

TOWN OF PLYMOUTH, MASSACHUSETTS

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

FISCAL YEAR ENDED JUNE 30, 2008

TOWN OF PLYMOUTH, MASSACHUSETTS

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JUNE 30, 2008

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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, 2008 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2007), 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.

Except as discussed in the following paragraph, 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.

The Plymouth Growth & Development Corporation did not have adequate documentation or internal controls in place during the year to provide reasonable assurance as to the completeness of parking fee revenue. The Corporation's records and weaknesses in internal control do not permit the application of other auditing procedures to provide adequate documentary evidence over the completeness of the reported parking fee revenue.

Because of the matters discussed in the preceding paragraph, the scope of the other auditor's work was not sufficient to enable them to express, and do not express, an opinion on the financial statements of the Plymouth Growth & Development Corporation as of and for the year ended December 31, 2007.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of June 30, 2008 (except for the Plymouth Contributory Retirement System), 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.

As more fully discussed in Note 12, the Town adopted the provisions of GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009, 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.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the financial statements, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

April 29, 2009

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, 2008.

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, plant and facilities, human services, culture and recreation, interest and state and county charges. 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-side 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.

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 \$201 million at the close of FY2008.

Governmental net assets of \$157 million (78%) 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 \$5.0 million (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$40 million (20%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities net assets decreased by \$15 million during the current fiscal year. The significant reduction in net assets is due to two factors. The first is the implementation of GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement requires a systematic, accrual-basis measurement and recognition of other postemployment benefits (OPEB) cost over a period that approximates employees' years of service and (b) 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 2008 the Town, based on its actuarial valuation, recognized an accrual of \$11.4 million for its portion of the liability that was not paid. The second factor relates to use of \$4.0 million in rate stabilization reserves to balance the FY2008 general fund budget, which caused a direct decrease in net assets.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, for its governmental activities.

Condensed financial data for fiscal years 2008 and 2007 is presented below.

	FY2008		FY2007
	Governmental		Governmental
	Activities		Activities
	<hr/>		<hr/>
Assets:			
Current assets.....	\$ 77,282,405	\$	71,689,540
Noncurrent assets (excluding capital).....	14,631,714		15,426,855
Capital assets.....	196,293,766		187,036,333
Total assets.....	288,207,885		274,152,728
Liabilities:			
Current liabilities (excluding debt).....	9,785,687		9,703,665
Noncurrent liabilities (excluding debt).....	12,711,468		1,837,800
Current debt.....	38,648,283		16,893,751
Noncurrent debt.....	25,460,048		28,749,864
Total liabilities.....	86,605,486		57,185,080
Net Assets:			
Capital assets net of related debt.....	157,195,613		160,398,704
Restricted.....	4,929,522		5,086,269
Unrestricted.....	39,477,264		51,482,675
Total net assets.....	201,602,399		216,967,648

	FY2008	FY2007	Increase/ Decrease
	Governmental Activities	Governmental Activities	
Program revenues:			
Charges for services.....	6,146,587	6,148,961	(2,374)
Operating grants and contributions.....	41,543,481	40,043,957	1,499,524
Capital grants and contributions.....	3,351,706	4,314,171	(962,465)
General Revenues:			
Real estate and personal property taxes.....	100,060,124	96,074,383	3,985,741
Tax liens.....	587,323	491,211	96,112
Motor vehicle and other excise taxes.....	7,083,486	7,350,499	(267,013)
Community preservation tax.....	1,457,813	1,251,472	206,341
Grants and contributions not restricted to specific programs.....	6,801,711	6,451,603	350,108
Unrestricted investment income.....	1,854,600	2,454,690	(600,090)
Other.....	365,176	392,630	(27,454)
Total revenues.....	169,252,007	164,973,577	4,278,430
Expenses:			
General government.....	(9,997,668)	(7,979,452)	(2,018,216)
Public safety.....	(31,012,833)	(26,764,789)	(4,248,044)
Education.....	(120,897,983)	(105,545,308)	(15,352,675)
Public works.....	(10,930,764)	(10,316,250)	(614,514)
Human services.....	(2,130,781)	(2,010,290)	(120,491)
Culture and recreation.....	(3,798,926)	(3,198,075)	(600,851)
Community preservation.....	(3,658,908)	(453,200)	(3,205,708)
Interest.....	(2,089,550)	(1,891,328)	(198,222)
Total expenses.....	(184,517,413)	(158,158,692)	(26,358,721)
Transfers.....	(99,843)	(694,559)	594,716
Change in net assets.....	\$ (15,365,249)	\$ 6,120,326	\$ (21,485,575)

Business-type Activities

Business-type assets exceeded liabilities by \$61 million at June 30, 2008. Capital assets net of related debt of \$56 million (91%) reflects the enterprise funds investment in capital assets. The remaining balance of *unrestricted* net assets of \$5 million (9%) may be used to meet the enterprise funds' ongoing obligations.

There was a decrease of \$1.1 million in net assets reported in connection with the water, sewer, airport, and solid waste business-type activities. The decrease can be attributed to a reduction of revenues in the water and sewer funds. Condensed financial data for the fiscal years 2008 and 2007 are presented below:

	FY2008		FY2007
	Business-type		Business-type
	Activities		Activities
	<u> </u>		<u> </u>
Assets:			
Current assets.....	\$ 9,646,503	\$	13,091,374
Noncurrent assets (excluding capital).....	7,725,648		8,229,089
Capital assets.....	83,228,494		81,213,979
Total assets.....	<u>100,600,645</u>		<u>102,534,442</u>
Liabilities:			
Current liabilities (excluding debt).....	1,068,291		676,212
Noncurrent liabilities (excluding debt).....	934,376		688,800
Current debt.....	6,837,181		5,682,907
Noncurrent debt.....	30,825,319		33,497,001
Total liabilities.....	<u>39,665,167</u>		<u>40,544,920</u>
Net Assets:			
Capital assets net of related debt.....	55,637,750		51,856,726
Unrestricted.....	5,297,728		10,132,796
Total net assets.....	<u>60,935,478</u>		<u>61,989,522</u>
Program revenues:			
Charges for services.....	10,298,960		13,365,242
Capital grants and contributions.....	2,371,373		2,979,524
General Revenues:			
Unrestricted investment income.....	325,502		190,671
Total revenues.....	<u>12,995,835</u>		<u>16,535,437</u>
Expenses:			
Water.....	(4,013,069)		(4,332,711)
Sewer.....	(5,337,642)		(5,628,676)
Airport.....	(3,312,866)		(2,741,753)
Solid waste.....	(1,486,145)		(1,301,751)
Total expenses.....	<u>(14,149,722)</u>		<u>(14,004,891)</u>
Transfers.....	<u>99,843</u>		<u>694,559</u>
Change in net assets.....	<u>\$ (1,054,044)</u>	\$	<u>3,225,105</u>

The water enterprise net assets decreased by (\$831,000) during the current fiscal year. This was mostly attributable to a reduction of revenue, depreciation expense exceeding the principal payments on bonds and the recognition of an \$153,692 liability related to the implementation of GASB #45.

The sewer enterprise net assets decreased by (\$687,000) during the current fiscal year. Most of the change is attributable to a decrease in revenue for user charges of approximately \$500 thousand, the recognition of a \$30,273 liability related to the implementation of GASB #45 and the reduction of state grants received in the current year.

The airport enterprise net assets increased by \$535,000 during the current fiscal year. This was mostly attributable to capital grants of \$1.1 million for taxiway construction, offset by a transfer out to fund the operating budget and the recognition of a \$44,245 liability related to the implementation of GASB #45.

The solid waste enterprise net assets decreased by (\$70,000) during the current fiscal year. This matched the primary objective of the fund where rates are designed to cover the cost of operations and the recognition of a \$44,245 liability related to the implementation of GASB #45.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$17.0 million a decrease of (\$18.1) million in comparison with the prior year. This decrease is primarily attributable to the use of reserves to balance the General Fund budget along with expenditures exceeding revenues in the Community Preservation Fund and the Capital Projects Funds. These funds have short-term debt, which provides spendable cash that will be permanently financed in subsequent fiscal years.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7.2 million, while total fund balance was \$22.8 million. Although the General Fund appears as if it broke even for the fiscal year, in reality a (\$4.3) million deficit was offset by a \$4.0 million transfer in from the rate stabilization fund. The use of this reserve did not occur in FY2007. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5% of total general fund expenditures, while total fund balance represents 15% of that same amount.

