

TOWN OF SCITUATE, MASSACHUSETTS

Report on Examination of
Basic Financial Statements
and Additional Information
Year Ended June 30, 2009

TOWN OF SCITUATE, MASSACHUSETTS

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ROSELLI, CLARK & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Scituate, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Scituate, Massachusetts (the "Town"), as of and for the year ended June 30, 2009 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's managements. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 to 10 and the required supplementary information on pages 40 to 42, as listed in the table of contents, are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
October 15, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found on pages 11 to 42 in this report.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by approximately \$103.4 million (*total net assets*). Of this amount, approximately \$14.0 million (*total unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased approximately \$3.2 million, or 3.0%, from the prior year. This decrease was due to an approximate \$4.0 million decrease in governmental net assets, which was offset by a \$0.8 million increase in business-type net assets. In 2009, the Town adopted a new governmental accounting standard that resulted in the recording of over \$3.5 million as an expense and liability in the general fund. This figure is an actuarial estimate of the future post-employment benefits payable by the Town for post retirement health and welfare benefits for its employees. The recording of this actuarial estimate was the primary contributor to the decrease in governmental net assets in 2009. The Waterways fund was the recipient of intergovernmental revenue in the amount of \$0.6 million. This was the primary contributor to the increase in business-type net assets.
- At June 30, 2009, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of nearly \$15.5 million. This represents a decrease of approximately \$0.6 million, or 3.7% from the prior year. There were a number of factors that contributed to this net decrease:
 - The fund balance in the general fund decreased by approximately \$0.5 million, which was primarily due to increased debt service requirements and higher employee and retiree benefits.
 - The fund balance in the mitigation fund decreased nearly \$0.7 million, which was primarily attributable to the repayment to the Commonwealth of Massachusetts of accumulated interest earned on invested monies paid to the Town by the MBTA.
 - The fund balances in the community preservation and affordable housing funds increased approximately \$1.4 million. Property tax revenues of \$1.7 million exceeded costs of nearly \$0.3 million in 2009.
 - The fund balance in nonmajor governmental funds decreased nearly \$0.9 million as expenses exceeded revenues and other financing sources (i.e., proceeds from temporary and permanent financings) in 2009.
- The accounting treatment for certain items vary greatly between the Statement of Net Assets and the Governmental Fund Balance Sheet, thus the significant differences in equity and fund balance amounts between the two statements noted above. A reconciliation has been provided on page 15 of the accompanying basic financial statements to assist the reader in understanding these differences.

- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$0.6 million, or 1.1%, of total 2009 general fund expenditures.
- The Town's total long-term debt, which consists of bond indebtedness decreased approximately \$3.9 million in 2009 from \$47.8 million to \$44.1 million. The Town did not enter into any new permanent financings in 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's 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 the Town's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Town's 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 of the Town 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 of the Town that are principally supported by taxes and intergovernmental revenue (*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 of the Town include general government, public safety, highways and streets, sanitation, education, debt service, fringe benefits and culture and recreation. The business-type activities of the Town include water, sewer, golf, waterways and transfer station enterprise funds. The government-wide financial statements can be found on pages 11 and 12 of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided on pages 15 and 16 to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Stabilization fund, Massachusetts Bay Transportation Authority, Affordable Housing and Community Preservation Fund. Data from the other three governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental funds.

The Town 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. This schedule has been prepared as required supplementary information and can be found on page 41 of this report.

The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

Proprietary Funds. The Town maintains five 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, golf, waterways and transfer station enterprises.

Proprietary funds provide the same type of information as the Government-Wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, golf, waterways and transfer station enterprises. The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

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 proprietary funds.

The basic fiduciary fund financial statements can be found of pages 20 and 21 of this report.

Notes to the 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. The notes to the financial statements can be found of pages 22 to 39 of this report.

Government-Wide Financial Analysis

Statement of Net Assets (see Exhibit I on page 9). As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$103.4 million at June 30, 2009.

The single largest financial component of net assets reported in the Town's Statement of Net Assets is its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) used to acquire those assets that is still outstanding. The net of these items is approximately \$85.3 million, or 82.5%, of total net assets at June 30, 2009. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of 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.

Approximately \$4.2 million, or 4.0%, of the Town's net assets represent resources that are subject to external restriction on how they may be used. The remaining balance of approximately \$14.0 million, or 13.5%, of net assets are categorized as *unrestricted net assets*, and may be used to meet the Town's ongoing obligations to citizens and creditors.

At June 20, 2009, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Statement of Activities (see Exhibit II on page 10). The government's total net assets decreased approximately \$3.2 million, or 3.0%, from the previous year. This decrease was due primarily to the adoption of a new governmental accounting standard, which required the Town to record into its operations the actuarial estimate of post-employment health and welfare benefits for Town employees and retirees, which amounts to over \$3.5 million in 2009.

Major revenue sources of the governmental activities include property taxes and intergovernmental revenues, which represented approximately 62.2% and 26.2% of total 2009 governmental revenues, respectively. Business-type activities consist of revenues from the operations of water (approximately 31.6%), sewer (approximately 26.0%), golf (approximately 13.8%), transfer station (approximately 11.5%) and the waterways funds (approximately 17.1%).

Education expenses, which represent the single largest governmental activity, represented over 46.6% of 2009 total expenses. Pension and other fringe benefits, which includes the \$3.5 million post-employment benefit actuarial estimate (see above), represented approximately 25.0% of 2009 total expenses. Finally, public safety expenses represented approximately 10.7% of 2009 total expenses. No other expense categories in governmental activities represented over ten percent of total 2009 expenses.

Business-type activities consist of expenses from the operations of water (approximately 29.7%), sewer (approximately 23.4%), golf (approximately 12.0%), transfer station (approximately 12.5%), waterways funds (approximately 8.0%) and debt service (approximately 14.3%).

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's 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 close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$15.5 million. This represents a decrease of approximately \$0.6 million from the prior year.

General fund is the chief operating fund of the Town. In 2009, the fund balance in the general fund decreased by approximately \$0.5 million, which was primarily due to increased debt service requirements and higher employee and retiree benefits.

Mitigation fund has a total fund balance of approximately \$2.85 million. The fund is used to account for funds received from the Massachusetts Bay Transportation Authority ("MBTA") in relation to a mitigation agreement between the Town and the MBTA, in which the MBTA has been allowed to operate a railway transportation service through the Town. In 2009, the fund balance in the mitigation fund decreased nearly \$0.7 million, which was primarily attributable to the repayment to the Commonwealth of Massachusetts of accumulated interest earned on invested monies paid to the Town by the MBTA.

Community Preservation Fund has a total fund balance of approximately \$6.0 million. The fund is used to account for specific activities related to the purchase of land parcels within the Town for community preservation purposes. In 2009, the community preservation transferred \$0.7 million to the *affordable housing fund*, which is a new fund in 2009.

Nonmajor Governmental Funds include all other governmental funds. The fund balance in nonmajor governmental funds decreased nearly \$0.9 million as expenses exceeded revenues and other financing sources in 2009.

- **Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At June 30, 2009, net assets of the water fund amounted to approximately \$11.7 million; net assets of the sewer fund amounted to approximately \$25.8 million; net assets of the golf fund amounted to approximately \$0.3 million; net assets of the waterways fund amounted to approximately \$3.5 million; and the net deficit of the transfer station amounted to approximately \$0.6 million. The Proprietary fund total net assets increased by approximately \$0.8 million from the prior year. The Waterways fund was the recipient of intergovernmental revenue in the amount of \$0.6 million. This was the primary contributor to this increase.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were insignificant. The schedule of budgetary information is provided on page 41.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to approximately \$120.0 million, net of accumulated depreciation. In 2009, the Town recorded capital additions of \$1.6 million and depreciation expense of \$2.8 million.

The following table summarizes the capital assets held by the Town at June 30, 2009:

	Governmental	Business-Type	TOTAL
Land	\$ 16,943	\$ 3,675	\$ 20,618
Construction in process	1,698	443	2,141
Land improvements and infrastructure	18,813	68,684	87,497
Building and improvements	41,780	6,162	47,942
Vehicles and equipment	<u>10,865</u>	<u>2,665</u>	<u>13,530</u>
	90,099	81,629	171,728
Less accumulated depreciation	<u>(25,674)</u>	<u>(26,060)</u>	<u>(51,734)</u>
Net capital assets	\$ <u>64,425</u>	\$ <u>55,569</u>	\$ <u>119,994</u>

Additional information on the Town capital assets can be found in note III. C on pages 30 and 31 of this report.

Long-term Debt. At the June 30, 2009, the Town had total bond indebtedness outstanding of approximately \$44.1 million. The entire amount comprises debt backed by the full faith and credit of the government. Of this amount, approximately \$14.6 million represents general obligation bonds of governmental activities and approximately \$29.5 million represents general obligation bonds of business-type activities. The Town's total bond indebtedness outstanding decreased by approximately \$3.8 million in 2009 as the Town made regular scheduled pay downs of debt. There were no new bond issuances in 2009.

