernmental.....	11,707,966	473,699	1,506,501	13,688,166
Tax foreclosures.....	1,502,650	-	-	1,502,650
	<u>\$ 16,847,075</u>	<u>\$ 510,835</u>	<u>\$ 2,025,087</u>	<u>\$ 19,382,997</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 94,237,916	\$ 1,200,000	\$ -	\$ 95,437,916
Construction in progress.....	48,140,851	40,843,813	-	88,984,664
Total capital assets not being depreciated.....	<u>142,378,767</u>	<u>42,043,813</u>	<u>-</u>	<u>184,422,580</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	8,191,145	-	-	8,191,145
Buildings.....	107,035,578	4,238,953	(114,260)	111,160,271
Machinery and equipment.....	37,362,814	1,666,551	(475,459)	38,553,906
Infrastructure.....	71,749,087	1,067,836	-	72,816,923
Vehicles.....	4,871,658	386,082	-	5,257,740
Total capital assets being depreciated.....	<u>229,210,282</u>	<u>7,359,422</u>	<u>(589,719)</u>	<u>235,979,985</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,381,019)	(391,010)	-	(3,772,029)
Buildings.....	(47,440,553)	(2,831,586)	114,260	(50,157,879)
Machinery and equipment.....	(30,400,315)	(1,539,806)	475,459	(31,464,662)
Infrastructure.....	(39,522,452)	(1,675,104)	-	(41,197,556)
Vehicles.....	(2,983,944)	(556,895)	-	(3,540,839)
Total accumulated depreciation.....	<u>(123,728,283)</u>	<u>(6,994,401)</u>	<u>589,719</u>	<u>(130,132,965)</u>
Total capital assets being depreciated, net.....	<u>105,481,999</u>	<u>365,021</u>	<u>-</u>	<u>105,847,020</u>
Total governmental activities capital assets, net.....	<u>\$ 247,860,766</u>	<u>\$ 42,408,834</u>	<u>\$ -</u>	<u>\$ 290,269,600</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,633,192	\$ -	\$ -	\$ 19,633,192
Construction in progress.....	1,653,861	4,281,231	(540,246)	5,394,846
Total capital assets not being depreciated.....	21,287,053	4,281,231	(540,246)	25,028,038
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,486,901	940,316	-	8,427,217
Buildings.....	32,377,102	-	-	32,377,102
Machinery and equipment.....	2,447,291	15,006	-	2,462,297
Vehicles.....	720,020	41,340	(55,541)	705,819
Infrastructure.....	73,834,386	-	-	73,834,386
Total capital assets being depreciated.....	116,865,700	996,662	(55,541)	117,806,821
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,192,413)	(360,862)	-	(3,553,275)
Buildings.....	(6,452,471)	(719,037)	-	(7,171,508)
Machinery and equipment.....	(1,134,363)	(168,872)	-	(1,303,235)
Vehicles.....	(502,042)	(41,412)	55,541	(487,913)
Infrastructure.....	(44,665,240)	(1,352,817)	-	(46,018,057)
Total accumulated depreciation.....	(55,946,529)	(2,643,000)	55,541	(58,533,988)
Total capital assets being depreciated, net.....	60,919,171	(1,646,338)	-	59,272,833
Total business-type activities capital assets, net.....	\$ 82,206,224	\$ 2,634,893	\$ (540,246)	\$ 84,300,871

Component Unit

<u>Capital assets being depreciated:</u>				
Leasehold improvements.....	\$ -	\$ 36,890	\$ -	\$ 36,890
Machinery and equipment.....	248,992	1,980	-	250,972
Vehicles.....	7,982	24,700	-	32,682
Total capital assets being depreciated.....	256,974	63,570	-	320,544
<u>Less accumulated depreciation for:</u>				
Leasehold improvements.....	-	(3,689)	-	(3,689)
Machinery and equipment.....	(180,538)	(44,172)	-	(224,710)
Vehicles.....	(3,990)	(798)	-	(4,788)
Total accumulated depreciation.....	(184,528)	(48,659)	-	(233,187)
Total capital assets being depreciated, net.....	\$ 72,446	\$ 14,911	\$ -	\$ 87,357

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

Governmental Activities:

General government.....	\$ 438,551
Public safety.....	1,235,511
Education.....	2,617,300
Public works.....	2,459,537
Community preservation.....	27,002
Human services.....	21,762
Culture and recreation.....	<u>194,738</u>

Total depreciation expense - governmental activities..... \$ 6,994,401

Business-Type Activities:

Water.....	\$ 1,169,610
Sewer.....	899,014
Airport.....	522,233
Solid Waste.....	<u>52,143</u>

Total depreciation expense - business-type activities..... \$ 2,643,000

Component Unit Activities:

Plymouth Growth and Development Corporation.....	<u>\$ 48,659</u>
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NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:					Total
	General Fund	Water Enterprise Fund	Sewer Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund	
General Fund.....	\$ -	\$ 14,900	\$ 394,726	\$ 7,613	\$ 4,300	\$ 421,539 (1)
Nonmajor Governmental Funds....	886,386	-	-	-	-	886,386 (2)
Water Enterprise Fund.....	1,083,797	-	-	-	-	1,083,797 (3)
Sewer Enterprise Fund.....	330,871	-	-	-	-	330,871 (3)
Airport Enterprise Fund.....	141,500	-	-	-	-	141,500 (3)
Solid Waste Enterprise Fund.....	<u>259,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,209 (3)</u>
	<u>\$ 2,701,763</u>	<u>\$ 14,900</u>	<u>\$ 394,726</u>	<u>\$ 7,613</u>	<u>\$ 4,300</u>	<u>\$ 3,123,302</u>

- (1) Budgeted salary reserve transfers from the General Fund to the Enterprise Funds.
- (2) Transfers from the nonmajor funds to fund the fiscal year 2012 General Fund operating budget.
- (3) Transfers from the Enterprise Funds to the General Fund for the reimbursement of indirect costs and debt service.

NOTE 7 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2012, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2011	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2012
Governmental Funds							
BAN	West School HVAC 1.....	1.50	05/11/12	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -
BAN	West School HVAC 2.....	1.50	05/11/12	780,000	-	(780,000)	-
BAN	School Roof.....	1.50	05/11/12	2,000,000	-	(2,000,000)	-
BAN	General Obligation.....	1.50	05/08/13	-	22,908,600	-	22,908,600
Total Governmental.....				\$ 4,280,000	\$ 22,908,600	\$ (4,280,000)	\$ 22,908,600

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2011	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2012
Enterprise Funds							
BAN	General Obligation.....	0.70	05/08/13	\$ -	\$ 800,000	\$ -	\$ 800,000

NOTE 8 - LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2012, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
FY1998 Municipal Purpose Bonds.....	2013	\$ 2,675,000	4.15 - 5.75	\$ 350,000	\$ -	\$ 175,000	\$ 175,000
FY1999 Title V - MWPAT.....	2017	199,807	4.00	66,603	-	11,101	55,502
FY2002 Title V - MWPAT.....	2021	164,236	0.00	90,714	-	9,190	81,524
FY2002 Municipal Purpose Bonds.....	2012	323,000	3.25 - 3.88	30,000	-	30,000	-
FY2004 Title V - MWPAT.....	2025	185,254	4.94	128,100	-	9,525	118,575
FY2008 Title V - MWPAT.....	2031	600,000	0.00	530,000	-	20,000	510,000
FY2009 Municipal Purpose Bonds.....	2029	28,486,501	2.00 - 5.00	22,081,251	-	2,590,417	19,490,834
FY2009 Municipal Purpose Bonds (Refunding)...	2021	17,712,075	3.00 - 5.00	17,611,600	-	2,401,950	15,209,650
FY2010 Title V - MWPAT.....	2032	400,000	0.00	400,000	-	-	400,000
FY2011 Municipal Purpose Bonds.....	2036	39,450,000	2.00 - 5.00	39,450,000	-	1,640,000	37,810,000
FY2012 Title V - MWPAT.....	2032	400,000	0.00	-	400,000	-	400,000
Total Governmental Bonds Payable.....				\$ 80,738,268	\$ 400,000	\$ 6,887,183	\$ 74,251,085

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

Fiscal Year	Principal	Interest	Total
2013.....	\$ 6,333,287	\$ 3,218,922	\$ 9,552,209
2014.....	5,600,231	3,029,477	8,629,708
2015.....	5,078,495	2,842,661	7,921,156
2016.....	5,055,999	2,613,538	7,669,537
2017.....	4,815,029	2,386,145	7,201,174
2018.....	4,673,959	2,163,447	6,837,406
2019.....	4,523,988	1,946,612	6,470,600
2020.....	4,509,915	1,735,816	6,245,731
2021.....	3,294,942	1,557,622	4,852,564
2022.....	2,710,105	1,425,450	4,135,555
2023.....	2,660,135	1,304,600	3,964,735
2024.....	2,545,000	1,175,725	3,720,725
2025.....	2,535,000	1,060,725	3,595,725
2026.....	2,530,000	937,100	3,467,100
2027.....	2,475,000	822,750	3,297,750
2028.....	2,325,000	710,600	3,035,600
2029.....	1,715,000	603,147	2,318,147
2030.....	1,595,000	520,300	2,115,300
2031.....	1,595,000	442,550	2,037,550
2032.....	1,560,000	364,800	1,924,800
2033.....	1,560,000	288,800	1,848,800
2034.....	1,520,000	218,500	1,738,500
2035.....	1,520,000	146,300	1,666,300
2036.....	1,520,000	74,100	1,594,100
Total.....	\$ 74,251,085	\$ 31,589,687	\$ 105,840,772