The reserve for stabilization fund within the general fund has accumulated a fund balance \$10.6 million which represents 7% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval. Please refer to the notes 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 deficit of (\$696) thousand.

The *school renovation projects fund* is used to account for all financial resources appropriated to fund school construction and renovation projects. At the end of the current fiscal year, the fund had an accumulated deficit of (\$8.1) million.

The Internal Service Governmental Fund provides for health insurance coverage for the Towns employees. Results of operations show an increase in net assets of \$706,000 in FY2008 and the fund has accumulated net assets of \$4.8 million.

General Fund Budgetary Highlights

The \$2.0 million between the original budget and the final amended budget was mainly due to appropriation increases of \$1,055,000 for public safety, \$669,000 for education, \$209,000 for public works, and \$294,000 for the transfer to the stabilization fund. The increases relate primarily to capital repairs and equipment purchases and also minor increases in operating budgets.

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, 2008, totaled \$28.7 million, of which approximately \$21.3 million relates to various School construction projects, leaving a balance of approximately \$7.4 million for CIP related projects.

The enterprise funds have \$30.6 million in sewer debt, \$1.4 million in water debt, and \$1.5 million in solid waste debt that are mostly supported by the rates, but require general fund subsidies.

The Town's major capital project relates to school renovation projects, Town technology upgrades, a sewer treatment plant, and infrastructure management. These projects will continue through fiscal year 2009.

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.

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Plymouth Growth & Development
ASSETS				
CURRENT:				
Cash and short-term investments.....	\$ 48,564,478	\$ 2,264,687	\$ 50,829,165	\$ 126,747
Investments.....	16,604,368	4,088,505	20,692,873	-
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	2,208,020	-	2,208,020	-
Real estate tax deferrals.....	132,117	-	132,117	-
Tax liens.....	591,596	114	591,710	-
Motor vehicle excise taxes.....	1,349,116	-	1,349,116	-
User fees.....	-	2,765,376	2,765,376	-
Departmental and other.....	659,223	22,443	681,666	-
Special assessments.....	59,159	-	59,159	-
Intergovernmental.....	5,802,552	503,439	6,305,991	-
Parking tickets.....	-	-	-	420,375
Tax foreclosures.....	1,190,476	-	1,190,476	-
Working capital deposit.....	121,300	-	121,300	-
Prepaid expenses.....	-	1,939	1,939	20,458
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	14,631,714	7,725,648	22,357,362	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	102,374,437	22,749,405	125,123,842	-
Depreciable.....	93,919,329	60,479,089	154,398,418	209,210
TOTAL ASSETS.....	288,207,885	100,600,645	388,808,530	776,790
LIABILITIES				
CURRENT:				
Warrants payable.....	4,693,583	792,763	5,486,346	30,867
Health claims payable.....	2,020,650	-	2,020,650	-
Tax refunds payable.....	389,000	-	389,000	-
Accrued interest.....	274,853	242,628	517,481	-
Abandoned property.....	421,146	-	421,146	-
Other liabilities.....	1,836,855	-	1,836,855	5,891
Capital lease obligations.....	-	-	-	53,212
Landfill closure.....	-	30,000	30,000	-
Compensated absences.....	149,600	2,900	152,500	-
Bonds and notes payable.....	38,648,283	6,837,181	45,485,464	-
NONCURRENT:				
Capital lease obligations.....	-	-	-	91,258
Landfill closure.....	-	630,000	630,000	-
Compensated absences.....	1,346,400	26,100	1,372,500	-
Post-employment benefits.....	11,365,068	278,276	11,643,344	-
Bonds and notes payable.....	25,460,048	30,825,319	56,285,367	-
TOTAL LIABILITIES.....	86,605,486	39,665,167	126,270,653	181,228
NET ASSETS				
Invested in capital assets, net of related debt.....	157,195,613	55,637,750	212,833,363	64,740
Restricted for:				
Permanent funds:				
Expendable.....	205,358	-	205,358	-
Nonexpendable.....	1,165,958	-	1,165,958	-
Other purposes.....	3,558,206	-	3,558,206	-
Unrestricted.....	39,477,264	5,297,728	44,774,992	530,822
TOTAL NET ASSETS.....	\$ 201,602,399	\$ 60,935,478	\$ 262,537,877	\$ 595,562

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2008

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.....	\$ 9,997,668	\$ 1,960,020	\$ 1,642,213	\$ -	\$ (6,395,435)
Public safety.....	31,012,833	1,354,437	880,588	-	(28,777,808)
Education.....	120,897,983	1,831,615	37,014,101	-	(82,052,267)
Public works.....	10,930,764	13,172	336,668	2,391,079	(8,189,845)
Human services.....	2,130,781	360,849	703,940	-	(1,065,992)
Culture and recreation.....	3,798,926	626,494	244,266	-	(2,928,166)
Community preservation.....	3,658,908	-	-	960,627	(2,698,281)
Interest.....	2,089,550	-	721,705	-	(1,367,845)
Total Governmental Activities.....	184,517,413	6,146,587	41,543,481	3,351,706	(133,475,639)
<i>Business-Type Activities:</i>					
Water.....	4,013,069	2,983,905	-	18,389	(1,010,775)
Sewer.....	5,337,642	3,059,085	-	1,153,758	(1,124,799)
Airport.....	3,312,866	2,970,972	-	1,143,899	802,005
Solid waste.....	1,486,145	1,284,998	-	55,327	(145,820)
Total Business-Type Activities.....	14,149,722	10,298,960	-	2,371,373	(1,479,389)
Total Primary Government.....	\$ 198,667,135	\$ 16,445,547	\$ 41,543,481	\$ 5,723,079	\$ (134,955,028)
Component Unit:					
Plymouth Growth & Development.....	\$ 581,853	\$ 805,850	\$ -	\$ -	\$ 223,997

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Plymouth Growth & Development
Changes in net assets:				
Net (expense) revenue from previous page.....	\$ (133,475,639)	\$ (1,479,389)	\$ (134,955,028)	\$ 223,997
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	100,060,124	-	100,060,124	-
Tax liens.....	587,323	-	587,323	-
Motor vehicle and other excise taxes.....	7,083,486	-	7,083,486	-
Community preservation tax.....	1,457,813	-	1,457,813	-
Grants and contributions not restricted to specific programs.....	6,801,711	-	6,801,711	-
Unrestricted investment income.....	1,854,600	325,502	2,180,102	-
Miscellaneous.....	365,176	-	365,176	-
<i>Transfers, net</i>	(99,843)	99,843	-	-
Total general revenues and transfers.....	118,110,390	425,345	118,535,735	-
Change in net assets.....	(15,365,249)	(1,054,044)	(16,419,293)	223,997
<i>Net Assets:</i>				
Beginning of year.....	216,967,648	61,989,522	278,957,170	371,565
End of year.....	\$ 201,602,399	\$ 60,935,478	\$ 262,537,877	\$ 595,562

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2008

ASSETS	General	Community Preservation	School Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments.....	\$ 18,820,613	\$ 4,888,116	\$ 4,372,143	\$ 14,461,915	\$ 42,542,787
Investments.....	7,223,996	2,726,366	-	4,860,486	14,810,848
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	2,208,020	-	-	-	2,208,020
Real estate tax deferrals.....	132,117	-	-	-	132,117
Tax liens.....	588,521	3,075	-	-	591,596
Motor vehicle excise taxes.....	1,349,116	-	-	-	1,349,116
Departmental and other.....	-	27,135	-	-	27,135
Special assessments.....	-	-	-	59,159	59,159
Intergovernmental.....	15,589,906	953,001	-	3,891,359	20,434,266
Tax foreclosures.....	1,190,476	-	-	-	1,190,476
TOTAL ASSETS.....	\$ 47,102,765	\$ 8,597,693	\$ 4,372,143	\$ 23,272,919	\$ 83,345,520
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 2,928,418	\$ 11,424	\$ 25,882	\$ 1,717,436	\$ 4,683,160
Tax refunds payable.....	389,000	-	-	-	389,000
Abandoned property.....	421,146	-	-	-	421,146
Other liabilities.....	61,447	-	-	-	61,447
Deferred revenues.....	20,461,046	983,211	-	3,950,518	25,394,775
Notes payable.....	-	8,300,000	12,490,651	14,367,816	35,158,467
TOTAL LIABILITIES.....	24,261,057	9,294,635	12,516,533	20,035,770	66,107,995
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	5,112,816	-	-	-	5,112,816
Stabilization.....	10,578,364	-	-	-	10,578,364
Rate stabilization.....	-	-	-	4,215,178	4,215,178
Perpetual permanent funds.....	-	-	-	1,165,958	1,165,958
Unreserved:					
Undesignated, reported in:					
General fund.....	7,150,528	-	-	-	7,150,528
Special revenue funds.....	-	(696,942)	-	8,354,984	7,658,042
Capital projects funds.....	-	-	(8,144,390)	(10,704,329)	(18,848,719)
Permanent funds.....	-	-	-	205,358	205,358
TOTAL FUND BALANCES.....	22,841,708	(696,942)	(8,144,390)	3,237,149	17,237,525
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 47,102,765	\$ 8,597,693	\$ 4,372,143	\$ 23,272,919	\$ 83,345,520