As of June 20, 2009, the Town is entitled to receive reimbursements for principal pay down of these notes in the amount of approximately \$2.3 million and future interest also in the amount of approximately \$2.5 million from the MWPAT.

In addition to permanent bond indebtedness, the Town has approximately \$5.1 million in bond anticipation notes payable outstanding at June 30, 2009. These temporary borrowings are scheduled to mature in March 2010.

The Town maintains an "Aa3" rating as set by Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a Town may issue to 5.0% percent of its total assessed valuation. The current debt limitation for the Town is approximately \$210.7 million, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's debt can be found in note III.E and F on pages 32 to 35 of this report.

Economic Factors and Next Year's Budgets and Rates

- Consistent with both State and National work force trends, the Town's unemployment rates have been increasing steadily over the past 12 months and this trend is anticipated to continue into calendar 2010. When the economy rebounds, the Town expects to participate in the rebound and ultimately experience an improvement in unemployment. However, the extent, timing or certainty of any economic rebound can not be reasonably estimated at this time.
- The Town's real estate tax base is made up predominantly of residential taxes, which comprise nearly 96.0 % of the Town's real estate tax base. The Town does not rely heavily on its commercial or industrial real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.
- Consistent with both State and National indices, the Town's housing market is in a downward trend. Housing prices are approximately 20% to 25% lower than their 2005 peaks. As the economy rebounds, the Town expects its housing market to participate ratably in the rebound. However, the extent, timing or certainty of any housing rebound can not be reasonably estimated at this time.

All of the above items were considered when the Town developed its budget for fiscal year 2010.

On April 13 2009, Town Meeting approved the Town's fiscal year 2010 budget. All of the above items were considered when the Town developed this budget. General Fund appropriations approved were approximately \$53.5 million, and Enterprise fund appropriations approved were approximately \$9.1 million. For the General fund, property taxes of approximately \$41.0 million (net of overlay) make up approximately 76.6% of the appropriation funding sources (this includes debt exclusion overrides of \$1.1 million to fund debt on school construction, computers and books, as well as Sewer debt of \$0.6 million), State aid of approximately \$7.0 million make up approximately 13.1% of the appropriation funding sources, local receipts of approximately \$4.6 million make up approximately 8.6% of the appropriation funding sources and the remainder, approximately 1.7% is made up of, transfers from special revenue funds and prior year appropriations, and reimbursements from Enterprise funds for indirect costs. Funding for Enterprise funds is made up primarily from user charges and a subsidy from the General fund.

The Town's tax rate for 2010 is anticipated to be set by December 31, 2009.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, 600 Chief Justice Cushing Way Scituate, Massachusetts 02066.

**EXHIBIT I
GOVERNMENT-WIDE FINANCIAL ANALYSIS**

NET ASSETS

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>						
Current and other assets	\$ 23,127,141	\$ 23,295,560	\$ 20,185,552	\$ 19,587,001	\$ 43,312,693	\$ 42,882,561
Capital assets, net	64,425,043	65,644,548	55,569,351	55,460,316	119,994,394	121,104,864
Total Assets	87,552,184	88,940,108	75,754,903	75,047,317	163,307,087	163,987,425
<u>Liabilities</u>						
Long term liabilities	14,699,022	15,881,028	28,948,399	31,416,777	43,647,421	47,297,805
Other liabilities	10,199,244	6,326,978	6,073,169	3,726,536	16,272,413	10,053,514
Total Liabilities	24,898,266	22,208,006	35,021,568	35,143,313	59,919,834	57,351,319
<u>Net Assets</u>						
Invested in capital assets, net of related debt	49,839,475	49,384,451	35,437,109	35,825,501	85,276,584	85,209,952
Restricted	(199,509)	18,242	4,352,481	2,405,520	4,152,972	2,423,762
Unrestricted	13,013,951	17,329,409	943,745	1,672,984	13,957,696	19,002,393
Total Net Assets	\$ 62,653,917	\$ 66,732,102	\$ 40,733,335	\$ 39,904,005	\$ 103,387,252	\$ 106,636,107

EXHIBIT II
GOVERNMENT-WIDE FINANCIAL ANALYSIS

CHANGES IN NET ASSETS

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,490,403	\$ 4,138,831	\$ -	\$ -	\$ 4,490,403	\$ 4,138,831
Operating grants and contributions	15,276,240	14,028,181	-	-	15,276,240	14,028,181
Capital grants and contributions	367,699	220,938	-	-	367,699	220,938
General revenues:						
Property taxes	41,719,348	40,030,120	-	-	41,719,348	40,030,120
Intergovernmental	2,278,639	2,654,850	-	-	2,278,639	2,654,850
Other	2,886,366	3,285,013	-	676,589	2,886,366	3,961,602
Unapportioned assessments	-	-	-	7,997,012	-	7,997,012
Water	-	-	2,893,896	2,648,106	2,893,896	2,648,106
Sewer	-	-	2,385,755	1,077,791	2,385,755	1,077,791
Golf	-	-	1,272,009	1,257,621	1,272,009	1,257,621
Transfer Station	-	-	1,050,712	888,102	1,050,712	888,102
Waterways	-	-	955,841	872,831	955,841	872,831
Total revenues	<u>67,018,695</u>	<u>64,357,933</u>	<u>8,558,213</u>	<u>15,418,052</u>	<u>75,576,908</u>	<u>79,775,985</u>
Expenses:						
General government	3,009,851	1,720,578	-	-	3,009,851	1,720,578
Public safety	7,546,848	7,610,879	-	-	7,546,848	7,610,879
Education	33,027,486	33,878,524	-	-	33,027,486	33,878,524
Public works	5,599,076	2,760,936	-	-	5,599,076	2,760,936
Health and human services	640,542	663,160	-	-	640,542	663,160
Culture and recreation	1,876,715	1,634,520	-	-	1,876,715	1,634,520
Pension and other fringe benefits	17,687,715	12,886,060	-	-	17,687,715	12,886,060
State and county	519,199	440,570	-	-	519,199	440,570
Debt service	648,430	659,145	1,233,818	1,297,381	1,882,248	1,956,526
Community preservation	266,799	539,094	-	-	266,799	539,094
Water	-	-	2,559,240	2,344,598	2,559,240	2,344,598
Sewer	-	-	2,018,158	2,085,716	2,018,158	2,085,716
Golf	-	-	1,034,902	1,016,805	1,034,902	1,016,805
Transfer Station	-	-	1,075,200	1,094,901	1,075,200	1,094,901
Waterways	-	-	692,790	734,312	692,790	734,312
Total expenses	<u>70,822,661</u>	<u>62,793,466</u>	<u>8,614,108</u>	<u>8,573,713</u>	<u>79,436,769</u>	<u>71,367,179</u>
Change in net assets before transfers	(3,803,966)	1,564,467	(55,895)	6,844,339	(3,859,861)	8,408,806
Transfers	<u>(274,219)</u>	<u>(544,339)</u>	<u>274,219</u>	<u>544,339</u>	<u>-</u>	<u>-</u>
Increase in net assets	(4,078,185)	1,020,128	218,324	7,388,678	(3,859,861)	8,408,806
Net assets - beginning of year	<u>66,732,102</u>	<u>65,711,974</u>	<u>39,904,005</u>	<u>32,515,327</u>	<u>106,636,107</u>	<u>98,227,301</u>
Net assets - end of year	<u>\$ 62,653,917</u>	<u>\$ 66,732,102</u>	<u>\$ 40,122,329</u>	<u>\$ 39,904,005</u>	<u>\$ 102,776,246</u>	<u>\$ 106,636,107</u>