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for interest costs of \$64,876. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$1,156,254. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2012 interest subsidy totaled approximately \$14,300.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2012, approximately \$1,637,000 of such assistance was received. Approximately \$13,752,000 will be received in future fiscal years. Of this amount, approximately \$2,044,000 represents reimbursement of long-term interest costs, and approximately \$11,708,000 represents reimbursement of approved construction costs. Accordingly, an \$11,708,000 intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The MSBA offers a construction grant program which pays the Town the State's share of approved school construction costs and therefore eliminates the need for the Town to fund the State's share through long-term debt. The Plymouth North High School project is being funded by this grant program. The total grant received by the Town is expected to be \$46,225,000. As of June 30, 2012 the Town has recognized revenue of \$33,662,000 and expects to receive \$12,563,000 in future fiscal years.

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
FY2004 MWPAT.....	2024	\$ 480,794	3.00 - 5.00	\$ 244,711	\$ -	\$ 14,385	\$ 230,326
FY2005 MWPAT (Refunding).....	2023	26,944,600	4.64 - 5.10	23,417,591	-	2,096,669	21,320,922
FY2009 Sewer Bonds (Refunding).....	2016	461,350	3.00 - 5.00	521,200	-	122,050	399,150
FY2009 Sewer Bonds.....	2023	125,000	2.00 - 5.00	797,144	-	68,929	728,215
FY2011 Sewer Bonds.....	2031	800,000	2.00-5.00	800,000	-	40,000	760,000
Sub-Total sewer bonds payable.....				25,780,646	-	2,342,033	23,438,613
FY2002 Water Bonds.....	2002	1,325,000	3.25 - 3.88	130,000	-	130,000	-
FY2004 Water Bonds (Refunding).....	2021	617,142	5.09	405,000	-	35,000	370,000
FY2009 Water Bonds (Refunding).....	2016	102,500	3.00 - 5.00	102,500	-	21,000	81,500
FY2009 Water Bonds.....	2029	5,853,849	2.00 - 5.00	4,990,000	-	430,000	4,560,000
FY2011 Water Bonds.....	2031	1,345,000	2.00 - 5.00	1,345,000	-	70,000	1,275,000
Sub-Total water bonds payable.....				6,972,500	-	686,000	6,286,500
FY2005 Solid Waste Bonds.....	2021	1,100,000	5.31 - 5.32	1,100,000	-	95,000	1,005,000
FY2009 Solid Waste Bonds.....	2024	752,650	2.00 - 5.00	388,750	-	164,583	224,167
FY2009 Solid Waste Bonds (Refunding).....	2013	101,175	3.00 - 5.00	49,700	-	25,000	24,700
Sub-Total solid waste bonds payable.....				1,538,450	-	284,583	1,253,867
Total Enterprise Bonds Payable.....				\$ 34,291,596	\$ -	\$ 3,312,616	\$ 30,978,980

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

SEWER ENTERPRISE FUND, DEBT SERVICE PAYMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013.....\$	2,296,818 \$	1,228,310 \$	3,525,128
2014.....	2,468,737	964,798	3,433,535
2015.....	2,262,643	881,695	3,144,338
2016.....	2,329,014	758,541	3,087,555
2017.....	2,283,792	633,095	2,916,887
2018.....	2,352,163	506,285	2,858,448
2019.....	2,429,037	372,372	2,801,409
2020.....	2,492,814	215,794	2,708,608
2021.....	2,536,185	147,066	2,683,251
2022.....	724,556	80,651	805,207
2023.....	738,334	44,825	783,159
2024.....	94,520	24,226	118,746
2025.....	70,000	20,413	90,413
2026.....	70,000	16,913	86,913
2027.....	70,000	13,713	83,713
2028.....	70,000	10,513	80,513
2029.....	70,000	7,275	77,275
2030.....	40,000	4,000	44,000
2031.....	40,000	2,000	42,000
Total.....\$	<u>23,438,613 \$</u>	<u>5,932,485 \$</u>	<u>29,371,098</u>

WATER ENTERPRISE FUND, DEBT SERVICE PAYMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013.....\$	546,000 \$	263,446 \$	809,446
2014.....	535,500	246,150	781,650
2015.....	540,000	229,221	769,221
2016.....	535,000	204,178	739,178
2017.....	505,000	181,810	686,810
2018.....	360,000	159,880	519,880
2019.....	330,000	143,500	473,500
2020.....	330,000	128,769	458,769
2021.....	315,000	115,544	430,544
2022.....	270,000	102,969	372,969
2023.....	270,000	91,519	361,519
2024.....	270,000	78,018	348,018
2025.....	270,000	66,572	336,572
2026.....	270,000	53,068	323,068
2027.....	270,000	41,618	311,618
2028.....	270,000	30,168	300,168
2029.....	270,000	18,462	288,462
2030.....	65,000	6,500	71,500
2031.....	65,000	3,250	68,250
Total.....\$	<u>6,286,500 \$</u>	<u>2,164,642 \$</u>	<u>8,451,142</u>