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, 2008

Total governmental fund balances.....		\$ 17,237,525
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		196,293,766
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		25,394,775
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.....		4,762,118
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(274,853)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(28,949,864)	
Post-employment benefits.....	(11,365,068)	
Compensated absences.....	(1,496,000)	
Net effect of reporting long-term liabilities.....		<u>(41,810,932)</u>
Net assets of governmental activities.....		<u>\$ 201,602,399</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2008

	General	Community Preservation	School Renovation Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 99,735,904	\$ -	\$ -	\$ -	\$ 99,735,904
Tax liens.....	329,452	-	-	-	329,452
Motor vehicle and other excise taxes.....	7,487,227	-	-	-	7,487,227
Community preservation tax.....	-	1,457,813	-	-	1,457,813
Intergovernmental.....	37,952,121	1,258,952	-	8,296,408	47,507,481
Departmental and other.....	4,581,624	-	-	6,149,476	10,731,100
Contributions.....	-	-	-	51,121	51,121
Investment income.....	1,298,497	93,913	-	297,303	1,689,713
TOTAL REVENUES.....	151,384,825	2,810,678	-	14,794,308	168,989,811
EXPENDITURES:					
Current:					
General government.....	7,044,321	-	-	1,231,966	8,276,287
Public safety.....	17,834,362	-	-	772,472	18,606,834
Education.....	76,195,118	-	4,527,160	10,380,319	91,102,597
Public works.....	5,241,994	-	-	5,595,347	10,837,341
Human services.....	1,055,094	-	-	765,137	1,820,231
Culture and recreation.....	1,978,644	-	-	713,076	2,691,720
Community preservation.....	-	7,205,158	-	-	7,205,158
Pension benefits.....	14,010,190	-	-	-	14,010,190
Employee benefits.....	25,960,589	-	-	-	25,960,589
State and county charges.....	948,341	-	-	-	948,341
Debt service:					
Principal.....	3,484,819	-	-	-	3,484,819
Interest.....	2,004,631	137,074	-	-	2,141,705
TOTAL EXPENDITURES.....	155,758,103	7,342,232	4,527,160	19,458,317	187,085,812
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,373,278)	(4,531,554)	(4,527,160)	(4,664,009)	(18,096,001)
OTHER FINANCING SOURCES (USES):					
Proceeds from bonds and notes.....	-	-	-	200,000	200,000
Premium from issuance of bonds and notes.....	-	65,490	-	-	65,490
Transfers in.....	4,925,134	-	-	70,275	4,995,409
Transfers out.....	(901,094)	-	-	(4,194,158)	(5,095,252)
TOTAL OTHER FINANCING SOURCES (USES).....	4,024,040	65,490	-	(3,923,883)	165,647
NET CHANGE IN FUND BALANCES.....	(349,238)	(4,466,064)	(4,527,160)	(8,587,892)	(17,930,354)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....	23,190,946	3,769,122	(3,617,230)	11,825,041	35,167,879
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ 22,841,708	\$ (696,942)	\$ (8,144,390)	\$ 3,237,149	\$ 17,237,525

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, 2008

Net change in fund balances - total governmental funds.....		\$ (17,930,354)
<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.....	14,780,526	
Depreciation expense.....	<u>(5,523,093)</u>	
Net effect of reporting capital assets.....		9,257,433
<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>		
		97,309
<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.....	(200,000)	
Debt service principal payments.....	<u>3,484,819</u>	
Net effect of reporting long-term debt.....		3,284,819
<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.....	546,000	
Net change in accrued interest on long-term debt.....	38,296	
Net change in post-employment benefit accrual.....	<u>(11,365,068)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(10,780,772)
<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>706,316</u>
Change in net assets of governmental activities.....		<u>\$ (15,365,249)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
ASSETS						
CURRENT:						
Cash and short-term investments..... \$	590,134	\$ 351,194	\$ 579,613	\$ 743,746	\$ 2,264,687	\$ 6,021,691
Investments.....	3,588,505	500,000	-	-	4,088,505	1,793,520
Receivables, net of allowance for uncollectibles:						
User fees.....	1,499,766	1,265,610	-	-	2,765,376	-
Water and sewer liens.....	114	-	-	-	114	-
Departmental and other.....	-	22,443	-	-	22,443	632,088
Intergovernmental.....	7,103	474,290	-	22,046	503,439	-
Working capital deposit.....	-	-	-	-	-	121,300
Prepaid expenses.....	-	-	-	1,939	1,939	-
Total current assets.....	<u>5,685,622</u>	<u>2,613,537</u>	<u>579,613</u>	<u>767,731</u>	<u>9,646,503</u>	<u>8,568,599</u>
NONCURRENT:						
Receivables, net of allowance for uncollectibles:						
Intergovernmental.....	133,265	7,216,357	-	376,026	7,725,648	-
Capital assets, net of accumulated depreciation..	<u>37,180,865</u>	<u>35,801,375</u>	<u>10,043,462</u>	<u>202,792</u>	<u>83,228,494</u>	<u>-</u>
Total noncurrent assets.....	<u>37,314,130</u>	<u>43,017,732</u>	<u>10,043,462</u>	<u>578,818</u>	<u>90,954,142</u>	<u>-</u>
TOTAL ASSETS.....	<u>42,999,752</u>	<u>45,631,269</u>	<u>10,623,075</u>	<u>1,346,549</u>	<u>100,600,645</u>	<u>8,568,599</u>
LIABILITIES						
CURRENT:						
Warrants payable.....	103,467	10,327	527,682	151,287	792,763	10,423
Health claims payable.....	-	-	-	-	-	2,020,650
Accrued interest.....	10,517	231,888	-	223	242,628	-
Other liabilities.....	-	-	-	-	-	1,775,408
Landfill closure.....	-	-	-	30,000	30,000	-
Compensated absences.....	1,900	-	1,000	-	2,900	-
Bonds and notes payable.....	<u>2,927,760</u>	<u>3,226,792</u>	<u>-</u>	<u>682,629</u>	<u>6,837,181</u>	<u>-</u>
Total current liabilities.....	<u>3,043,644</u>	<u>3,469,007</u>	<u>528,682</u>	<u>864,139</u>	<u>7,905,472</u>	<u>3,806,481</u>
NONCURRENT:						
Landfill closure.....	-	-	-	630,000	630,000	-
Compensated absences.....	17,100	-	9,000	-	26,100	-
Post-employment benefits.....	153,692	30,273	44,245	50,066	278,276	-
Bonds and notes payable.....	<u>1,000,205</u>	<u>28,439,803</u>	<u>-</u>	<u>1,385,311</u>	<u>30,825,319</u>	<u>-</u>
Total noncurrent liabilities.....	<u>1,170,997</u>	<u>28,470,076</u>	<u>53,245</u>	<u>2,065,377</u>	<u>31,759,695</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>4,214,641</u>	<u>31,939,083</u>	<u>581,927</u>	<u>2,929,516</u>	<u>39,665,167</u>	<u>3,806,481</u>
NET ASSETS						
Invested in capital assets, net of related debt.....	33,252,900	12,341,388	10,043,462	-	55,637,750	-
Unrestricted.....	<u>5,532,211</u>	<u>1,350,798</u>	<u>(2,314)</u>	<u>(1,582,967)</u>	<u>5,297,728</u>	<u>4,762,118</u>
TOTAL NET ASSETS.....	<u>\$ 38,785,111</u>	<u>\$ 13,692,186</u>	<u>\$ 10,041,148</u>	<u>\$ (1,582,967)</u>	<u>\$ 60,935,478</u>	<u>\$ 4,762,118</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
OPERATING REVENUES:						
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,584,329
Employer contributions	-	-	-	-	-	24,148,278
Charges for services	2,983,905	3,059,085	18,966	1,284,998	7,346,954	-
Fuel Sales.....	-	-	2,703,872	-	2,703,872	-
Rentals.....	-	-	230,861	-	230,861	-
Other.....	-	-	17,273	-	17,273	514,046
TOTAL OPERATING REVENUES	2,983,905	3,059,085	2,970,972	1,284,998	10,298,960	29,246,653
OPERATING EXPENSES:						
Cost of services and administration	2,864,773	2,692,283	2,907,165	1,393,352	9,857,573	-
Depreciation.....	1,029,029	988,183	405,701	9,667	2,432,580	-
Employee benefits	-	-	-	-	-	28,705,224
TOTAL OPERATING EXPENSES	3,893,802	3,680,466	3,312,866	1,403,019	12,290,153	28,705,224
OPERATING INCOME (LOSS).....	(909,897)	(621,381)	(341,894)	(118,021)	(1,991,193)	541,429
NONOPERATING REVENUES (EXPENSES):						
Investment income/(loss).....	219,954	91,476	9,218	4,854	325,502	164,887
Interest expense.....	(119,267)	(1,657,176)	-	(83,126)	(1,859,569)	-
Intergovernmental.....	18,389	1,153,758	1,143,899	55,327	2,371,373	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	119,076	(411,942)	1,153,117	(22,945)	837,306	164,887
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	(790,821)	(1,033,323)	811,223	(140,966)	(1,153,887)	706,316
TRANSFERS:						
Transfers in.....	175,503	498,274	-	223,567	897,344	-
Transfers out.....	(216,155)	(152,146)	(276,254)	(152,946)	(797,501)	-
TOTAL TRANSFERS.....	(40,652)	346,128	(276,254)	70,621	99,843	-
CHANGE IN NET ASSETS.....	(831,473)	(687,195)	534,969	(70,345)	(1,054,044)	706,316
NET ASSETS AT BEGINNING OF YEAR.....	39,616,584	14,379,381	9,506,179	(1,512,622)	61,989,522	4,055,802
NET ASSETS AT END OF YEAR.....	\$ 38,785,111	\$ 13,692,186	\$ 10,041,148	\$ (1,582,967)	\$ 60,935,478	\$ 4,762,118