TOWN OF SCITUATE, MASSACHUSETTS

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	\$ 19,231,885	\$ 7,028,097	\$ 26,259,982
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	871,218	-	871,218
Motor vehicle and boat excise	176,259	-	176,259
User fees	387,493	730,716	1,118,209
Departmental and other	154,258	-	154,258
Intergovernmental	589,519	2,286,991	2,876,510
Inventory	-	62,960	62,960
Total Current Assets	21,410,632	10,108,764	31,519,396
NONCURRENT:			
Restricted cash	515,985	-	515,985
Receivables, net of allowance for uncollectibles:			
Property taxes deferred	279,193	-	279,193
Unapportioned assessments	-	10,076,788	10,076,788
Tax liens	921,331	-	921,331
Land	16,942,532	3,675,000	20,617,532
Depreciable capital assets, net of accumulated depreciation	45,784,723	51,451,466	97,236,189
Construction in process	1,697,788	442,885	2,140,673
TOTAL ASSETS	87,552,184	75,754,903	163,307,087
LIABILITIES			
CURRENT:			
Warrants and accounts payable	1,481,414	391,236	1,872,650
Accrued interest	127,183	217,617	344,800
Accrued payroll	503,240	-	503,240
Retainage	68,647	-	68,647
Unearned revenue	213,000	122,851	335,851
Planning Board deposits	540,368	-	540,368
Bond anticipation notes payable	2,065,000	3,016,000	5,081,000
Other Post Employment Benefits	3,533,499	-	3,533,499
Current portion of compensated absences	178,035	14,043	192,078
Current portion of post-closure landfill care costs	-	75,000	75,000
Current portion of capital lease obligations	-	51,141	51,141
Current portion of long-term debt	1,488,858	2,185,281	3,674,139
Total Current Liabilities	10,199,244	6,073,169	16,272,413
NONCURRENT:			
Bond and note indebtedness	13,096,710	27,281,927	40,378,637
Post-closure landfill care costs	-	1,425,000	1,425,000
Compensated absences	1,602,312	126,383	1,728,695
Capital lease obligations	-	115,089	115,089
TOTAL LIABILITIES	24,898,266	35,021,568	59,919,834
NET ASSETS			
Invested in capital assets, net of related debt	49,839,475	35,437,109	85,276,584
Restricted for:			
Capital projects deficit	(1,415,510)	-	(1,415,510)
Expenditures	-	4,352,481	4,352,481
Expendable perpetual funds	1,216,001	-	1,216,001
Unrestricted net assets	13,013,951	943,745	13,957,696
NET ASSETS	\$ 62,653,917	\$ 40,733,335	\$ 103,387,252

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
General government	\$ 3,009,851	\$ 1,066,000	\$ 16,775	\$ -	\$ (1,927,076)	\$ -	\$ (1,927,076)
Public safety	7,546,848	860,233	178,188	-	(6,508,427)	-	(6,508,427)
Education	33,027,486	1,931,823	7,774,214	-	(23,321,449)	-	(23,321,449)
Public works	5,599,076	40,441	-	367,699	(5,190,936)	-	(5,190,936)
Health and human services	640,542	136,414	161,165	-	(342,963)	-	(342,963)
Culture and recreation	1,876,715	455,492	453,763	-	(967,460)	-	(967,460)
Pension and fringe benefits	17,687,715	-	6,008,838	-	(11,678,877)	-	(11,678,877)
State and County charges	519,199	-	-	-	(519,199)	-	(519,199)
Debt service	648,430	-	-	-	(648,430)	-	(648,430)
Community preservation	266,799	-	683,297	-	416,498	-	416,498
Total Governmental Activities	70,822,661	4,490,403	15,276,240	367,699	(50,688,319)	-	(50,688,319)
Business-Type Activities:							
Water	2,559,240	2,893,896	-	-	-	334,656	334,656
Sewer	2,018,158	2,385,755	-	-	-	367,597	367,597
Transfer Station	1,075,200	1,050,712	-	-	-	(24,488)	(24,488)
Golf	1,034,902	1,272,009	-	-	-	237,107	237,107
Waterways	692,790	955,841	611,006	-	-	874,057	874,057
Debt service	1,233,818	-	-	-	-	(1,233,818)	(1,233,818)
Total Primary Government	\$ 79,436,769	\$ 13,048,616	\$ 15,887,246	\$ 367,699	(50,688,319)	555,111	(50,133,208)
General Revenues:							
Real and personal property taxes					41,719,348	-	41,719,348
Penalties and interest on taxes					413,014	-	413,014
Motor vehicle and other excise					2,130,682	-	2,130,682
Intergovernmental					2,278,639	-	2,278,639
Investment income					367,969	-	367,969
Other					3,441	-	3,441
Loss on disposal of assets, net					(28,740)	-	(28,740)
Transfers (net)					(274,219)	274,219	-
Total general revenues and transfers					46,610,134	274,219	46,884,353
Change in Net Assets					(4,078,185)	829,330	(3,248,855)
Net Assets:							
Beginning of year					66,732,102	39,904,005	106,636,107
End of year					\$ 62,653,917	\$ 40,733,335	\$ 103,387,252

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General	Stabilization	Mitigation	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and short-term investments	\$ 3,748,277	\$ 2,176,804	\$ 2,820,451	\$ 6,035,130	\$ 700,017	\$ 3,751,206	\$ 19,231,885
Receivables, net of allowance for uncollectibles:							
Real estate and personal property taxes	871,218	-	-	-	-	-	871,218
Property tax deferrals	279,193	-	-	-	-	-	279,193
Other	1,578,421	-	-	-	-	60,920	1,639,341
Due from Commonwealth - Grants	-	-	-	-	-	589,519	589,519
Due from other funds	12,731	-	-	-	-	(12,731)	-
Cash - restricted	-	-	-	-	-	515,985	515,985
Total Assets	\$ 6,489,840	\$ 2,176,804	\$ 2,820,451	\$ 6,035,130	\$ 700,017	\$ 4,904,899	\$ 23,127,141
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants and accounts payable	\$ 869,267	\$ -	\$ -	\$ -	\$ -	\$ 612,147	\$ 1,481,414
Accrued payroll and withholdings	503,240	-	-	-	-	-	503,240
Planning deposits	540,368	-	-	-	-	-	540,368
Deferred revenues	2,728,832	-	-	-	-	60,921	2,789,753
Unearned revenues	204,606	-	-	-	-	-	204,606
Other	36,684	-	-	-	-	40,357	77,041
Bond anticipation notes payable	-	-	-	-	-	2,065,000	2,065,000
Total Liabilities	4,882,997	-	-	-	-	2,778,425	7,661,422
FUND BALANCES (DEFICIT):							
Reserved for:							
Encumbrances	897,986	-	-	-	-	-	897,986
Expenditures	81,947	-	-	-	-	-	81,947
Stabilization	-	2,176,804	-	-	-	-	2,176,804
MBTA	-	-	2,820,451	-	-	-	2,820,451
Community preservation	-	-	-	6,035,130	-	-	6,035,130
Affordable housing	-	-	-	-	700,017	-	700,017
Unreserved:							
Undesignated, reported in:							
General fund	626,910	-	-	-	-	-	626,910
Special revenue funds	-	-	-	-	-	2,325,982	2,325,982
Capital projects funds deficit	-	-	-	-	-	(1,415,510)	(1,415,510)
Permanent funds	-	-	-	-	-	1,216,002	1,216,002
Total Fund Balances	1,606,843	2,176,804	2,820,451	6,035,130	700,017	2,126,474	15,465,719
Total Liabilities and Fund Balances	\$ 6,489,840	\$ 2,176,804	\$ 2,820,451	\$ 6,035,130	\$ 700,017	\$ 4,904,899	\$ 23,127,141

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2009

	General	Stabilization	Mitigation	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Real estate and personal property taxes, net	\$ 40,825,496	\$ -	\$ -	\$ 969,281	\$ -	\$ -	\$ 41,794,777
Motor vehicle and other excises	2,153,281	-	-	-	-	-	2,153,281
Penalties and interest on taxes	413,014	-	-	-	-	-	413,014
Intergovernmental	13,243,802	-	-	683,297	-	3,546,181	17,473,280
Licenses and permits	490,717	-	-	-	-	-	490,717
Departmental and other	1,674,943	-	-	-	-	2,225,511	3,900,454
Fines and forfeitures	80,288	-	-	-	-	-	80,288
Contributions and donations	-	-	-	-	-	449,298	449,298
Investment income	195,319	42,243	30,925	93,260	17	6,206	367,970
Miscellaneous	-	-	-	-	-	3,451	3,451
Total Revenues	59,076,860	42,243	30,925	1,745,838	17	6,230,647	67,126,530
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	700,000	-	700,000
Total Other Financing Sources	-	-	-	-	700,000	-	700,000
Total Revenues and Other Financing Sources	59,076,860	42,243	30,925	1,745,838	700,017	6,230,647	67,826,530
EXPENDITURES							
General government	2,172,367	-	683,924	-	-	123,150	2,979,441
Public safety	7,448,340	-	-	-	-	54,277	7,502,617
Education	28,287,299	-	-	-	-	4,373,122	32,660,421
Public works	3,245,690	-	-	-	-	1,640,022	4,885,712
Culture and recreation	1,156,707	-	-	-	-	656,480	1,813,187
Health and human services	440,492	-	-	-	-	227,883	668,375
State and county tax assessments	519,199	-	-	-	-	-	519,199
Pensions and other fringes	13,813,269	-	-	-	-	-	13,813,269
Community preservation	-	-	-	266,799	-	-	266,799
Debt service	2,338,486	-	-	-	-	-	2,338,486
Total Expenditures	59,421,849	-	683,924	266,799	-	7,074,934	67,447,506
OTHER FINANCING USES							
Transfers out	175,497	74,092	-	700,000	-	24,629	974,218
Total Expenditures and Other Financing Uses	59,597,346	74,092	683,924	966,799	-	7,099,563	68,421,724
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES							
	(520,486)	(31,849)	(652,999)	779,039	700,017	(868,916)	(595,194)
FUND BALANCES - Beginning of year	2,127,329	2,208,653	3,473,450	5,256,091	-	2,995,390	16,060,913
FUND BALANCES - End of year	\$ 1,606,843	\$ 2,176,804	\$ 2,820,451	\$ 6,035,130	\$ 700,017	\$ 2,126,474	\$ 15,465,719