SOLID WASTE ENTERPRISE FUND, DEBT SERVICE PAYMENTS

Fiscal Year	Principal	Interest	Total
2013.....	\$ 239,283	\$ 55,417	\$ 294,700
2014.....	159,584	48,481	208,065
2015.....	110,000	41,057	151,057
2016.....	115,000	34,759	149,759
2017.....	115,000	28,674	143,674
2018.....	120,000	22,195	142,195
2019.....	125,000	16,085	141,085
2020.....	125,000	10,363	135,363
2021.....	130,000	4,131	134,131
2022.....	5,000	650	5,650
2023.....	5,000	450	5,450
2024.....	5,000	200	5,200
Total.....	<u>\$ 1,253,867</u>	<u>\$ 262,462</u>	<u>\$ 1,516,329</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$6,248,044 and interest costs for \$4,178,019. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$14,698,414. The principal subsidies are guaranteed and therefore intergovernmental receivables and corresponding revenues were reported in the year the debt was issued. The remaining principal subsidies to be recognized at year end were \$5,846,351, \$109,927, and \$291,767 which are reported in the Sewer Enterprise, Water Enterprise, and Solid Waste Enterprise Funds, respectively.

Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2012 principal subsidies recognized in the Sewer Enterprise, Water Enterprise, and Solid Waste Enterprise Funds are \$485,682, \$8,309 and \$29,565, respectively. The fiscal year 2012 interest subsidies are \$873,440, \$14,922 and \$37,318, respectively.

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, 2012, the Town had the following authorized and unissued debt:

Purpose	Amount
Beach Improvements.....	\$ 2,727,000
Title V.....	55,000
West Elementary HVAC.....	500,000
School and Senior Center.....	151,000,000
Wannos Pond Well & Pump.....	100,000
PSMS Repair Brick Veneer.....	1,936,000
Indian Brook HVAC.....	1,000,000
PCIS School Roof.....	3,395,000
Beach Property.....	4,400
Hedge School Replace Windows....	184,000
Various School Bathrooms.....	157,000
Culvert and Bridge Construction.....	<u>2,500,000</u>
Total.....	<u>\$ 163,558,400</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Current Portion
Governmental Activities:					
Long-Term Bonds.....	\$ 80,738,268	\$ 400,000	\$ (6,887,183)	\$ 74,251,085	\$ 6,333,287
Compensated Absences.....	1,273,000	402,300	(127,300)	1,548,000	154,800
Postemployment Benefits.....	54,368,476	29,818,419	(13,160,000)	71,026,895	-
Unamortized Premiums on Bonds.....	5,366,824	-	(587,888)	4,778,936	554,389
Total governmental activity long-term liabilities.....	<u>\$ 141,746,568</u>	<u>\$ 30,620,719</u>	<u>\$ (20,762,371)</u>	<u>\$ 151,604,916</u>	<u>\$ 7,042,476</u>
Business-Type Activities:					
Long-Term Bonds.....	\$ 34,291,596	-	\$ (3,312,616)	\$ 30,978,980	\$ 3,082,101
Compensated Absences.....	53,000	73,300	(5,300)	121,000	12,100
Landfill Closure.....	900,000	-	(50,000)	850,000	50,000
Postemployment Benefits.....	1,253,991	714,522	(252,727)	1,715,786	-
Unamortized Premiums on Bonds.....	203,864	-	(24,113)	179,751	22,509
Total business-type activity long-term liabilities.....	<u>\$ 36,702,451</u>	<u>\$ 787,822</u>	<u>\$ (3,644,756)</u>	<u>\$ 33,845,517</u>	<u>\$ 3,166,710</u>

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB 54 provides for 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, GASB 54 has provided a hierarchy of spendable fund balances, 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, 2012, the governmental fund balances consisted of the following:

	GOVERNMENTAL FUNDS					
	General	Community Preservation	School Capital Articles	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Permanent Fund Principal.....	\$ -	\$ -	\$ -	\$ -	\$ 1,279,394	\$ 1,279,394
Restricted for:						
Community preservation.....	-	4,850,697	-	-	-	4,850,697
Unamortized premiums on long-term debt.....	2,957,395	-	-	-	-	2,957,395
Town Capital Projects.....	-	-	-	-	40,309	40,309
Infrastructure Management Projects.....	-	-	-	-	215,843	215,843
Town Federal Grants.....	-	-	-	-	526,117	526,117
Town State Grants.....	-	-	-	-	528,175	528,175
Town Revolving.....	-	-	-	-	2,428,729	2,428,729
Town Gifts.....	-	-	-	-	825,892	825,892
Town Title V.....	-	-	-	-	755,550	755,550
Town Other.....	-	-	-	-	1,146,557	1,146,557
School Lunch.....	-	-	-	-	103,936	103,936
School State Grants.....	-	-	-	-	1,871,042	1,871,042
School Revolving.....	-	-	-	-	1,896,622	1,896,622
Permanent Funds.....	-	-	-	-	762,935	762,935
Committed to:						
General government.....	124,087	-	-	-	-	124,087
Public safety.....	107,768	-	-	-	-	107,768
Education.....	304,531	-	-	-	-	304,531
Public works.....	681,358	-	-	-	-	681,358
Culture and recreation.....	57,258	-	-	-	-	57,258
Assigned to:						
General government.....	865,495	-	-	-	-	865,495
Public safety.....	29,761	-	-	-	-	29,761
Education.....	705,888	-	-	-	-	705,888
Public works.....	82,484	-	-	-	-	82,484
Human services.....	10,210	-	-	-	-	10,210
Culture and recreation.....	213	-	-	-	-	213
Employee benefits.....	40,000	-	-	-	-	40,000
Free cash used for subsequent year budget.....	4,393,111	-	-	-	-	4,393,111
Unassigned.....	16,137,464	-	(5,892,639)	(4,224,193)	(639,684)	5,380,948
TOTAL FUND BALANCES.....	\$ 26,497,023	\$ 4,850,697	\$ (5,892,639)	\$ (4,224,193)	\$ 11,741,417	\$ 32,972,305

NOTE 10 - STABILIZATION FUND

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of Town Meeting 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 Town Meeting.

At fiscal year end, the balance of the General Stabilization Fund is \$7,921,751 and is reported as unassigned fund balance within the General Fund. During fiscal year 2012, the fund earned \$199 thousand of investment income and the Town used \$700,000 to fund the operating budget. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

NOTE 11 – RISK FINANCING

The Town is self-insured for its' health and dental insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

(a) Health and Dental Insurance

The estimate of Incurred But Not Reported (IBNR) claims is based on 8% of claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$150,000. At June 30, 2012, the amount of the liability for health and dental insurance claims totaled \$2,406,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2010, are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-End
Fiscal Year 2011.....	\$ 2,211,251	\$	31,853,677	\$	(31,810,005)	\$	2,254,923
Fiscal Year 2012.....	2,254,923		34,960,442		(34,809,365)		2,406,000

NOTE 12 - PENSION PLAN

Plan Description - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$13,674,000 for the fiscal year ended June 30, 2012, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Plymouth Contributory Retirement Board and are borne by the System. The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 10 Cordage Park Circle, Suite 240, Plymouth, Massachusetts, 02360.

At December 31, 2011, the System's membership consists of the following:

Active members.....	900
Inactive members.....	226
Disabled members.....	82
Retirees and beneficiaries currently receiving benefits.....	<u>515</u>
Total.....	<u><u>1723</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the Town to contribute 98%, respectively, of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town's contributions to the System for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,902,283, \$7,466,061, and \$7,200,103, respectively, which equaled its required contribution for each fiscal year. At June 30, 2012, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.00% investment rate of return and projected salary increases of 4% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining amortization period at January 1, 2012, was 27 years.

**Schedule of Funding Progress
(Dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/10	\$ 111,589	\$ 205,870	\$ 94,281	54.2%	\$ 35,665	264.4%
01/01/08	120,332	175,119	54,787	68.7%	34,232	160.0%
01/01/07	112,790	165,044	52,254	68.3%	32,532	160.6%
01/01/05	94,010	154,190	60,180	61.0%	30,061	200.2%
01/01/03	77,285	124,140	46,855	62.3%	28,957	161.8%

Funding progress is reported based on the biennial actuarial valuation performed by the System, and is being accumulated on a biennial basis. The Town is responsible for approximately 98% of the unfunded liability.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The Town of Plymouth administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, 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 January 1, 2011 actuarial, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	1,445
Current active members.....	<u>1,323</u>
Total.....	<u><u>2,768</u></u>

Funding Policy—Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 20% of the cost of benefits provided and the Town contributes the remaining premium costs. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For fiscal year 2012, contributions to the plan, totaled approximately \$13,413,000.

Annual OPEB Costs and Net OPEB Obligation—The Town’s annual other postemployment benefit (OPEB) cost (expenses) 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 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 costs for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations are summarized in the following table:

Annual Required Contribution.....	\$ 30,575,940
Interest on existing net OPEB obligation.....	2,363,955
Adjustments to annual required contribution.....	<u>(2,406,954)</u>
Annual OPEB cost (expense).....	30,532,941
Contributions made.....	<u>(13,412,727)</u>
Increase/Decrease in net OPEB obligation.....	17,120,214
Net OPEB obligation - beginning of year.....	<u>55,622,467</u>
Net OPEB obligation - end of year.....	<u><u>\$ 72,742,681</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 30,532,941	43.9%	\$ 72,742,681
6/30/2011	33,168,945	46.8%	55,622,467
6/30/2010	31,224,623	45.4%	37,928,840

Funded Status and Funding Progress - The funded status of the Plan as of the most recent actuarial valuation date, January 1, 2011, 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)
1/1/2011	\$ -	\$ 390,817,000	\$ 390,817,000	0.00%	\$ 79,643,000	490.71%

Actual 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 basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued 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 effect 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 January 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 11 percent initially, reduced by .5% increments to an ultimate rate of 5 percent in year 2041. The UAAL is being amortized over a 30-year period, using the level percentage of projected payroll method, on a closed basis, with amortization payments increasing at 3.25% per year. The remaining amortization period at January 1, 2012 is 26 years.