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2008

	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.....	\$ 3,700,699	\$ 3,527,451	\$ 2,970,972	\$ 1,284,998	\$ 11,484,120	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	29,164,950
Payments to vendors.....	(2,743,057)	(2,284,686)	(1,952,482)	(759,629)	(7,739,854)	-
Payments to employees.....	-	(521,522)	(414,701)	(533,962)	(1,470,185)	-
Payments for interfund services used.....	-	-	-	-	-	(28,136,927)
NET CASH FROM OPERATING ACTIVITIES.....	957,642	721,243	603,789	(8,593)	2,274,081	1,028,023
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	175,503	498,274	-	223,567	897,344	-
Transfers out.....	(216,155)	(152,146)	(276,254)	(152,946)	(797,501)	-
Intergovernmental grants.....	18,389	-	-	-	18,389	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(22,263)	346,128	(276,254)	70,621	118,232	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds and notes.....	800,000	-	-	423,650	1,223,650	-
Premium from the issuance of bonds and notes.....	-	-	-	5,044	5,044	-
Acquisition and construction of capital assets.....	(2,114,165)	(418,415)	(1,842,224)	(72,292)	(4,447,096)	-
Principal payments on bonds and notes.....	(348,232)	(1,758,167)	-	(91,268)	(2,197,667)	-
Interest expense.....	(121,541)	(1,666,675)	-	(88,213)	(1,876,429)	-
Intergovernmental grants.....	-	1,153,758	1,147,636	55,327	2,356,721	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,783,938)	(2,689,499)	(694,588)	232,248	(4,935,777)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net proceeds from purchase/sales of investments.....	(348,615)	699,952	-	-	351,337	1,016,224
Investment income/(loss).....	219,954	91,476	9,218	4,854	325,502	164,887
NET CASH FROM INVESTING ACTIVITIES.....	(128,661)	791,428	9,218	4,854	676,839	1,181,111
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	(977,220)	(830,700)	(357,835)	299,130	(1,866,625)	2,209,134
CASH AND SHORT-TERM INVESTMENTS						
AT BEGINNING OF YEAR.....	1,567,354	1,181,894	937,448	444,616	4,131,312	3,812,557
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR.....	\$ 590,134	\$ 351,194	\$ 579,613	\$ 743,746	\$ 2,264,687	\$ 6,021,691
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ (909,897)	\$ (621,381)	\$ (341,894)	\$ (118,021)	\$ (1,991,193)	\$ 541,429
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	1,029,029	988,183	405,701	9,667	2,432,580	-
Changes in assets and liabilities:						
User fees.....	716,794	490,809	-	-	1,207,603	-
Departmental and other.....	-	(22,443)	-	-	(22,443)	(81,703)
Working capital deposit.....	-	-	-	-	-	102,600
Prepaid expenses.....	-	-	-	(1,939)	(1,939)	-
Warrants payable.....	(32,976)	(142,198)	497,737	81,634	404,197	(435,855)
Post-employment benefits.....	153,692	30,273	44,245	50,066	278,276	-
Accrued liabilities.....	-	-	-	(30,000)	(30,000)	-
Health claims payable.....	-	-	-	-	-	249,512
Other liabilities.....	-	-	-	-	-	652,040
Accrued compensated absences.....	1,000	(2,000)	(2,000)	-	(3,000)	-
Total adjustments.....	1,867,539	1,342,624	945,683	109,428	4,265,274	486,594
NET CASH FROM OPERATING ACTIVITIES.....	\$ 957,642	\$ 721,243	\$ 603,789	\$ (8,593)	\$ 2,274,081	\$ 1,028,023

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and short-term investments.....	\$ 1,618,084	\$ 2,252,125	\$ 1,410,665
Investments.....	118,820,676	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	46,894	-	-
TOTAL ASSETS.....	120,485,654	2,252,125	1,410,665
LIABILITIES			
Warrants payable.....	153,525	-	56,171
Liabilities due depositors.....	-	-	1,354,494
TOTAL LIABILITIES.....	153,525	-	1,410,665
NET ASSETS			
Held in trust for pension benefits and other purposes.....	\$ <u>120,332,129</u>	\$ <u>2,252,125</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 6,264,568	\$ -
Employee.....	3,115,739	-
Private donations.....	-	2,150,000
Miscellaneous.....	19,547	-
Total contributions.....	9,399,854	2,150,000
Net investment income (loss):		
Net change in fair value of investments.....	4,701,418	-
Interest.....	4,492,480	14,153
Total investment income (loss).....	9,193,898	14,153
Less: investment expense.....	(865,408)	-
Net investment income (loss).....	8,328,490	14,153
Intergovernmental.....	239,574	-
Transfers from other systems.....	462,901	-
TOTAL ADDITIONS.....	18,430,819	2,164,153
DEDUCTIONS:		
Administration.....	346,321	-
Transfers to other systems.....	348,055	-
Retirement benefits and refunds.....	10,194,047	-
TOTAL DEDUCTIONS.....	10,888,423	-
CHANGE IN NET ASSETS.....	7,542,396	2,164,153
NET ASSETS AT BEGINNING OF YEAR.....	112,789,733	87,972
NET ASSETS AT END OF YEAR.....	\$ 120,332,129	\$ 2,252,125

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 support 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 renovation projects fund* is used to account for all financial resources appropriated to fund school construction and renovation projects.

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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 trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

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

All purchases and construction costs in excess of \$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
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.

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

“Stabilization” represents the amount accumulated for general and/or capital purposes upon Town Meeting approval.

“Rate stabilization” represents the amount accumulated for offsetting the loss of revenue resulting from deregulation of the electric utility industry.

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

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

There are several individual fund deficits within the Special Revenue and Capital Project Funds. These deficits will be funded through grants, bond proceeds and available fund balance.

The Community Preservation Fund has an accumulated deficit of (\$696,942). This deficit will be funded in future fiscal years through long-term borrowing.

The School Renovation Fund has an accumulated deficit of (\$8,144,390). This deficit will be funded in future fiscal years through long-term borrowing.

The Solid Waste Enterprise Fund has an accumulated deficit of (\$1,582,967). 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 - 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 \$34,341,980 and the bank balance totaled \$35,417,082. Of the bank balance, \$644,498 was covered by Federal Depository Insurance, and \$34,772,584 was uninsured and uncollateralized.