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Governmental Fund Balances	\$ 15,465,719
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	64,425,043
Other long-term assets are not available to pay for current-period expenditures and are therefore deferred on funds.	2,789,753
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(127,183)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(14,585,568)
Other post employment benefits	(3,533,499)
Compensated absences	<u>(1,780,347)</u>
Net Assets of Governmental Activities	<u>\$ 62,653,918</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ (595,194)**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and depreciated over their estimated useful lives. Capital outlays amounted to \$1,645,326 and depreciation expense totaled \$2,836,091. The net amount is reflected here as a reconciling item. (1,190,765)

The Town disposed capital assets with historical costs of \$358,063 and accumulated depreciation of \$329,323. (28,740)

The issuance of long-term debt 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 has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In 2009, debt repayments were \$1,674,529; there were no new debt issuances in 2009. 1,674,529

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 differ between the two statements. The amount presented represents the difference based on the two methodologies. (79,095)

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. This represents the difference between the accruals between this year and the prior year. 15,527

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:

Compensated absences	(340,947)
Other post employment benefits	(3,533,499)
	<u>(3,874,446)</u>

Change in Net Assets of Governmental Activities **\$ (4,078,184)**

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (DEFICIT)
JUNE 30, 2009

	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Combined Total
ASSETS						
CURRENT ASSETS:						
Cash and short-term investments	\$ 3,142,646	\$ 2,665,134	\$ 55,934	\$ 310,204	\$ 854,179	\$ 7,028,097
Receivables, net of allowance for uncollectibles:						
User fees	417,401	313,315	-	-	-	730,716
Intergovernmental - MWPAT subsidy	-	222,542	-	-	-	222,542
Inventory	-	-	-	62,960	-	62,960
Total Current Assets	<u>3,560,047</u>	<u>3,200,991</u>	<u>55,934</u>	<u>373,164</u>	<u>854,179</u>	<u>8,044,315</u>
NONCURRENT ASSETS:						
Intergovernmental - MWPAT subsidy	-	2,064,449	-	-	-	2,064,449
Unapportioned assessments	-	10,076,788	-	-	-	10,076,788
Capital assets, net of accumulated depreciation	<u>10,832,865</u>	<u>33,403,432</u>	<u>1,553,850</u>	<u>2,884,089</u>	<u>6,895,115</u>	<u>55,569,351</u>
Total Assets	<u>14,392,912</u>	<u>48,745,660</u>	<u>1,609,784</u>	<u>3,257,253</u>	<u>7,749,294</u>	<u>75,754,903</u>
LIABILITIES						
CURRENT LIABILITIES:						
Warrants and accounts payable	218,377	63,420	79,969	18,095	11,375	391,236
Accrued interest	14,820	121,771	7,615	29,653	43,758	217,617
Retainage payable	-	24,837	-	-	-	24,837
Bond indebtedness	132,000	1,446,281	37,000	295,000	275,000	2,185,281
Notes payable	1,222,000	1,465,000	-	-	329,000	3,016,000
Unearned revenues	-	-	-	98,014	-	98,014
Capital lease obligations	-	-	-	51,141	-	51,141
Landfill liability	-	-	75,000	-	-	75,000
Compensated absences	5,017	4,295	2,346	-	2,385	14,043
Total Current Liabilities	<u>1,592,214</u>	<u>3,125,604</u>	<u>201,930</u>	<u>491,903</u>	<u>661,518</u>	<u>6,073,169</u>
NONCURRENT:						
Bonds and notes payable	1,066,000	19,806,927	544,000	2,340,000	3,525,000	27,281,927
Capital lease obligations	-	-	-	115,089	-	115,089
Landfill liability	-	-	1,425,000	-	-	1,425,000
Compensated absences	45,155	38,651	21,116	-	21,461	126,383
Total Noncurrent Liabilities	<u>1,111,155</u>	<u>19,845,578</u>	<u>1,990,116</u>	<u>2,455,089</u>	<u>3,546,461</u>	<u>28,948,399</u>
Total Liabilities	<u>2,703,369</u>	<u>22,971,182</u>	<u>2,192,046</u>	<u>2,946,992</u>	<u>4,207,979</u>	<u>35,021,568</u>
NET ASSETS (DEFICIT)						
Retained earnings - restricted	2,168,310	2,042,259	-	-	141,912	4,352,481
Retained earnings (deficiency) - unrestricted	1,108,368	683,216	(1,555,112)	61,672	633,288	931,432
Investment in capital assets, net of debt	<u>8,412,865</u>	<u>23,049,003</u>	<u>972,850</u>	<u>249,089</u>	<u>2,766,115</u>	<u>35,449,922</u>
Total Net Assets (Deficit)	<u>\$ 11,689,543</u>	<u>\$ 25,774,478</u>	<u>\$ (582,262)</u>	<u>\$ 310,761</u>	<u>\$ 3,541,315</u>	<u>\$ 40,733,835</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2009

	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Combined Total
OPERATING REVENUES						
Charges for services	\$ 2,871,491	\$ 2,372,257	\$ 1,050,687	\$ 1,235,260	\$ 814,046	\$ 8,343,741
Other	-	-	-	33,250	132,848	166,098
Total Operating Revenues	2,871,491	2,372,257	1,050,687	1,268,510	946,894	8,509,839
OPERATING EXPENSES						
Operating costs	2,118,786	1,192,402	996,498	797,082	385,114	5,489,882
Depreciation	440,454	825,756	78,702	237,820	307,676	1,890,408
Total Operating Expenses	2,559,240	2,018,158	1,075,200	1,034,902	692,790	7,380,290
OPERATING INCOME (LOSS)	312,251	354,099	(24,513)	233,608	254,104	1,129,549
NONOPERATING REVENUES (EXPENSES):						
Intergovernmental	-	-	-	-	611,006	611,006
Interest income	22,405	13,498	25	3,499	8,947	48,374
Interest expense	(64,636)	(880,429)	(23,583)	(98,251)	(166,919)	(1,233,818)
Transfers in (out), net	(182,136)	543,113	29,417	(40,146)	(76,029)	274,219
Total Nonoperating Revenues (Expenses), net	(224,367)	(323,818)	5,859	(134,898)	377,005	(300,219)
CHANGE IN NET ASSETS	87,884	30,281	(18,654)	98,710	631,109	829,330
NET ASSETS (DEFICIT) - Beginning of year	11,601,659	25,744,197	(563,608)	211,551	2,910,206	39,904,005
NET ASSETS (DEFICIT) - End of year	<u>\$ 11,689,543</u>	<u>\$ 25,774,478</u>	<u>\$ (582,262)</u>	<u>\$ 310,261</u>	<u>\$ 3,541,315</u>	<u>\$ 40,733,335</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	Water	Sewer	Transfer Station	Golf	Waterways	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from users	\$ 2,611,665	\$ 2,837,474	\$ 1,050,687	\$ 1,236,913	\$ 814,046	\$ 8,550,785
Other receipts	-	-	-	33,250	132,848	166,098
Purchase of inventory	-	-	-	(51,740)	-	(51,740)
Payments to vendors and employees	(2,043,071)	(1,259,159)	(1,002,835)	(756,585)	(400,162)	(5,461,812)
Net Cash Provided by (Used in) Operating Activities	568,594	1,578,315	47,852	461,838	546,732	3,203,331
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers - net	(182,136)	543,113	29,417	(40,146)	(76,029)	274,219
Net Cash (Used in) Provided by Noncapital Related Financing Activities	(182,136)	543,113	29,417	(40,146)	(76,029)	274,219
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds and notes	1,222,000	870,000	-	48,915	-	2,140,915
Acquisition and construction of capital assets	(76,992)	(593,982)	(78,702)	(71,165)	(1,251,879)	(2,072,720)
Assessments received	-	550,813	-	-	-	550,813
Government grants	-	203,210	-	-	611,006	814,216
Principal payments on bonds	(137,000)	(1,369,396)	(37,000)	(290,000)	(279,500)	(2,112,896)
Principal payments on capital leases	-	-	-	(40,664)	-	(40,664)
Interest expense	(49,816)	(901,265)	(23,953)	(100,184)	(169,193)	(1,244,411)
Net Cash Provided by (Used in) Capital and Related Financing Activities	958,192	(1,240,620)	(139,655)	(453,098)	(1,089,566)	(1,964,747)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	22,405	13,498	25	3,499	8,947	48,374
Net Cash Provided by Investing Activities	22,405	13,498	25	3,499	8,947	48,374
NET CHANGE IN CASH AND EQUIVALENTS	1,367,055	894,306	(62,361)	(27,907)	(609,916)	1,561,177
CASH AND EQUIVALENTS:						
Beginning of year	1,775,591	1,770,828	118,295	338,111	1,464,095	5,466,920
End of year	<u>\$ 3,142,646</u>	<u>\$ 2,665,134</u>	<u>\$ 55,934</u>	<u>\$ 310,204</u>	<u>\$ 854,179</u>	<u>\$ 7,028,097</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 312,251	\$ 354,099	\$ (24,513)	\$ 233,608	\$ 254,104	\$ 1,129,549
Depreciation expense	440,454	825,756	78,702	237,820	307,676	1,890,408
Changes in assets and liabilities:						
Receivables	(259,826)	376,557	-	-	-	116,731
Inventory	-	-	-	3,212	-	3,212
Unearned revenue	-	-	-	1,653	-	1,653
Accounts payable and accrued expenses	75,715	21,903	(6,337)	(14,455)	(15,048)	61,778
Net Cash Provided By (Used For) Operating Activities	<u>\$ 568,594</u>	<u>\$ 1,578,315</u>	<u>\$ 47,852</u>	<u>\$ 461,838</u>	<u>\$ 546,732</u>	<u>\$ 3,203,331</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Borrowing under capital leases	\$ -	\$ -	\$ -	\$ 48,915	\$ -	\$ -
Purchase of equipment on account	-	-	-	(48,915)	-	-