NOTE 14 - LANDFILL CLOSURE COSTS

State and federal laws and regulations require that the Town must construct a final capping system on all of its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites after closure.

The Manomet and Cedarville landfill sites have been closed and capped since 1998 and 1995, respectively. Annual monitoring is performed at these sites and the estimated future liability for post-closure care is \$850,000.

The South Street landfill site was closed and capped in 1973. As a result of landfill gas migration, it has been determined that the Town will need to perform additional capping and ventilation projects. This is currently in the planning stage and therefore no liability has been recorded in the current fiscal year.

NOTE 15 - COMMITMENTS

The Town has entered into a long-term contract with South Eastern Massachusetts Partnership (SEMASS) to provide solid waste disposal services. Total charges are based on a formula of tipping and transport fees with costs rising gradually through fiscal year 2014 when the contract expires. Actual expenditures under this contract for fiscal year 2012 were approximately \$340,000.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$163,600,000 for construction of a school and senior center, sewage treatment and disposal plant, for various beach improvements, for school roof and HVAC repairs, for various school technology upgrades, for infrastructure management, and for the Title V septic replacement loans.

NOTE 16 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2012, 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, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2012.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2012, the following GASB pronouncements were implemented:

- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, an amendment of GASB Statement No. 53. This pronouncement did not impact the financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This pronouncement did not impact the financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Original Budget	Final Budget			
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 117,891,261	\$ 121,116,732	\$ 120,140,832	\$ -	\$ (975,900)
Tax liens.....	-	-	-	1,247,103	-	1,247,103
Motor vehicle and other excise taxes.....	-	5,767,873	5,767,873	6,530,991	-	763,118
Penalties and interest on taxes.....	-	551,712	551,712	628,420	-	76,708
Payments in lieu of taxes.....	-	56,883	56,883	71,399	-	14,516
Intergovernmental - federal.....	-	275,000	275,000	492,094	-	217,094
Intergovernmental - state.....	-	29,723,314	29,723,314	29,626,569	-	(96,745)
Departmental and other.....	-	4,271,383	4,271,383	4,935,262	-	663,879
Investment income.....	-	180,000	180,000	328,496	-	148,496
TOTAL REVENUES.....	-	158,717,426	161,942,897	164,001,166	-	2,058,269
EXPENDITURES:						
Current:						
General government.....	537,780	8,359,257	9,095,291	7,702,652	989,583	403,056
Public safety.....	453,167	19,167,879	19,357,443	18,746,647	137,530	473,266
Education.....	1,165,839	81,723,319	81,723,319	80,385,697	1,010,417	327,205
Public works.....	505,077	6,740,206	6,980,844	5,827,053	763,842	389,949
Human services.....	10,062	1,464,521	1,473,501	1,382,049	10,210	81,242
Culture and recreation.....	51,372	2,299,509	2,308,172	2,214,336	57,471	36,365
Pension benefits.....	-	7,902,283	7,902,283	7,902,283	-	-
Employee benefits.....	46,245	30,611,751	31,224,078	30,853,253	40,000	330,825
State and county charges.....	-	893,980	893,980	907,756	-	(13,776)
Debt service:						
Principal.....	-	5,277,183	6,917,183	6,887,183	-	30,000
Interest.....	-	2,578,075	3,421,113	3,412,977	-	8,136
TOTAL EXPENDITURES.....	2,769,542	167,017,963	171,297,207	166,221,886	3,009,053	2,066,268
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,769,542)	(8,300,537)	(9,354,310)	(2,220,720)	(3,009,053)	4,124,537
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	168,075	-	168,075
Transfers in.....	-	3,348,611	3,401,763	3,401,763	-	-
Transfers out.....	-	(390,000)	(421,539)	(421,539)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	2,958,611	2,980,224	3,148,299	-	168,075
NET CHANGE IN FUND BALANCE.....	(2,769,542)	(5,341,926)	(6,374,086)	927,579	(3,009,053)	4,292,612
BUDGETARY FUND BALANCE, Beginning of year.....	-	18,233,694	18,233,694	18,233,694	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (2,769,542)	\$ 12,891,768	\$ 11,859,608	\$ 19,161,273	\$ (3,009,053)	\$ 4,292,612

See notes to required supplementary information.

Other Postemployment Benefits 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 presents multi-year trend information for required and actual contributions relating to the plan.