At December 31, 2007, the carrying amount of deposits for the System totaled \$223,821 and the bank balance totaled \$336,354 all of which was covered by Federal Depository Insurance.

At December 31, 2007, the carrying amount of deposits for the Component Unit totaled \$126,747 and the bank balance totaled \$140,923 all of which was covered by Federal Depository Insurance. Of the bank balance, \$100,000 was covered by Federal Depository Insurance, and \$40,923 was uninsured and uncollateralized.

Investments

As of June 30, 2008, the Town of Plymouth had the following investments:

Investment Type	Fair Value	Maturity	
		Under 1 Year	1-5 Years
<u>Debt Securities</u>			
U.S. Government Agencies.....	\$ 18,319,960	\$ -	\$ 18,319,960
Corporate Bonds.....	750,000	750,000	-
Total Debt Securities.....	19,069,960	\$ 750,000	\$ 18,319,960
<u>Other Investments</u>			
Equity Securities.....	1,622,913		
Money Market Mutual Funds.....	19,109,425		
MMDT.....	1,040,550		
Total Investments.....	\$ 40,842,848		

As of December 31, 2007, the Retirement System had the following investments:

Investment Type	Fair Value	Maturity	Quality
		6-10 Years	Rating
<u>Debt Securities</u>			
Bond Mutual Funds.....	\$ 23,519,346	\$ 23,519,346	unrated
<u>Other Investments</u>			
Equity Securities.....	21,863,524		
Equity Mutual Funds.....	32,025,259		
PRIT Pooled Real Estate.....	10,949,226		
Money Market Mutual Funds.....	1,394,263		
Alternative Investment Mutual Funds.....	8,639,231		
International Equity Funds.....	21,824,090		
Total Investments.....	\$ 120,214,939		

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 \$18,319,960 in U.S. Government Agencies, \$1,622,913 in Equity Securities and \$750,000 in Corporate Bonds, the Town has a custodial credit risk exposure of \$20,692,873 because the related securities are uninsured, unregistered and held by the counterparty. The Town does not have an investment policy for custodial credit risk.

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

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

The Town has not adopted a formal policy related to credit risk. At June 30, 2008 the Town's investments in U.S. Government Agencies are rated AAA and Corporate Bonds are rated AA3. 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, 2008, the System does not have any rated investments.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Investments Exceeding 5% of the Town's Investments

Federal Home Ln Mtg. Corp.....	83%
Federal Farm.....	6%
Corporate Bonds.....	4%
Merrill Lynch.....	8%

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, 2008.

NOTE 3 – SUBSEQUENT EVENT

The System carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. Subsequent to fiscal year end, the System’s investments of \$118,820,676 declined in value by approximately 29% or, \$34.2 million. The following summarizes the market value decline as of December 31, 2008:

Investment Type	Decline	Percentage
Bond Mutual Funds.....	\$ (2,356,640)	10%
Equity Securities.....	(7,311,167)	33%
Equity Mutual Funds.....	(10,059,390)	31%
PRIT Pooled Real Estate.....	(1,739,065)	16%
Alternative Investment Mutual Funds.....	(2,254,527)	12%
International Equity Funds.....	(10,457,828)	48%
Total.....	<u>\$ (34,178,617)</u>	

In accordance with GAAP, the System did not record these losses in the financial statements dated December 31, 2007 as the impairment was not known as of year end. The loss has been recorded subsequently as the System adjusts the investments to market value on a monthly basis.

The market value declines are consistent with recent trends in the overall financial securities markets.

NOTE 4 – RECEIVABLES

At June 30, 2008, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes... \$	2,260,020	\$ (52,000)	\$ 2,208,020
Real estate tax deferrals.....	132,117	-	132,117
Tax liens.....	591,596	-	591,596
Motor vehicle and other excise taxes.....	2,139,116	(790,000)	1,349,116
Departmental and other.....	27,135	-	27,135
Special assessments.....	59,159	-	59,159
Intergovernmental.....	20,434,266	-	20,434,266
Total.....	<u>\$ 25,643,409</u>	<u>\$ (842,000)</u>	<u>\$ 24,801,409</u>

At June 30, 2008, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 1,499,766	\$ -	\$ 1,499,766
Water liens.....	114	-	114
Water intergovernmental.....	140,368	-	140,368
Sewer user fees.....	1,265,610	-	1,265,610
Sewer departmental and other.....	22,443	-	22,443
Sewer intergovernmental.....	7,690,647	-	7,690,647
Solid Waste Intergovernmental.....	398,072	-	398,072
 Total.....	 \$ 11,017,020	 \$ -	 \$ 11,017,020

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....	\$ 1,684,047	\$ -	\$ -	\$ 1,684,047
Real estate tax deferrals.....	132,117	-	-	132,117
Tax liens.....	588,521	3,075	-	591,596
Motor vehicle and other excise taxes.....	1,349,116	-	-	1,349,116
Departmental and other.....	-	27,135	-	27,135
Special assessments.....	-	-	59,159	59,159
Intergovernmental.....	15,516,769	953,001	3,891,359	20,361,129
Tax foreclosures.....	1,190,476	-	-	1,190,476
	<u>\$ 20,461,046</u>	<u>\$ 983,211</u>	<u>\$ 3,950,518</u>	<u>\$ 25,394,775</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 87,872,416	\$ 3,550,000	\$ -	\$ 91,422,416
Construction in progress.....	4,858,481	6,093,540	-	10,952,021
Total capital assets not being depreciated.....	92,730,897	9,643,540	-	102,374,437
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,220,666	-	-	7,220,666
Buildings.....	89,898,639	2,315,700	-	92,214,339
Machinery and equipment.....	30,821,876	498,775	-	31,320,651
Infrastructure.....	63,658,434	1,859,507	(1,281,796)	64,236,145
Vehicles.....	2,506,823	463,004	-	2,969,827
Total capital assets being depreciated.....	194,106,438	5,136,986	(1,281,796)	197,961,628
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,967,739)	(337,176)	-	(2,304,915)
Buildings.....	(37,889,164)	(1,983,352)	-	(39,872,516)
Machinery and equipment.....	(24,880,620)	(981,251)	-	(25,861,871)
Infrastructure.....	(34,125,252)	(1,803,766)	1,281,796	(34,647,222)
Vehicles.....	(938,227)	(417,548)	-	(1,355,775)
Total accumulated depreciation.....	(99,801,002)	(5,523,093)	1,281,796	(104,042,299)
Total capital assets being depreciated, net.....	94,305,436	(386,107)	-	93,919,329
Total governmental activities capital assets, net.....	\$ 187,036,333	\$ 9,257,433	\$ -	\$ 196,293,766

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.....	685,716	2,430,497	-	3,116,213
Total capital assets not being depreciated.....	20,318,908	2,430,497	-	22,749,405
<u>Capital assets being depreciated:</u>				
Land improvements.....	5,584,725	-	-	5,584,725
Buildings.....	31,611,270	515,832	-	32,127,102
Machinery and equipment.....	1,509,475	309,328	-	1,818,803
Vehicles.....	368,956	239,790	-	608,746
Infrastructure.....	67,566,488	951,649	-	68,518,137
Total capital assets being depreciated.....	106,640,914	2,016,599	-	108,657,513
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,909,896)	(266,983)	-	(2,176,879)
Buildings.....	(3,617,054)	(703,306)	-	(4,320,360)
Machinery and equipment.....	(585,977)	(91,392)	-	(677,369)
Vehicles.....	(158,792)	(79,079)	-	(237,871)
Infrastructure.....	(39,474,124)	(1,291,820)	-	(40,765,945)
Total accumulated depreciation.....	(45,745,843)	(2,432,580)	-	(48,178,424)
Total capital assets being depreciated, net.....	60,895,071	(415,981)	-	60,479,089
Total business-type activities capital assets, net.....	\$ 81,213,979	\$ 2,014,516	\$ -	\$ 83,228,494

Component Unit

<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 59,266	\$ 187,341	\$ -	\$ 246,607
Vehicles.....	-	7,982	-	7,982
Total capital assets being depreciated.....	59,266	195,323	-	254,589
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(10,579)	(34,002)	-	(44,581)
Vehicles.....	-	(798)	-	(798)
Total accumulated depreciation.....	(10,579)	(34,800)	-	(45,379)
Total capital assets being depreciated, net.....	\$ 48,687	\$ 160,523	\$ -	\$ 209,210

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

Governmental Activities:

General government.....	\$ 323,140
Public safety.....	797,731
Education.....	1,753,777
Public works.....	2,429,158
Community preservation.....	3,750
Human services.....	42,589
Culture and recreation.....	<u>172,948</u>

Total depreciation expense - governmental activities..... \$ 5,523,093

Business-Type Activities:

Water.....	\$ 1,029,029
Sewer.....	988,183
Airport.....	405,701
Solid Waste.....	<u>9,667</u>

Total depreciation expense - business-type activities..... \$ 2,432,580

Component Unit Activities:

Plymouth Growth and Development Corporation.....	<u>\$ 34,800</u>
--	------------------

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2008, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:					Total
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Solid Waste Enterprise Fund	
General Fund.....	\$ -	\$ 3,750	\$ 175,503	\$ 498,274	\$ 223,567	\$ 901,094
Nonmajor Governmental Funds.....	4,194,158	-	-	-	-	4,194,158
Water Enterprise Fund.....	216,155	-	-	-	-	216,155
Sewer Enterprise Fund.....	152,146	-	-	-	-	152,146
Airport Enterprise Fund.....	209,729	66,525	-	-	-	276,254
Solid Waste Enterprise Fund.....	<u>152,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,946</u>
	<u>\$ 4,925,134</u>	<u>\$ 70,275</u>	<u>\$ 175,503</u>	<u>\$ 498,274</u>	<u>\$ 223,567</u>	<u>\$ 5,892,753</u>

Transfers represent amounts voted to fund the fiscal year 2008 operating budget, reimbursements of indirect costs of the enterprise funds and general fund debt service and capital subsidies to the water, sewer, and solid waste enterprise funds.

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, 2008, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2007	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2008
Governmental Funds							
BAN	Various.....	4.00	07/26/07	\$ 4,640,000	\$ -	\$ (4,640,000)	\$ -
BAN	Various.....	4.15	12/06/07	8,768,932	-	(8,768,932)	-
BAN	Various.....	4.25	12/06/07	-	4,640,000	(4,640,000)	-
BAN	Various.....	3.75	05/15/08	-	13,553,932	(13,553,932)	-
BAN	Various.....	2.75	05/15/09	-	35,158,467	-	35,158,467
BAN	Title V Interim Loan.....	0.00	04/01/11	-	-	-	-
Total Governmental.....				<u>\$ 13,408,932</u>	<u>\$ 53,352,399</u>	<u>\$ (31,602,864)</u>	<u>\$ 35,158,467</u>
Enterprise Funds							
BAN	Water.....	4.00	07/26/07	\$ 100,000	\$ -	\$ (100,000)	\$ -
BAN	Water.....	4.15	12/06/07	1,676,849	-	(1,676,849)	-
BAN	Water.....	4.25	12/06/07	-	100,000	(100,000)	-
BAN	Water.....	3.75	05/15/08	-	1,776,849	(1,776,849)	-
BAN	Water.....	2.75	05/15/09	-	2,576,849	-	2,576,849
Sub-Total water notes payable.....				<u>1,776,849</u>	<u>4,453,698</u>	<u>(3,653,698)</u>	<u>2,576,849</u>
BAN	Sewer.....	4.00	07/26/07	320,000	-	(320,000)	-
BAN	Sewer.....	4.15	12/06/07	100,000	-	(100,000)	-
BAN	Sewer.....	4.10	12/06/07	600,000	-	(600,000)	-
BAN	Sewer.....	4.25	12/06/07	-	320,000	(320,000)	-
BAN	Sewer.....	3.75	05/15/08	-	1,020,000	(1,020,000)	-
BAN	Sewer.....	2.75	05/15/09	-	1,020,000	-	1,020,000
Sub-Total sewer.....				<u>1,020,000</u>	<u>2,360,000</u>	<u>(2,360,000)</u>	<u>1,020,000</u>
BAN	Solid Waste.....	4.15	12/06/07	145,000	-	(145,000)	-
BAN	Solid Waste.....	2.75	05/15/09	-	568,650	-	568,650
Sub-Total solid waste.....				<u>145,000</u>	<u>568,650</u>	<u>(145,000)</u>	<u>568,650</u>
Total Enterprise.....				<u>\$ 2,941,849</u>	<u>\$ 7,382,348</u>	<u>\$ (6,158,698)</u>	<u>\$ 4,165,499</u>

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, 2008, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Municipal Purpose.....	3.40 - 5.20	\$ 580,000	\$ -	\$ 290,000	\$ 290,000
Town Hall Remodeling.....	4.15 - 5.75	545,000	-	95,000	450,000
Fire Station Bonds.....	4.15 - 5.75	510,000	-	85,000	425,000
Memorial Hall Remodeling.....	4.10 - 5.00	2,100,000	-	300,000	1,800,000
Recreational Facilities Bonds.....	4.10 - 5.00	1,380,000	-	230,000	1,150,000
Wastewater Treatment Facility.....	4.10 - 5.00	105,000	-	15,000	90,000
Beach Restoration Bonds.....	4.10 - 5.00	80,000	-	15,000	65,000
Municipal Purpose.....	4.75 - 6.00	23,690,000	-	1,805,000	21,885,000
Senior Center.....	3.25 - 3.88	100,000	-	20,000	80,000
Beach Restoration.....	3.25 - 3.88	50,000	-	10,000	40,000
Computer Hardware.....	3.50	1,550,000	-	225,000	1,325,000
Infrastructure - Streets.....	3.35	650,000	-	325,000	325,000
Beach Restoration.....	3.40	90,000	-	30,000	60,000
Title V - MWPAT.....	4.00	111,005	-	11,100	99,905
Title V - MWPAT.....	4.94	166,204	-	9,529	156,675
Title V - MWPAT.....	0.00	127,474	-	9,190	118,284
Title V - MWPAT.....	0.00	200,000	-	10,000	190,000
Title V - MWPAT.....	0.00	200,000	-	-	200,000
Title V - MWPAT.....	0.00	-	200,000	-	200,000
Total Governmental Bonds Payable.....		\$ 32,234,683	\$ 200,000	\$ 3,484,819	\$ 28,949,864

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

GOVERNMENTAL FUNDS, DEBT SERVICE PAYMENTS

Fiscal Year	Principal	Interest	Total
2009.....	\$ 3,489,816	\$ 1,347,770	\$ 4,837,586
2010.....	3,199,815	1,201,337	4,401,152
2011.....	3,369,816	1,058,572	4,428,388
2012.....	2,614,815	906,716	3,521,531
2013.....	2,583,571	774,294	3,357,865
2014.....	2,164,599	652,707	2,817,306
2015.....	1,849,600	550,990	2,400,590
2016.....	1,850,074	451,518	2,301,592
2017.....	1,775,074	348,576	2,123,650
2018.....	1,763,974	254,259	2,018,233
2019.....	1,763,973	167,049	1,931,022
2020.....	1,764,870	77,672	1,842,542
2021.....	599,867	16,697	616,564
2022.....	30,000	1,250	31,250
2023.....	30,000	750	30,750
2024.....	25,000	375	25,375
2025.....	25,000	125	25,125
2026.....	20,000	-	20,000
2027.....	20,000	-	20,000
2028.....	10,000	-	10,000
Total.....	\$ <u>28,949,864</u>	\$ <u>7,810,657</u>	\$ <u>36,760,521</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for interest costs for \$130,567. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$634,297. 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 2008 interest subsidy totaled approximately \$20,000.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2008, approximately \$1,553,000 of such assistance was received. Approximately \$21,355,000 will be received in future fiscal years. Of this amount, approximately \$5,928,000 represents reimbursement of long-term interest costs, and approximately \$15,427,000 represents reimbursement of approved construction costs. Accordingly, a \$15,427,000 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.