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
ASSETS	
CURRENT:	
Cash and cash equivalents	\$ 374,480
Total Assets	<u>374,480</u>
LIABILITIES	
CURRENT:	
Accounts payable and accrued expenses	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS	
Held in trust for other purposes	<u>374,480</u>
Net Assets	<u><u>\$ 374,480</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Investment income and donations	\$ 3,730
Total Additions	<u>3,730</u>
EXPENDITURES:	
Scholarships and assistance	<u>16,950</u>
Total Deductions	<u>16,950</u>
CHANGE IN NET ASSETS	(13,220)
NET ASSETS - Beginning of year	<u>387,700</u>
NET ASSETS - End of year	<u><u>\$ 374,480</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SCITUATE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

I. Summary of Significant Accounting Policies

The basic financial statements of the Town of Scituate, Massachusetts (the “Town”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

- A. Reporting Entity** – The Town is located in Plymouth County and was incorporated as a town in 1636. An elected five-member Board of Selectmen governs the Town and a Town Administrator performs and oversees the daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education in grades K-12, water and sewer services, street maintenance, parks and recreational facilities. Water and sewer services, which are funded almost entirely with user charges, are provided via connections installed and maintained by the Town directly.
- B. Individual Component Unit Disclosures** – Component units, while separate entities, are in substance part of the governmental operations of the Town due to the significance of their operations and financial relationship with the Town. Pursuant to this criteria there are no entities classified as component units in this report.
- C. Government-Wide and Fund Financial Statements** – The Government-Wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported on these statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for Governmental Funds. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The Government-Wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However expenditures related to debt service, compensated absences, claims and judgments, and risk financing, are recorded only when payment is due. Interest income associated with the current fiscal period is considered being susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Stabilization Fund – is used to account for certain unencumbered accumulated financial resources that are subject to appropriation as directed by the Town’s Legislative branch. These funds are typically used for nonrecurring expenditures, usually capital in nature or unexpected items that may arise during the year.

Mitigation Fund – is used to account for funds received from the Massachusetts Bay Transportation Authority (“MBTA”) in relation to a mitigation agreement between the Town and the MBTA, in which the MBTA has been allowed to operate a railway transportation service through the Town.

Affordable Housing Fund – is used to account for funds associated with the Town’s affordable housing program, which assists qualifying homeowners with down payment programs. This is a new major fund in fiscal year 2009.

Community Preservation Fund – is used to account for specific activities related to the purchase of land parcels within the Town for community preservation purposes.

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 government reports the following major Proprietary Funds:

Enterprise Funds – uses the “*economic resources*” measurement focus to account for the following specific operations in a manner similar to private business enterprises:

Water – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the water activities are processed.

Sewer – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

Golf Course – accounts for the operations of the Town’s golf course facility, which is maintained through the collection of user fees.

Waterways – accounts for user fees and costs associated with the protection, tracking, oversight, and usage of waterways surrounding or within the Town’s borders. Fees are primarily derived from public marina slips and moorings maintained by the Town.

Transfer Station – accounts for user fees and costs associated with the Town’s pay-as-you throw facility for household refuse.

Additionally, the government reports the following fund types:

Private-Purpose Trust Fund – is used to account for resources legally held in trust for use in funding scholarships and energy support for qualified citizens. There is a requirement that a portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-Wide and Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected to follow private-sector guidance.

As a general rule the *effect* of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the Town’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses. When both restricted and

unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the United States Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Investments for the Town are reported at fair value. The State Treasurer's Investment Pool operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Assets, Liabilities, and Net Assets or Equity

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide financial statements as *internal balances*.

Receivables – All property tax, trade, and intergovernmental receivables are shown net of an allowance for doubtful collections. Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty (30) days subsequent to the mailing date. Interest accrues on delinquent taxes up to the statutory percentage rate per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen (14) days subsequent to the mailing of demand of delinquent taxes.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-Wide and Government Fund financial statements.

Restricted Assets – Certain cash and investment balances are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by the provisions of certain trust documents.

Capital Assets – Capital assets include property, plant, and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of two (2) years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Town's property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Structures and improvements	40 years
Equipment, furniture, fixtures and vehicles	5 years

Compensated Absences – It is the Town's policy to allow employees to accumulate all earned but unused vacation time and to allow sick pay benefits in accordance with union contracts and personnel bylaws which limit the amount of payback upon an employee's termination. The estimated obligation as of June 30, 2009 is recorded as a liability in the Statement of Net Assets. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – In the Government-Wide financial statements, and proprietary fund types in the Governmental Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond anticipation notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Government Fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts as other financing uses. Issuance costs are exclusively reported as debt service expenditures regardless of whether they are withheld from the actual proceeds.

Risk Financing – The Town participates in a premium based self-insurance group or premium based coverage through conventional carriers to insure for health benefits, and general and personal liability. The Town is self-insured for Workman's compensation and unemployment claims. Uninsured losses are recorded as expenditures when incurred.

Encumbrances – The Town employs encumbrance accounting as a significant aspect of budgetary control in the Governmental Fund types. Encumbrance accounting reserves that portion of an applicable appropriation that the Town is contractually bound through purchase orders, contracts and/or other commitments for expenditure of funds. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute expenditures or liabilities.

Fund Equity – In the Governmental Fund financial statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Stewardship, Compliance and Accountability

- A. Budgetary Information** – An annual budget is legally adopted for the General Fund and the Enterprise Fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by Town Meeting annually in March. Expenditures may not legally exceed appropriations at the department level. Department heads may not transfer, without Town Meeting approval, appropriation balances from one expenditure account to another within their department or budget. The Town Meeting and the department head must also approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse or revert to unreserved fund balance. The Town made several supplemental budgetary appropriations throughout the year. These adjustments did not impact the overall budget significantly.
- B. Excess of Expenditures Over Appropriations** – During the fiscal year ended, the Town’s line item expenditures did not exceed any line item appropriations.
- C. Deficit Fund Equity** – The Town incurred a legal deficit in its Capital Projects Fund in the amount of \$1,415,510. The deficit relates to general construction costs the Town incurred that have been financed with bond anticipation notes to date. The Town anticipates permanently financing these bond anticipation notes at a future date.

III. Detailed Notes to All Funds

A. Deposits and Investments

Deposits – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments – Certificates of deposit with original maturities greater than three months are classified as investments.

The Town maintains a separate cash account for all funds. In addition, certificates of deposit are held separately by the Permanent Funds.

GAAP requires disclosure for any investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name. The Town does not maintain any investments subject to these classifications. In addition, GAAP requires disclosures relative to certain risks associated with deposits and investments.

Interest rate risk. Although the Town does not maintain a formal investment policy, the Town manages its exposure to declines in fair market value by limiting the average maturity of its deposits to less than fifteen months.

Credit risk. The Town follows State statutes. These statutes require the Treasurer to invest Town funds in bonds or notes which are legal investments for savings banks, including U.S. obligations, certificates of deposit, money market accounts, bank deposits, repurchase agreements and the State Treasurer’s investment pool. In addition, the

statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety (90) days, and the underlying security must be a U.S. obligation. During the fiscal year, the Town limited its investments to certificates of deposit, money market accounts, bank deposits and the State Treasurer's investment pool.

Concentration of credit risk. The Town does not maintain balances in any single investment that would represent more than 5% of the Town's total cash, cash equivalents and investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2009, approximately \$6,221,859 of Town deposits in bank accounts, money markets and certificates of deposit was covered by either federal depository insurance or by the depositors' insurance programs. The remainder was uninsured and uncollateralized.