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2012

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)
1/1/2011	\$ -	\$ 390,817,000	\$ 390,817,000	0.00%	\$ 79,643,000	490.71%
1/1/2009	-	379,285,000	379,285,000	0.00%	90,445,000	419.35%
7/1/2006	-	264,991,414	264,991,414	0.00%	82,014,000	323.11%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Total Unfunded Liability	Business-Type Activities Unfunded Liability	Governmental Activities Unfunded Liability	Total Percentage Contributed
2012	\$ 30,575,940	\$ 13,412,727	\$ 17,163,213	\$ 461,795	\$ 16,701,418	43.9%
2011	33,097,546	15,475,318	17,622,228	398,897	17,223,331	46.8%
2010	31,157,981	14,146,885	17,011,096	290,110	16,720,986	45.4%
2009	21,182,308	11,974,550	9,207,758	139,404	9,068,354	56.5%
2008	20,340,389	8,697,045	11,643,344	278,276	11,365,068	42.8%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

JUNE 30, 2012

Actuarial Methods:

Valuation date.....	January 1, 2011
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.25%
Remaining amortization period.....	27 years as of January 1, 2011, closed
Actuarial Assumptions:	
Investment rate of return.....	4.25%, pay-as-you-go scenario
Projected salary increases.....	3.3%
Medical/drug cost trend rate.....	11% decreasing to 6% in year 2040 and by 0.50% for 1 year to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	1,445
Current active members.....	<u>1,323</u>
Total.....	<u><u>2,768</u></u>

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (the "Committee") and the Board of Selectmen (the "Board"). The Committee and the Board present an annual budget to the representative Town meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The representative town meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires a vote at a special Town meeting.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2012 approved budget authorized approximately \$167.4 million of appropriations and other amounts to be raised. During fiscal year 2012, the Town meeting also approved appropriation increases totaling approximately \$4.3 million.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2012, is presented below:

Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ 927,579
<u>Perspective difference:</u>	
Stabilization Fund recorded in the General Fund for GAAP.....	(501,365)
<u>Basis of accounting differences:</u>	
Recognition of market value adjustment.....	1,558
Net change in recording tax refunds payable.....	(168,000)
Recognition of revenue for on-behalf payments.....	13,673,586
Recognition of expenditures for on-behalf payments.....	<u>(13,673,586)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ 259,772</u>

C. Appropriation Deficits

During fiscal year 2012, expenditures exceeded budgeted appropriations for state and county charges. This is based on state assessments which are not required to be raised.

NOTE B - OTHER POSTEMPLOYMENT BENEFITS

The Town of Plymouth 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 insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. 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 multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents, over time, the ratio of the actual annual employer contributions to the annual required contribution.

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

Supplementary Information - Unaudited

Enterprise Funds Budgetary Comparison Schedules

The following budget and actual schedules of the water, sewer, airport, and solid waste enterprise activities are only presented for purposes of additional analysis. The schedules only include the activity budgeted and do not include any activity of non-budgeted enterprise funds.

For budgetary financial reporting purposes, the Massachusetts Uniform Municipal Accounting System (UMAS) basis of accounting is followed.

WATER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL - UNAUDITED

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts					
	Amounts Carried forward From Prior Year	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
REVENUES:						
Utility user charges.....	\$ -	\$ 3,951,865	\$ 3,951,865	\$ 3,966,825	\$ -	\$ 14,960
Other departmental revenue.....	-	166,000	166,000	246,229	-	80,229
Investment income.....	-	60,000	60,000	73,562	-	13,562
TOTAL REVENUES.....	-	4,177,865	4,177,865	4,286,616	-	108,751
EXPENDITURES:						
Salary and wages.....	-	962,101	977,001	899,502	-	77,499
Other expenses.....	6,728	1,182,244	1,188,972	890,777	29,175	269,020
Debt service.....	-	854,548	949,723	947,717	-	2,006
Capital non-borrowing.....	490,291	700,000	1,190,291	837,303	7,586	345,402
TOTAL EXPENDITURES.....	497,019	3,698,893	4,305,987	3,575,299	36,761	693,927
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES.....	(497,019)	478,972	(128,122)	711,317	(36,761)	802,678
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	1,600	-	1,600
Transfer from General Fund - Salary Reserve Transfer.....	-	-	14,900	14,900	-	-
Transfers out - general fund for indirect costs.....	-	(1,083,797)	(1,083,797)	(1,083,797)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,083,797)	(1,068,897)	(1,067,297)	-	1,600
NET CHANGE IN FUND BALANCE.....	(497,019)	(604,825)	(1,197,019)	(355,980)	(36,761)	804,278
BUDGETARY FUND BALANCE, Beginning of year.....	-	3,806,608	3,806,608	3,806,608	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (497,019)	\$ 3,201,783	\$ 2,609,589	\$ 3,450,628	\$ (36,761)	\$ 804,278

SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL - UNAUDITED

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Original Budget	Final Budget			
REVENUES:						
Utility user charges.....	\$ -	\$ 3,850,587	\$ 3,850,587	\$ 3,891,095	\$ -	\$ 40,508
Other departmental revenue.....	-	516,000	516,000	708,451	-	192,451
Investment income.....	-	500	500	22,466	-	21,966
TOTAL REVENUES.....	-	4,367,087	4,367,087	4,622,012	-	254,925
EXPENDITURES:						
Salary and wages.....	-	313,954	318,680	286,988	-	31,692
Other expenses.....	171,169	1,829,297	2,000,466	1,789,163	200,966	10,337
Debt service.....	-	2,226,254	2,282,965	2,277,953	-	5,012
Capital non-borrowing.....	1,988	250,000	251,988	16,123	242	235,623
TOTAL EXPENDITURES.....	173,157	4,619,505	4,854,099	4,370,227	201,208	282,664
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES.....	(173,157)	(252,418)	(487,012)	251,785	(201,208)	537,589
OTHER FINANCING SOURCES (USES):						
Transfer from General Fund - Salary Reserve Transfer.....	-	-	4,726	4,726	-	-
Transfer from General Fund - Tax Subsidy.....	-	390,000	390,000	390,000	-	-
Transfers out - general fund for indirect costs.....	-	(330,871)	(330,871)	(330,871)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	59,129	63,855	63,855	-	-
NET CHANGE IN FUND BALANCE.....	(173,157)	(193,289)	(423,157)	315,640	(201,208)	537,589
BUDGETARY FUND BALANCE, Beginning of year.....	-	2,052,925	2,052,925	2,052,925	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (173,157)	\$ 1,859,636	\$ 1,629,768	\$ 2,368,565	\$ (201,208)	\$ 537,589

AIRPORT ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL - UNAUDITED

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Original Budget	Final Budget			
REVENUES:						
Utility user charges.....	\$ -	\$ 2,438,596	\$ 2,438,596	\$ 2,109,250	\$ -	\$ (329,346)
Other departmental revenue.....	-	281,000	281,000	285,666	-	4,666
Investment income.....	-	2,400	2,400	1,899	-	(501)
TOTAL REVENUES.....	-	2,721,996	2,721,996	2,396,815	-	(325,181)
EXPENDITURES:						
Salary and wages.....	-	415,851	423,464	379,667	-	43,797
Other expenses.....	-	2,164,645	2,164,645	1,874,027	-	290,618
Capital non-borrowing.....	9,500	60,000	69,500	-	-	69,500
TOTAL EXPENDITURES.....	9,500	2,640,496	2,657,609	2,253,694	-	403,915
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES.....	(9,500)	81,500	64,387	143,121	-	78,734
OTHER FINANCING SOURCES (USES):						
Transfers in - Other Funds.....	-	-	7,613	7,613	-	-
Transfers out - general fund for indirect costs.....	-	(141,500)	(141,500)	(141,500)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(141,500)	(133,887)	(133,887)	-	-
NET CHANGE IN FUND BALANCE.....	(9,500)	(60,000)	(69,500)	9,234	-	78,734
BUDGETARY FUND BALANCE, Beginning of year.....	-	575,201	575,201	575,201	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (9,500)	\$ 515,201	\$ 505,701	\$ 584,435	\$ -	\$ 78,734

SOLID WASTE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL - UNAUDITED

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Original Budget	Final Budget			
REVENUES:						
Utility user charges.....	\$ -	\$ 1,468,289	\$ 1,468,289	\$ 1,690,077	\$ -	\$ 221,788
Other departmental revenue.....	-	158,043	158,043	257,703	-	99,660
Investment income.....	-	8,500	8,500	9,687	-	1,187
TOTAL REVENUES.....	-	1,634,832	1,634,832	1,957,467	-	322,635
EXPENDITURES:						
Salary and wages.....	-	274,536	278,836	278,827	-	9
Other expenses.....	9,400	811,875	821,275	665,512	82,351	73,412
Debt service.....	-	289,212	289,212	289,206	-	6
Capital non-borrowing.....	59,000	95,712	154,712	-	3,300	151,412
TOTAL EXPENDITURES.....	68,400	1,471,335	1,544,035	1,233,545	85,651	224,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(68,400)	163,497	90,797	723,922	(85,651)	547,474
OTHER FINANCING SOURCES (USES):						
Transfer from General Fund - Tax Subsidy.....	-	-	4,300	4,300	-	-
Transfers out - general fund for indirect costs.....	-	(259,209)	(259,209)	(259,209)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(259,209)	(254,909)	(254,909)	-	-
NET CHANGE IN FUND BALANCE.....	(68,400)	(95,712)	(164,112)	469,013	(85,651)	547,474
BUDGETARY FUND BALANCE, Beginning of year.....	-	789,341	789,341	789,341	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (68,400)	\$ 693,629	\$ 625,229	\$ 1,258,354	\$ (85,651)	\$ 547,474