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Sewer Projects.....	3.40 - 5.20	\$ 80,000	\$ -	\$ 40,000	\$ 40,000
Sewer Projects - MWPAT.....	2.35 - 5.50	349,708	-	229,972	119,736
Sewer Projects - MWPAT (Refunding).....	4.64	1,385,500	-	197,000	1,188,500
Wastewater Treatment.....	4.10 - 5.00	140,000	-	20,000	120,000
Sewer Projects.....	4.75 - 6.00	830,000	-	95,000	735,000
Wastewater Treatment - MWPAT (Refunding)....	5.10	21,530,118	-	1,261,142	20,268,976
Wastewater Treatment - MWPAT (Refunding)....	5.02	8,306,623	-	417,820	7,888,803
Wastewater Treatment - MWPAT.....	3.00 - 5.00	298,772	-	13,192	285,580
Sub-Total sewer bonds payable.....		<u>32,920,721</u>	<u>-</u>	<u>2,274,126</u>	<u>30,646,595</u>
Water.....	3.40 - 5.20	210,000	-	105,000	105,000
Water.....	3.40 - 5.20	130,000	-	65,000	65,000
Water Well and Tank Bonds.....	4.75 - 6.00	180,000	-	20,000	160,000
Water Well and Tank Bonds.....	3.25 - 3.88	480,000	-	100,000	380,000
Water.....	3.25 - 3.88	175,000	-	35,000	140,000
North Plymouth Water Well (Refunding).....	5.09	531,124	-	30,008	501,116
Sub-Total water bonds payable.....		<u>1,706,124</u>	<u>-</u>	<u>355,008</u>	<u>1,351,116</u>
Landfill Bonds.....	4.10 - 5.00	150,000	-	25,000	125,000
State revolving fund - Landfill 1 (Refunding).....	5.31	1,207,582	-	71,612	1,135,970
State Revolving Fund - Landfill 2 (Refunding).....	5.32	253,632	-	15,312	238,320
Sub-Total solid waste bonds payable.....		<u>1,611,214</u>	<u>-</u>	<u>111,924</u>	<u>1,499,290</u>
Total Enterprise Bonds Payable.....		<u>\$ 36,238,059</u>	<u>\$ -</u>	<u>\$ 2,741,058</u>	<u>\$ 33,497,001</u>

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>
2009.....	\$ 2,206,792	\$ 1,502,114	\$ 3,708,906
2010.....	2,103,798	1,419,065	3,522,863
2011.....	2,163,703	1,315,708	3,479,411
2012.....	2,226,053	1,205,208	3,431,261
2013.....	2,182,889	1,172,368	3,355,257
2014.....	2,360,658	909,561	3,270,219
2015.....	2,152,714	828,153	2,980,867
2016.....	2,221,085	708,549	2,929,634
2017.....	2,204,863	586,783	2,791,646
2018.....	2,273,234	463,173	2,736,407
2019.....	2,350,108	332,460	2,682,568
2020.....	2,413,886	179,082	2,592,968
2021.....	2,457,257	113,554	2,570,811
2022.....	645,628	50,338	695,966
2023.....	659,407	17,712	677,119
2024.....	24,520	613	25,133
Total.....	<u>\$ 30,646,595</u>	<u>\$ 10,804,441</u>	<u>\$ 41,451,036</u>

WATER ENTERPRISE FUND, DEBT SERVICE PAYMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009.....	\$ 350,911	\$ 56,193	\$ 407,104
2010.....	182,040	45,717	227,757
2011.....	183,165	38,346	221,511
2012.....	185,000	30,739	215,739
2013.....	55,000	21,946	76,946
2014.....	55,000	18,961	73,961
2015.....	60,000	16,815	76,815
2016.....	60,000	13,434	73,434
2017.....	40,000	10,591	50,591
2018.....	45,000	7,961	52,961
2019.....	45,000	4,881	49,881
2020.....	45,000	2,250	47,250
2021.....	45,000	1,125	46,125
Total.....	<u>\$ 1,351,116</u>	<u>\$ 268,959</u>	<u>\$ 1,620,075</u>

SOLID WASTE ENTERPRISE FUND, DEBT SERVICE PAYMENTS

Fiscal Year	Principal	Interest	Total
2009.....	\$ 113,979	\$ 76,519	\$ 190,498
2010.....	116,368	70,426	186,794
2011.....	118,943	64,789	183,732
2012.....	120,000	58,228	178,228
2013.....	120,000	48,303	168,303
2014.....	105,000	44,768	149,768
2015.....	105,000	38,982	143,982
2016.....	110,000	32,909	142,909
2017.....	110,000	27,024	137,024
2018.....	115,000	20,745	135,745
2019.....	120,000	14,835	134,835
2020.....	120,000	9,313	129,313
2021.....	125,000	3,281	128,281
Total.....	<u>\$ 1,499,290</u>	<u>\$ 510,122</u>	<u>\$ 2,009,412</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 \$8,229,089 and interest costs for \$8,325,994. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$22,644,480. The principal subsidies are guaranteed and therefore intergovernmental receivables and corresponding revenues of \$7,690,647, \$140,369, and \$398,073 have been 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 2008 principal and interest subsidies totaled approximately \$1,655,000, \$25,000 and \$76,000, 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, 2008, the Town had the following authorized and unissued debt:

Purpose	Amount
Beach improvements.....	\$ 2,727,000
Title V.....	414,746
North Plymouth Well.....	56,849
Bradford Well.....	600,000
Information Technology.....	3,042,891
DPW Infrastructure.....	6,500,000
School HVAC.....	12,980,000
School Roof Repairs.....	1,490,000
Fire Engines.....	2,385,000
Land Acquisition.....	8,900,000
School and Senior Center.....	199,000,000
Affordable Housing.....	2,000,000
Planning.....	70,000
School Building Repairs.....	810,651
Water Department Generators.....	720,000
Sewer Vehicles and Equipment.....	260,000
Replace Dump Trucks.....	428,638
Wannos Pond Well.....	1,000,000
Landfills.....	300,000
Sewer Planning Bonds.....	350,000
Street Sweeper.....	185,000
Electronic Sticker Scanner.....	123,650
Cemetery Crematory.....	775,000
Rehabilitate Harrington Tank.....	700,000
Replace Exterior Doors.....	86,400
Replace Renovate Siever Field.....	256,278
Pavilion at Forges Field.....	94,425
Replace P64 1991 Bucket Truck.....	120,894
Replace Lout Pond Well.....	1,000,000
Replace 1995 Roll-off Truck.....	145,000
Test Wells.....	600,000
Wastewater Facility.....	600,000
Renovate Siever Field.....	213,290
Billington Sea Dam.....	200,000
Loader Truck.....	125,000
Packer Truck.....	134,000
Sand Filter Beds Bradford Green.....	3,750,000
Total.....	<u>\$ 253,144,712</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2008, the following changes occurred in long-term liabilities:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Current Portion
Governmental Activities:					
Long-Term Bonds and Notes.....	\$ 32,234,683	\$ 200,000	\$ (3,484,819)	\$ 28,949,864	\$ 3,489,816
Compensated Absences.....	2,042,000	-	(546,000)	1,496,000	149,600
Post-employment benefits.....	-	11,365,068	-	11,365,068	-
Total governmental activity long-term liabilities.....	<u>\$ 34,276,683</u>	<u>\$ 11,565,068</u>	<u>\$ (4,030,819)</u>	<u>\$ 41,810,932</u>	<u>\$ 3,639,416</u>
Business-Type Activities:					
Compensated Absences.....	\$ 32,000	\$ -	\$ (3,000)	\$ 29,000	\$ 2,900
Landfill Closure.....	690,000	-	(30,000)	660,000	30,000
Post-employment benefits.....	-	278,286	-	278,286	-
Long-Term Bonds and Notes.....	<u>36,238,059</u>	<u>-</u>	<u>(2,741,058)</u>	<u>33,497,001</u>	<u>2,741,058</u>
Total business-type activity long-term liabilities.....	<u>\$ 36,960,059</u>	<u>\$ -</u>	<u>\$ (2,774,058)</u>	<u>\$ 34,186,001</u>	<u>\$ 2,773,958</u>
Component Unit:					
Capital Leases.....	<u>\$ -</u>	<u>\$ 174,306</u>	<u>\$ (29,836)</u>	<u>\$ 144,470</u>	<u>\$ 53,212</u>

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

NOTE 9 - STABILIZATION FUNDS

At June 30, 2008, \$10,578,364 has been set aside in a stabilization fund, which is classified in the General Fund. During fiscal year 2008, the Town transferred \$4,712,178 from the approved operating budget into the fund. The Town transferred \$2,750,000 from the fund for the approved operating budget in fiscal year 2008. The Town also transferred \$250,000 from this fund to the sewer enterprise fund. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

At June 30, 2008, \$4,215,178 has been set aside in a rate stabilization fund, which is classified as a component of the non-major governmental funds financial statements. During FY2008 the Town transferred \$4,000,000 to the general fund to support the current operating budget. The rate stabilization fund may be used for any purpose to offset the loss of revenue resulting from deregulation of the electric utility industry.