Custodial credit risk – investments. The Town does not maintain any investments subject to this credit risk.

At June 30, 2009, the Town classified \$1,302,831 in investments in the State Treasurer's Investment Pool, \$1,917,403 in certificates of deposit with maturities of less than three months and \$9,133,580 in money markets as cash equivalents.

B. Receivables

Receivables as of year-end for the individual major governmental and non major funds are as follows:

Property taxes	\$ 914,723
Tax liens and foreclosures	1,200,524
Excise	457,947
Ambulance	645,470
Due from the Commonwealth of Massachusetts	589,519
Agency	49,751
Other	<u>104,718</u>
Gross receivables	3,962,652
Allowance for uncollectible accounts	<u>(583,381)</u>
Net receivables	<u>\$ 3,379,271</u>

Receivables as of year-end for the enterprise funds are as follows:

Water use charges	\$ 351,674
Sewer use charges	249,070
Tax liens and foreclosures	110,272
Due from the MWPAT	2,286,991
Unapportioned assessments	10,076,788
Other	<u>19,700</u>
Gross receivables	13,094,495
Allowance for uncollectible accounts	<u>—</u>
Net receivables	<u>\$ 13,094,495</u>

MWPAT Loan Subsidies – The Town has entered into a number of loan agreements with the Massachusetts Water Pollution Abatement Trust (“MWPAT”). It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$2,286,991 and interest costs of \$2,555,332 until maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore the principal amount of \$2,286,991 has been reflected as receivables in the Sewer Enterprise fund.

Betterments – The Town reflects receivables of \$10,076,788 in its Enterprise Fund that represents amounts anticipated to be billed in the future for sewer betterments that the Town has funded through bond issuances.

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>GOVERNMENTAL ACTIVITIES:</u>				
Capital assets not being depreciated:				
Land	\$ 16,942,532	\$ -	\$ -	\$ 16,942,532
Construction in process	3,284,728	1,075,710	(2,662,650)	1,697,788
Total capital assets not being depreciated	<u>20,227,260</u>	<u>1,075,710</u>	<u>(2,662,650)</u>	<u>18,640,320</u>
Capital assets being depreciated:				
Land improvements and infrastructure	18,681,638	131,409	-	18,813,047
Buildings and improvements	39,232,617	2,547,550	-	41,780,167
Vehicles and equipment	10,670,157	553,296	(358,052)	10,865,401
Total capital assets being depreciated	<u>68,584,412</u>	<u>3,232,255</u>	<u>(358,052)</u>	<u>71,458,615</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	(8,387,808)	(753,159)	-	(9,140,967)
Buildings and improvements	(7,480,741)	(1,196,113)	-	(8,676,854)
Vehicles and equipment	(7,298,575)	(886,819)	329,323	(7,856,071)
Total accumulated depreciation	<u>(23,167,124)</u>	<u>(2,836,091)</u>	<u>329,323</u>	<u>(25,673,892)</u>
Total capital assets being depreciated, net	<u>45,417,288</u>	<u>396,164</u>	<u>(28,729)</u>	<u>45,784,723</u>
Governmental activities capital assets, net	<u>\$ 65,644,548</u>	<u>\$ 1,471,874</u>	<u>\$ (2,691,379)</u>	<u>\$ 64,425,043</u>
<u>BUSINESS ACTIVITIES:</u>				
Capital assets not being depreciated:				
Land	\$ 3,675,000	\$ -	\$ -	\$ 3,675,000
Construction in process	4,171,267	314,336	(4,042,718)	442,885
Total capital assets not being depreciated	<u>7,846,267</u>	<u>314,336</u>	<u>(4,042,718)</u>	<u>4,117,885</u>
Capital assets being depreciated:				
Land improvements and infrastructure	63,056,564	5,627,936	-	68,684,500
Buildings and improvements	6,161,692	-	-	6,161,692
Vehicles and equipment	2,673,179	102,562	(110,367)	2,665,374
Total capital assets being depreciated	<u>71,891,435</u>	<u>5,730,498</u>	<u>(110,367)</u>	<u>77,511,566</u>
Less accumulated depreciation for:				
Land improvements and infrastructure	(20,618,678)	(1,477,527)	-	(22,096,205)
Buildings and improvements	(1,930,144)	(223,316)	-	(2,153,460)
Vehicles and equipment	(1,728,564)	(187,237)	105,366	(1,810,435)
Total accumulated depreciation	<u>(24,277,386)</u>	<u>(1,888,080)</u>	<u>105,366</u>	<u>(26,060,100)</u>
Total capital assets being depreciated, net	<u>47,614,049</u>	<u>3,842,418</u>	<u>(5,001)</u>	<u>51,451,466</u>
Business activities capital assets, net	<u>\$ 55,460,316</u>	<u>\$ 4,156,754</u>	<u>\$ (4,047,719)</u>	<u>\$ 55,569,351</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities:</i>				
Capital assets not being depreciated:				
Water	\$ 28,920	\$ 14,430	\$ (28,920)	\$ 14,430
Sewer	3,899,484	31,882	(3,871,595)	59,771
Waterways	3,917,863	268,024	(142,203)	4,043,684
Total capital assets not being depreciated	<u>7,846,267</u>	<u>314,336</u>	<u>(4,042,718)</u>	<u>4,117,885</u>
Capital assets being depreciated:				
Water	20,539,028	91,481	-	20,630,509
Sewer	38,316,201	4,433,695	-	42,749,896
Transfer Station	2,634,407	5,425	-	2,639,832
Widow's Walk Golf Course	5,870,896	71,165	(46,286)	5,895,775
Waterways	4,530,903	1,128,732	(64,081)	5,595,554
Total capital assets being depreciated	<u>71,891,435</u>	<u>5,730,498</u>	<u>(110,367)</u>	<u>77,511,566</u>
Less accumulated depreciation for:				
Water	(9,371,621)	-	(440,453)	(9,812,074)
Sewer	(8,580,479)	-	(825,756)	(9,406,235)
Transfer Station	(1,007,280)	-	(78,702)	(1,085,982)
Widow's Walk Golf Course	(2,820,152)	46,286	(237,820)	(3,011,686)
Waterways	(2,497,854)	59,267	(305,536)	(2,744,123)
Total accumulated depreciation	<u>(24,277,386)</u>	<u>105,553</u>	<u>(1,888,267)</u>	<u>(26,060,100)</u>
Total capital assets being depreciated, net	<u>47,614,049</u>	<u>5,836,051</u>	<u>(1,998,634)</u>	<u>51,451,466</u>
Business activities capital assets, net	<u>\$ 55,460,316</u>	<u>\$ 6,150,387</u>	<u>\$ (6,041,352)</u>	<u>\$ 55,569,351</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 30,410
Public safety	288,864
Education	1,395,738
Public works	883,789
Health and human services	8,610
Culture and recreation	228,680
	<u>\$ 2,836,091</u>

Business-Type Activities:

Water	\$ 440,453
Sewer	825,756
Transfer Station	78,702
Widow's Walk Golf Course	237,820
Waterways	305,349
	<u>\$ 1,888,080</u>

D. Interfund Receivables, Payables and Transfers – Interfund transfers (net) during the year were as follows:

	Transfers In	Transfers Out
General	\$ –	\$ 175,497
Nonmajor Governmental	–	24,629
Stabilization	–	74,092
Community Preservation	–	700,000
Affordable Housing	700,000	–
Business-Type	<u>274,218</u>	<u>–</u>
Totals	<u>\$ 974,218</u>	<u>\$ 974,218</u>

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of tax anticipation notes (“TAN”).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of a bond anticipation note (“BAN”), state aid anticipation note (“SAAN”) or grant anticipation note (“GAN”). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates not in excess of one year and are interest bearing and will be paid through future issuance of general obligation bonds or grant reimbursement. Temporary notes outstanding at June 30, 2009, recorded in the Governmental and Proprietary Funds are payable as follows:

Type	Interest Rate	Maturity Date	July 1, 2008	Additions	Retirements	June 30, 2009
BAN	3.00%	Matured	\$ 2,330,000	\$ –	\$ (2,330,000)	\$ –
BAN	4.00%	Matured	329,000	–	(329,000)	–
BAN	1.00%	3/19/10	–	4,182,000	–	4,182,000
BAN	2.49%	3/19/10	–	329,000	–	329,000
BAN	2.00%	3/19/10	–	<u>570,000</u>	<u>–</u>	<u>570,000</u>
			<u>\$ 2,659,000</u>	<u>\$ 5,081,000</u>	<u>\$ (2,659,000)</u>	<u>\$ 5,081,000</u>

Proceeds from these temporary notes are obligated for use on projects relating to general construction and roadways.

F. Long-Term Debt

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs. During the year ended June 30, 2009, the following reflects the activity in the long-term liability accounts:

	July 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	June 30, <u>2009</u>
<i>Governmental Activities:</i>				
Compensated absences	\$ 1,439,400	\$ 340,947	\$ –	\$ 1,780,347
Bond indebtedness	<u>16,260,097</u>	<u>–</u>	<u>(1,674,529)</u>	<u>14,585,568</u>
TOTAL	\$ <u>17,699,497</u>	\$ <u>340,947</u>	\$ <u>(1,674,529)</u>	\$ <u>16,365,915</u>
<i>Business-type Activities:</i>				
Compensated absences	\$ 141,087	\$ –	\$ (661)	\$ 140,426
Capital lease obligations	157,939	48,915	(40,664)	166,190
Municipal landfill	1,575,000	–	(75,000)	1,500,000
Bond indebtedness	<u>31,580,104</u>	<u>–</u>	<u>(2,112,897)</u>	<u>29,467,207</u>
TOTAL	\$ <u>33,454,160</u>	\$ <u>48,915</u>	\$ <u>(2,229,222)</u>	\$ <u>31,273,823</u>

Legal Debt Margin – State law permits a Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit.” The current debt limitation for the Town is approximately \$210.7 million, which is significantly in excess of the Town’s outstanding general obligation debt and is based on an equalized valuation of approximately \$4.2 billion.

MWPAT Loan Subsidies – As previously discussed under III. B., the Town has entered into a number of loan agreements with the MWPAT. It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$2,286,991 and interest costs of \$2,555,332 until maturity of these agreements. Thus total net loan repayments including interest are scheduled to be \$32,856,799 in the business-type funds. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements under business type activities. In addition, a receivable has also been reflected for the principal amount of the subsidy under business type activities.

The following is a summary of outstanding long-term debt obligations for the year ended June 30, 2009:

Description of Issue	Year of Issue	Maturity Date	Interest Rate	Original Amounts	Amounts Outstanding
<i>Governmental Activities - Bonded Debt:</i>					
<u>Inside the debt limit:</u>					
General Obligation Bond	2005	03/01/25	3.00 - 5.00%	\$ 2,279,000	\$ 1,567,000
General Obligation Bond	2005	09/15/24	3.50 - 5.00%	10,000,000	8,410,000
General Obligation Bond	2008	06/15/26	3.00 - 5.00%	5,338,500	4,540,000
Notes Payable - MWPAT (Title V)	2000	08/01/18	2.00 - 5.00%	123,433	68,568
Total inside the debt limit					14,585,568
Total Governmental Activities Bonded Debt					\$ 14,585,568
<i>Business-type Activities - Bonded Debt:</i>					
Water Fund					
<u>Outside the debt limit:</u>					
General Obligation Bond	2005	03/01/25	3.00 - 5.00%	1,660,000	\$ 1,158,000
General Obligation Bond	2008	06/15/17	3.00 - 5.00%	50,000	40,000
Total outside the debt limit					1,198,000
Total Water Fund Debt					1,198,000
Sewer Fund					
<u>Inside the debt limit:</u>					
General Obligation Bond	2005	03/01/25	3.00 - 5.00%	3,046,000	2,429,000
General Obligation Bond	2008	06/15/24	3.00 - 5.00%	800,000	750,000
Notes Payable - MWPAT	Various	07/15/25	2.00 - 5.50%	25,176,676	18,074,207
Total inside the debt limit					21,253,207
Total Sewer Fund Debt					21,253,207
Transfer Station Fund					
<u>Outside the debt limit:</u>					
General Obligation Bond	2005	03/01/25	3.00 - 5.00%	746,000	581,000
Total outside the debt limit					581,000
Total Transfer Station Fund Debt					581,000
Golf Course Fund					
<u>Outside the debt limit:</u>					
General Obligation Bond	2003	09/01/16	2.00 - 4.00%	3,755,000	2,635,000
Total outside the debt limit					2,635,000
Total Golf Course Fund Debt					2,635,000
Waterways Fund					
<u>Inside the debt limit:</u>					
General Obligation Bond	2005	03/01/25	3.00 - 5.00%	4,175,000	3,295,000
General Obligation Bond	2008	06/15/23	3.00 - 5.00%	564,500	505,000
Total inside the debt limit					3,800,000
Total Waterways Fund Debt					3,800,000
Total Business-Type Activities Bonded Debt					\$ 29,467,207
<i>Capital Lease Obligations - Business-Type Activities (Golf Course):</i>					
Golf Carts	2007	06/01/11	5.66%	\$ 28,706	\$ 14,702
Grounds Equipment	2007	04/01/12	5.65%	113,670	68,445
Turf Equipment	2008	10/01/12	5.00%	35,504	27,510
Club Car	2008	10/01/11	5.00%	11,307	7,935
Golf Carts	2009	10/01/13	5.50%	48,915	47,598
Total Capital Lease Obligations					\$ 166,190

Future Debt Payoff - Payments on long-term debt obligation due in future years consist of the following:

Bonded Debt (Governmental Activities)

Year Ending June 30,	Principal			Interest		
	Balance	Subsidy	Net	Balance	Subsidy	Net
2010	\$ 1,488,858	\$ -	\$ 1,488,858	\$ 561,610	\$ (2,970)	\$ 558,640
2011	1,463,858	-	1,463,858	511,498	(2,618)	508,880
2012	1,003,858	-	1,003,858	462,228	(2,267)	459,961
2013	1,003,857	-	1,003,857	429,463	(8,160)	421,303
2014	995,857	-	995,857	382,469	(1,915)	380,554
2015 - 2019	3,994,280	-	3,994,280	1,352,011	(4,324)	1,347,687
2020 - 2024	3,730,000	-	3,730,000	581,745	-	581,745
2025 - 2026	905,000	-	905,000	32,730	-	32,730
Total	\$ 14,585,568	\$ -	\$ 14,585,568	\$ 4,313,754	\$ (22,254)	\$ 4,291,500

Bonded Debt (Business-Type Activities)

Year Ending June 30	Principal			Interest		
	Balance	Subsidy	Net	Balance	Subsidy	Net
2010	\$ 2,185,281	\$ (222,542)	\$ 1,962,739	\$ 1,098,069	\$ (321,551)	\$ 776,518
2011	2,225,350	(219,466)	2,005,884	1,039,513	(313,136)	726,377
2012	2,266,474	(242,768)	2,023,706	921,233	(251,105)	670,128
2013	1,978,985	(41,777)	1,937,208	1,192,245	(450,416)	741,829
2014	2,338,050	(228,452)	2,109,598	782,577	(238,599)	543,978
2015 - 2019	11,330,349	(1,186,539)	10,143,810	2,457,829	(805,941)	1,651,888
2020 - 2024	6,335,717	(145,447)	6,190,270	697,046	(152,330)	544,716
2025 - 2026	807,002	-	807,002	21,149	-	21,149
Total	\$ 29,467,208	\$ (2,286,991)	\$ 27,180,217	\$ 8,209,661	\$ (2,533,078)	\$ 5,676,583

Capital lease obligations (Business-Type Activities)

Year Ending June 30	Minimum Lease		
	Principal	Interest	Obligation
2010	\$ 51,141	\$ 58,956	\$ 110,097
2011	53,345	58,281	111,626
2012	40,236	42,419	82,655
2013	15,545	16,245	31,790
2014	5,923	5,977	11,900
Total	\$ 166,190	\$ 181,878	\$ 348,068

Authorized and Unissued Debt - At June 30, 2009, the Town had authorized and unissued debt as follows:

Project	Amount
General	\$ 2,110,773
Water	1,195,100
Sewer	4,658,945
Waterways	2,203,945
Total authorized and unissued	\$ 10,168,763

IV. Other Information

A. Retirement System

System Description – The Town contributes to the Plymouth County Retirement Association (“PCRA” or the “System”), a multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (“MGL”) and is administered by Plymouth County Retirement Association (the “Board”).

Substantially all employees of the Town, except teachers and certain administrative personnel employed by the School Department, participate in the System. 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 directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ Public Employee Retirement Administration Commission (“PERAC”) that includes financial statements and required supplementary information. The report may be obtained by writing to the Board at Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

Funding Policy – Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System for its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the Town are governed by Chapter 32 of the MGL. The Town’s contributions to the System for the fiscal years ended June 30, 2009, 2008, and 2007 were \$2,668,512, \$2,464,168 and \$2,153,248, respectively. These contributions were equal to the required contribution for each year as set by the Board. Schedules of funding progress and contribution funding are included as required supplementary information.

B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the School Department participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$6,008,838 for the fiscal year and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system.

C. Risk Financing

The Town is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; natural disasters; and various employee benefits including health, worker’s compensation, and unemployment compensation. The Town participates in a health insurance risk pool trust administered by Plymouth County, a municipal corporation that obtains health insurance for member governments at costs eligible to larger groups. Plymouth County offers a variety of premium based plans to its members with each participating governmental unit

being charged a premium for coverage based on rates established by Plymouth County. The Town is obligated to pay Plymouth County its required premiums and, in the event Plymouth County is terminated, its pro-rata share of a deficit, should one exist. The Town is self-insured for Workman’s compensation and unemployment benefits.