NOTE 10 – 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 reasonable 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 \$125,000. At June 30, 2008, the amount of the liability for health and dental insurance claims totaled \$2,020,650. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2005, 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 2007.....	\$ 2,102,225	\$	24,082,966	\$	(24,414,053)	\$	1,771,138
Fiscal Year 2008.....	1,771,138		28,954,736		(28,705,224)		2,020,650

NOTE 11 - 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 \$7,861,000 for the fiscal year ended June 30, 2008, 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 unaudited financial report in accordance with guidelines established by the Commonwealth’s PERAC. That report may be obtained by contacting the System located at 10 Cordage Park Circle, Suite 240, Plymouth, Massachusetts, 02360.

At December 31, 2007, the System's membership consists of the following:

Active members.....	1,093
Inactive members.....	235
Disabled members.....	74
Retirees and beneficiaries currently receiving benefits.....	<u>457</u>
Total.....	<u><u>1,859</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 97%, 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, 2008, 2007, and 2006 were \$6,278,086, \$5,798,293, and \$5,439,421, respectively, which equaled its required contribution for each fiscal year. At June 30, 2008, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.25% 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, 2007, was 14 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)
01/01/07	\$ 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%
01/01/01	85,389	114,181	28,792	74.8%	27,445	104.9%
01/01/99	71,201	98,269	27,068	72.5%	25,721	105.2%

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 12 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2008 is the initial year that the Town has implemented GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). As allowed by GASB 45, the Town has established the net Other Post Employment Benefit (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

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.

At June 30, 2008, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	1,177
Current active members.....	<u>1,184</u>
 Total	 <u><u>2,361</u></u>

Funding Policy—Contributions 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. For the fiscal year ended June 30, 2008, plan members contribute approximately \$1,739,000 through their required contributions. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town also contributed approximately \$8,697,000 during fiscal year 2008 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

Annual OPEB Costs and Net OPEB Obligation—The Town’s annual other post employment 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:

Normal cost.....	\$ 10,553,931
Amortization of unfunded actuarial accrued liability.....	<u>9,786,458</u>
 Annual OPEB cost (expense).....	 20,340,389
 Contributions made.....	 <u>(8,697,045)</u>
 Net OPEB obligation - end of year.....	 <u><u>\$ 11,643,344</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 year is as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2008	\$ 20,340,389	\$ 8,697,045	42.8%

Funded Status and Funding Progress—The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2006, 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)
7/1/2006	\$ -	\$ 264,991,414	\$ 264,991,414	0.00%	\$ 82,014,156	323.10%

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 healthcares 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 financials reporting purposes are based on the substantive plan (the plan an 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.

NOTE 13 - 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 2008 were approximately \$409,000.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$217,600,000 for construction of a school and senior center, sewage treatment and disposal plant, for post-closure care costs associated with the Town’s landfill, for various beach improvements, for improvements of the North Plymouth well, for school roof and HVAC repairs, for various school technology upgrades, for infrastructure management, and for the Title V septic replacement loans.

NOTE 14 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2008, 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, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2008, the following GASB pronouncements were implemented:

- The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in fiscal year 2008. The basic financial statements and disclosures in Note 12 were impacted by this GASB.
- The GASB issued Statement #50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, which is required to be implemented in fiscal year 2008. The basic financial statements were not impacted by this GASB.
- The GASB issued Statement #53, *Accounting and Financial Reporting for Derivative Instruments*, which is required to be implemented in fiscal 2010. The standards in this statement require all derivative instruments be reported at fair value. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #52, *Land and Other Real Estate Held as Investments by Endowments*, which is required to be implemented in fiscal year 2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Management does not expect this pronouncement to impact the basic financial statements.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 99,818,575	\$ 99,818,575	\$ 99,818,575	\$ 100,236,762	\$ -	\$ 418,187
Tax liens.....	-	-	-	-	329,452	-	329,452
Motor vehicle and other excise taxes.....	-	6,550,000	6,550,000	6,550,000	7,487,227	-	937,227
Intergovernmental.....	-	28,344,010	28,344,010	28,344,010	30,071,216	-	1,727,206
Departmental and other.....	-	5,718,000	5,718,000	5,718,000	4,581,624	-	(1,136,376)
Investment income.....	-	1,478,339	1,478,339	1,478,339	1,033,693	-	(444,646)
TOTAL REVENUES.....	-	141,908,924	141,908,924	141,908,924	143,739,974	-	1,831,050
EXPENDITURES:							
Current:							
General government.....	1,450,069	7,326,210	8,776,279	8,584,027	6,997,755	1,486,418	99,854
Public safety.....	118,099	17,470,703	17,588,802	18,644,159	17,812,434	741,814	89,911
Education.....	1,102,832	75,964,396	77,067,228	77,736,179	76,195,118	1,400,913	140,148
Public works.....	1,271,848	4,266,898	5,538,746	5,770,359	5,241,994	1,293,242	(764,877)
Human services.....	54,100	890,436	944,536	1,130,246	1,055,094	56,383	18,769
Culture and recreation.....	119,896	1,958,126	2,078,022	2,074,491	1,943,644	118,774	12,073
Pension benefits.....	-	6,146,245	6,146,245	6,149,190	6,149,190	-	-
Employee benefits.....	11,444	26,216,307	26,227,751	26,102,766	25,960,589	37,200	104,977
State and county charges.....	-	937,377	937,377	937,377	948,341	-	(10,964)
Debt service:							
Principal.....	-	3,484,819	3,484,819	3,494,819	3,484,819	-	10,000
Interest.....	-	2,904,639	2,904,639	2,741,624	1,984,726	-	756,898
TOTAL EXPENDITURES.....	4,128,288	147,566,156	151,694,444	153,365,237	147,773,704	5,134,744	456,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES...	(4,128,288)	(5,657,232)	(9,785,520)	(11,456,313)	(4,033,730)	(5,134,744)	2,287,839
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	7,526,895	7,526,895	7,670,434	7,675,134	-	4,700
Transfers out.....	-	(5,065,726)	(5,065,726)	(5,359,522)	(5,363,272)	-	(3,750)
TOTAL OTHER FINANCING SOURCES (USES).....	-	2,461,169	2,461,169	2,310,912	2,311,862	-	950
NET CHANGE IN FUND BALANCE.....	(4,128,288)	(3,196,063)	(7,324,351)	(9,145,401)	(1,721,868)	(5,134,744)	2,288,789
BUDGETARY FUND BALANCE, Beginning of year.....	-	14,668,015	14,668,015	14,668,015	14,668,015	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (4,128,288)	\$ 11,471,952	\$ 7,343,664	\$ 5,522,614	\$ 12,946,147	\$ (5,134,744)	\$ 2,288,789

See notes to basic financial statements.

OTHER POST-EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2008

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)
7/1/2006	\$ -	\$ 264,991,414	\$ 264,991,414	0.00%	\$ 82,014,156	323.10%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2008	\$ 20,340,389	\$ 8,697,045	42.8%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008.

See notes to required supplementary information.

OTHER POST-EMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

June 30, 2008

Actuarial Methods:

Valuation date.....	July 1, 2006
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.75%
Remaining amortization period.....	30 years as of July 1, 2008, closed
Actuarial Assumptions:	
Investment rate of return.....	4.5%, pay-as-you-go scenario
Projected salary increases.....	3.8%
Medical/drug cost trend rate.....	11% decreasing to 6% in year 2040

Plan Membership:

Current retirees, beneficiaries, and dependents.....	1,177
Current active members.....	<u>1,184</u>
Total	<u><u>2,361</u></u>

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYA. 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 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 2008 approved budget authorized approximately \$156,760,000 appropriations and other amounts to be raised. During fiscal year 2008, the Town meeting also approved supplemental appropriations totaling approximately \$1,965,000.

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, 2008, is presented below:

Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ (1,721,868)
<u>Perspective difference:</u>	
Stabilization Fund recorded in the General Fund for GAAP.....	2,060,460
<u>Basis of accounting differences:</u>	
Additional liabilities.....	(103,494)
Recognition of market value adjustment.....	(83,478)
Net change in recording tax refunds payable.....	(172,000)
Net change in recording 60-day receipts accrual.....	(328,858)
Recognition of revenue for on-behalf payments.....	7,861,000
Recognition of expenditures for on-behalf payments.....	<u>(7,861,000)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ (349,238)</u>

C. Appropriation Deficits

During fiscal year 2008, expenditures exceeded budgeted appropriations for public works and state & county charges. These deficits will be funded through tax levy in fiscal year 2009.

NOTE B - OTHER POST-RETIREMENT BENEFITS

The Town of Plymouth administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental 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 post-employment 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. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

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.