D. Other Post Employment Benefits (“OPEB”)

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the “Plan”) in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and Town ordinance. All benefits are provided through the Town’s insurance program. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 836 active employees and 328 retired employees with 99 spouses for a total of 1,263 participants.

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. Retirees contribute their Plan contributions through pension benefit deductions. The remainder of the cost is funded by the Town. Retirees also contribute 50% towards life insurance premiums (face value is \$2,000). The Town pays the remainder. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Town’s annual OPEB cost is calculated based on the annual required contribution (“ARC”) of the employer, an actuarially determined amount that is calculated in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*. 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 liabilities over a period not to exceed thirty (30) years.

The following table reflects the activity regarding the Town’s OPEB obligation:

OPEB obligation at beginning of year	\$	–
Annual required contribution (“ARC”)		5,050,918
Contributions made		<u>(1,517,419)</u>
OPEB obligation at end of year	\$	<u>3,533,499</u>

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)*	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2009	\$ 5,050,918	30%	\$ 3,533,499

* The AOPEBC is reflected in fringe benefits in the Statement of Activities.

Funding Status and Funding Progress – The funded status of the Plan at July 1, 2008 for the most recent actuarial valuation performed as of July 1, 2008, was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Cost (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$49,580,009	\$49,580,009	0.0%	\$35,820,651	138.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations.

Methods and Assumptions – 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 the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The significant methods and assumptions as of the latest valuation dated July 1, 2008 are as follows:

Funding interest rate:	4.0%
2008 medical/drug trend rate	10% / 11%
Ultimate medical/drug trend rate:	5% / 5%
Year ultimate medical/drug trend rate reached:	2013 / 2014
Actuarial cost method	Entry Age Normal
Remaining amortization period:	29 years as of June 30, 2009

E. Contingencies

The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2009, cannot be determined, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2009.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial. In addition, the Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The

amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

F. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for thirty (30) years after the landfill cover is installed. The Town presently appropriates \$75,000 per year for post-closure care costs and has recorded a liability of \$1,500,000 in the governmental activities fund as result of this activity.

V. Implementation of New GASB Pronouncements

In June 2007, the GASB issued GASB No. 51, *Accounting and Financial Reporting for Intangible Assets* ("GASB 51"). The objective of GASB 51 is to establish accounting and financial reporting requirements for intangible assets such as easements, water rights, timber rights, patents, trademarks and computer software, and reduce inconsistencies in current reporting practices, thereby enhancing the comparability of the accounting and reporting of such assets among state and local governments. GASB 51 is effective for periods beginning after June 15, 2009. The Town will adopt GASB 51 for the fiscal year ending June 30, 2010.

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). The objective of GASB 54 is to alter the focus to bring greater clarity and consistency to fund balance reporting and terminology used to report fund balance in governmental funds. GASB 54 is effective for periods beginning after June 15, 2010. The Town will adopt GASB 54 for the fiscal year ended June 30, 2011.

The Town is currently evaluating whether the adoptions of these GASB pronouncements will have a material impact on its financial statements.

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TOWN OF SCITUATE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

SCHEDULES OF FUNDING PROGRESS

Pension System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2007	\$ 606,629,089	\$ 987,840,418	\$ 381,211,329	61.4%	\$ 244,574,136	155.9%
1/1/2006	\$ 558,533,863	\$ 918,851,707	\$ 360,317,844	60.8%	\$ 226,262,731	159.2%
1/1/2004	\$ 520,104,805	\$ 802,158,453	\$ 282,053,648	64.8%	\$ 208,312,002	135.4%

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2008	\$ -	\$ 49,580,009	\$ 49,580,009	0.0%	\$ 35,820,651	138.4%

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Year Ended December 31,	Plymouth Regional Retirement Association			Town	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contribution	(B / A) Town's Percentage of System Wide Actual Contributions
2008	\$ 41,286,383	\$ 41,286,383	100.0%	\$ 2,668,612	6.5%
2007	\$ 38,854,868	\$ 38,854,868	100.0%	2,464,168	6.3%
2006	\$ 32,573,349	\$ 32,573,349	100.0%	2,153,248	6.6%

Other Post Employment Benefits

Year Ended June 30,	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed
2009	\$ 5,050,918	\$ 1,517,419	30.0%

See accompanying independent auditor's report.

TOWN OF SCITUATE, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Adjusted Actual	Variances favorable (unfavorable)
	Original Budget	Final Budget				
REVENUES						
Real estate and personal property taxes, net	\$ 40,563,860	\$ 40,563,860	\$ 41,238,510	\$ -	\$ 41,238,510	\$ 674,650
Intergovernmental	8,007,913	7,460,142	7,234,964	-	7,234,964	(225,178)
Motor vehicle and other excises	2,325,183	2,325,183	2,153,281	-	2,153,281	(171,902)
Licenses and permits	697,481	697,481	490,717	-	490,717	(206,764)
Departmental and other revenue	1,711,537	1,711,537	1,674,943	-	1,674,943	(36,594)
Fines and forfeitures	67,496	67,496	80,288	-	80,288	12,792
Investment income	353,519	353,519	195,319	-	195,319	(158,200)
Total Revenues	<u>53,726,989</u>	<u>53,179,218</u>	<u>53,068,022</u>	<u>-</u>	<u>53,068,022</u>	<u>(111,196)</u>
EXPENDITURES						
General government	2,648,177	2,551,643	2,172,367	221,162	2,393,529	158,114
Public safety	7,581,189	7,621,358	7,448,340	116,035	7,564,375	56,983
Education	29,206,842	28,659,071	28,287,299	359,113	28,646,412	12,659
Public works	3,394,325	3,490,920	3,245,690	161,044	3,406,734	84,186
Culture and recreation	1,194,327	1,194,327	1,156,707	13,911	1,170,618	23,709
Health and human services	474,820	497,048	440,492	26,723	467,215	29,833
State and county tax assessments	500,684	500,684	519,199	-	519,199	(18,515)
Pensions and fringe benefits	7,774,878	7,863,878	7,804,431	-	7,804,431	59,447
Debt service	2,307,447	2,338,486	2,338,486	-	2,338,486	-
Total Expenditures	<u>55,082,689</u>	<u>54,717,415</u>	<u>53,413,011</u>	<u>897,988</u>	<u>54,310,999</u>	<u>406,416</u>
OTHER FINANCING SOURCES (USES)						
Transfers out (net)	<u>(357,994)</u>	<u>(175,497)</u>	<u>(175,497)</u>	<u>-</u>	<u>(175,497)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(357,994)</u>	<u>(175,497)</u>	<u>(175,497)</u>	<u>-</u>	<u>(175,497)</u>	<u>-</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	<u>(1,713,694)</u>	<u>(1,713,694)</u>	<u>(520,486)</u>	<u>\$ (897,988)</u>	<u>\$ (1,418,474)</u>	<u>\$ 295,220</u>
BUDGETARY FUND BALANCES, July 1, 2008	<u>2,127,329</u>	<u>2,127,329</u>	<u>2,127,329</u>			
BUDGETARY FUND BALANCES, June 30, 2009	<u>\$ 413,635</u>	<u>\$ 413,635</u>	<u>\$ 1,606,843</u>			
Budgetary deficit funded from:						
Undesignated surplus (free cash)	\$ 200,000	\$ 200,000				
Free cash deficit raised	(189,322)	(189,322)				
Overlay	294,249	294,249				
Prior year encumbrances	1,382,634	1,382,634				
Debt reserve	10,298	10,298				
Miscellaneous	15,835	15,835				
	<u>\$ 1,713,694</u>	<u>\$ 1,713,694</u>				

TOWN OF SCITUATE, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2009

I. Budgetary Basis of Accounting

An annual budget is legally adopted for the General Fund and the Enterprise Fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by Town Meeting annually in March. Expenditures may not legally exceed appropriations at the department level. Department heads may not transfer, without Town Meeting approval, appropriation balances from one expenditure account to another within their department or budget. The Town Meeting and the department head must also approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse or revert to unreserved fund balance. The Town made several supplemental budgetary appropriations throughout the year. These adjustments did not impact the overall budget significantly.

The Town's general fund is prepared on a basis other than GAAP. The "actual" results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide a meaningful comparison with the budget. Primary differences include the recognition grossing up of revenues and expenditures to reflect On Behalf Teacher's Retirement paid by the Commonwealth of Massachusetts. Reconciliation is provided below.

Revenues on a GAAP basis	\$ 59,076,860
On Behalf Teacher's receipts	<u>(6,008,838)</u>
Revenues on a Budgetary basis	\$ <u>53,068,022</u>
Expenditures on a GAAP basis	\$ 59,421,849
On Behalf Teacher's expenditures	<u>(6,008,838)</u>
Expenditures on a Budgetary basis	\$ <u>53,413,011</u>